

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

UNSTARRED QUESTION NO:4055

ANSWERED ON:18.12.2012

PROCUREMENT POLICY

Ajay Kumar SHRI ;Annayagari Shri Sai Prathap;Jindal Shri Naveen

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

- (a) whether the present procurement policy is heavily concentrated on procurement of wheat and rice from farmers in spite of announcement of support prices for over two dozen commodities including oil seeds and pulses;
- (b) if so, the details thereof and the reasons therefor indicating the total quantity of foodgrains and other commodities procured by the Government during each of the last three years and the current year, grain-wise along with the manner in which they are utilised;
- (c) whether this foodgrain procurement pattern adopted by the Government encourages production of only these two commodities for which the country has a huge buffer stock, at the cost of production of other commodities including pulses and oil seeds which continue to be imported in large quantities;
- (d) if so, the details thereof and the reaction of the Government thereto;
- (e) whether the Government proposes to review and make necessary changes in its procurement policy to encourage production of oil seeds, pulses and other foodgrains/commodities; and
- (f) if so, the details thereof and if not, the reasons therefor?

Answer

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

(a) & (b): No Madam. Minimum Support Prices (MSPs) are fixed for 25 commodities. Procurement of wheat and paddy/rice is done through Food Corporation of India (FCI) and State Government/Agencies. Procurement of coarsegrains is being undertaken by State Governments and their Agencies under MSP operations. National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED) is the central nodal agency for procurement of oilseeds, pulses and cotton under price support scheme (PSS) of the Government. Since 2010, Central Warehousing Corporation (CWC) and National Consumer Cooperative Federation of India Ltd. (NCCF) have also been designated as central agencies for procurement of oilseeds and pulses. The PSS is implemented when prices of these commodities fall below the MSP. As per the existing policy, all the foodgrains conforming to prescribed specifications offered for sale at specified centres are bought by the public procurement agencies at MSP when the prices are depressed. Details of procurement of wheat, rice and coarsegrains by FCI and State Agencies and procurement of other commodities by NAFED is at Annexure.

The procured wheat and rice are used for distribution under Targeted Public Distribution System and other Welfare Scheme and for maintaining buffer stocks. In the case of coarsegrains, State Governments retain the quantity procured to the extent of their requirement for the TPDS and the balance is disposed of by the FCI through tender. Procured quantities of pulses and oilseeds are disposed off in the open market by NAFED after the procurement season.

(c) & (d) Procurement policy of the Government aims at offering remunerative prices to farmers. Besides procurement of wheat and paddy/rice, the Government undertakes procurement of other commodities, as well as with a view to prevent distress sale by farmers. MSPs of various agricultural commodities are fixed on the basis of recommendation of Commission for Agricultural Cost and Prices (CACP). While making its recommendations, the Commission takes into account, apart from a comprehensive view of the entire structure of the economy of a particular commodity or group of commodities, a variety of factors, which inter alia includes cost of production, changes in input prices, input-output price parity, trends in market prices, demand and supply and inter-crop price parity.

(e) & (f) There is no proposal to review the existing procurement policy.