

GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

RAJYA SABHA
UNSTARRED QUESTION NO. 1192
TO BE ANSWERED ON 27TH JULY, 2018

**INSTANT PAYMENT TO FARMERS BY
PROCUREMENT AGENCIES**

1192. SHRI SAMBHAJI CHHATRAPATI:

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

- (a) whether it is a fact that the poor farmers have still not come out from the clutches of money-lenders, traders and middlemen as they continue to sell their produces at a price cheaper than MSP because Government agencies make payment to the farmers against the produce sold after considerable time;
- (b) if so, whether Government agencies have formulated any plan to make payment to the farmers instantly against the produce procured; and
- (c) if so, the details thereof?

A N S W E R

MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)

(a) to (c): There exists a transparent and Uniform Policy for procurement by Government Agencies across the country. Under this policy, whatever wheat and paddy is offered by farmers within the stipulated period, conforming to the specifications prescribed by Government of India (GOI), is purchased at Minimum Support Price (MSP) by the Government Agencies including Food Corporation of India (FCI), for Central Pool. However, if any producer/farmer gets better price in comparison to MSP, he is free to sell his produce in Open market.

The payment of wheat and paddy procured by FCI is made through account payee cheque/RTGS/electronic mode within 48 hours of purchase of his produce.

For further strengthening the system that the farmers directly get the MSP announced by GOI, the GOI has done away with the levy system of procurement of rice with effect from Kharif Marketing Season (KMS) 2015-16, allowing the entire procurement of paddy to be done only by the State Agencies/FCI and payment to farmers is done largely through account payee cheque or electronic mode by State Agencies/FCI other than in Punjab & Haryana where it is routed through the Arthiyas as per APMC Act of the State.

Further, Price Support Scheme (PSS) is implemented for procurement of oil seeds, pulses and cotton through Central Nodal Agencies at the Minimum Support Price (MSP) declared by the Government. This scheme is implemented at the request of the concerned state government which agrees to exempt the procured commodities from levy of mandi tax and assist central nodal agencies in logistic arrangements including gunny bags, provide working capital for state agencies, creation of revolving fund for PSS operations etc. as required under the Scheme guidelines. The basic objectives of PSS are to provide remunerative prices to the growers for their produce with a view to encourage higher investment and production and to safeguard the interest of consumers by making available supplies at reasonable prices with low cost of intermediation. Under PSS, payments are made directly into the Bank Account of the Farmers.
