

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

UNSTARRED QUESTION NO:4567

ANSWERED ON:21.04.2015

REMOVAL OF LEVY PROCUREMENT SYSTEM

Reddy,Kotha Prabhakar;Subbareddy Shri Yerram Venkata

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

- (a) whether the Government proposes to do away with the Levy Procurement system in the country;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has assessed its impact on the poor farmers who do not get proper rate for their produce in the markets; and
- (d) if so, the details thereof and the measures being adopted by the Government to safeguard the interest of farmers in marketing their produce?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI RAMVILAS PASWAN)

(a): Yes Madam, Government has decided to do away with the Procurement of rice through levy in the country with effect from 1st October 2015.

(b): In exercise of the powers conferred on the Central Government under sub-section (1) of Section 3 of the Essential Commodities Act, 1955 and further delegated to the State Governments under Section 5 of the said Act, the State Governments are notifying State Rice and Paddy Levy Orders with the prior concurrence of the Department of Food Public Distribution, Government of India for imposition of levy on rice purchased or milled or held by the licensed millers in the State. With a view to ensure direct payment of remunerative prices i.e. Minimum support prices(MSP) or above to the farmers and to improve outreach of procurement to the farm gate by the State Government Agencies for better coverage, it has been decided by the Government that the State Governments should not impose any levy on rice from the millers w.e.f. 1st October 2015 i.e. from start of KMS 2015-16 onwards.

(c) & (d): The Government keeps getting feedback that millers have not been paying the Minimum Support Price (MSP) of paddy to the farmers properly and timely for the paddy procured by them under levy system. Procurement of paddy directly from the farmers by the Government Agencies through cooperative societies/self help groups etc. ensures direct payment of MSP to the farmers and avoids chances of irregularities which exist in levy procurement system. It helps in evolving better outreach of the procurement machinery to the farmgate and as a result, the farmers do not have to take their produce to the mill gate at their expenses. The discontinuation of levy rice system is beneficial to the farmers in terms of these aspects. The State Government Agencies adopt various measures to safeguard interest of the farmers in marketing of their produce, such as proper grading & weighting of paddy, timely payment of MSP through account payee cheques or online banking system, meeting the cost of transportation of paddy from procurement centers to the storage points etc.