

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

UNSTARRED QUESTION NO:1636
ANSWERED ON:04.12.2012
PROCUREMENT POLICY
Pakkirappa Shri S.

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 Karnataka, 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) & (b): Yes, Madam. The Central Government extends price support to paddy, wheat and coarse grains through the Food Corporation of India (FCI) and State Governments/Agencies. All the foodgrains conforming to the prescribed specifications offered for sale at specified centers are bought by the public procurement agencies at the Minimum Support Price (MSP). The farmers have the option to sell their produce to FCI/State Agencies at MSP or in the open market as is advantageous to them. Rice is also procured under levy from millers/traders.

(c) & (d): As per the procurement figures for Kharif Marketing Season (KMS) 2011-12, the procurement of rice under levy was more than 50% of the total procurement in States such as Andhra Pradesh, Himachal Pradesh, Jammu & Kashmir, Karnataka, Puduchery, Uttar Pradesh, Uttarakhand and West Bengal.

Percentage of levy is decided by the State Governments, with prior concurrence of the Government of India after taking into account the requirement of Central Pool, domestic consumption and marketable surplus.

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

1. States are encouraged to adopt Decentralised Procurement (DCP) system to maximise procurement and to ensure better reach of Minimum Support Price (MSP) to farmers.
2. Interactions are held with State Food Secretaries from time to time to monitor procurement operations and to speed up the procurement process.
3. Instructions have been issued to open procurement centres at the locations convenient to farmers.
4. 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% in respect of wheat has been allowed to Cooperative Societies/Self Help Groups.

For ensuring timely payment to the farmers for their produce, payment is being made by FCI / State Agencies to the farmers through cheques / electronic clearing system in all States except Punjab & Haryana. In Punjab & Haryana, the payment to the farmers is made through Kachcha Arthiya as per the prevailing local mandi Act.