

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

LOK SABHA
UNSTARRED QUESTION NO. 101
TO BE ANSWERED ON 21ST JULY, 2015

AWARENESS ABOUT PROCUREMENT PROCESS

101. SHRI ANIL SHIROLE:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether the farmers are still selling their produce below the MSP due to lack of awareness about the procurement process, if so, the details thereof and the steps taken to create awareness amongst the farmers;
- (b) whether the Government has evaluated the efficiency of FCI in procuring foodgrains, if so, the details and the outcome thereof along with the corrective steps taken in this regard; and
- (c) the steps being taken to liquidate the surplus stock of foodgrains to make room for fresh procurement?

A N S W E R

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

(a): No, Madam. The steps taken to create awareness amongst the farmers are at Annex-I.

(b): The High Level Committee (HLC) constituted by the Government under the Chairmanship of Shri Shanta Kumar, Hon'ble Member of Parliament (M.P.) and former Union Food Minister with experts and officials from the State Governments and FCI has evaluated the performance of Food Corporation of India (FCI) in its report submitted in January, 2015 with respect to three objectives namely, giving an effective price support to farmers, to provide foodgrains for Public Distribution System (PDS) and to maintain satisfactory level of buffer stocks to ensure food security of the country. HLC has concluded that FCI is not directly responsible for many of these things as its hands are tied and has suggested that a desirable solution to FCI's restructuring can be found only by looking at the issue of food security somewhat holistically. HLC has made several recommendations. Government has finalized its decisions on the recommendations of the HLC and asked FCI to implement the same. The HLC recommendations related to procurement of foodgrains and the steps taken thereon are at Annex-II

(c): Surplus stocks of foodgrains is liquidated through tenders under Open Market Sale Scheme (OMSS). A quantity of approximately 42 lakh MT of wheat has been sold in 2014-15 under OMSS.

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE UNSTARRED QUESTION NO. 101 DUE FOR ANSWER ON 21.07.2015 IN THE LOK SABHA

Adequate steps taken to create awareness about MSP operations are as under:-

- Before the start of each Marketing Season, GOI convenes meeting of State Food Secretaries, FCI officials, Officials of Department of Agriculture and Cooperation and meteorological department, to discuss various issues involved in the process of procurement, so as to ensure wider reach of MSP operations to the farmers. In this meeting, the likely production, procurement estimates and number of purchase centres to be opened and other arrangements are discussed and procurement strategy is finalized.
- Accordingly, Government agencies open sufficient number of Purchase centres for each marketing season with mutual consultation of FCI & State Govt.
- Whatever produce is brought to the purchase centres and conforms to FAQ specification, is bought by FCI/State Agencies at MSP without any cap/upper limit of quantity to be procured.
- To ensure that the benefit of MSP reaches the farmers, FCI makes payment only through account payee Cheque/electronic mode. State govt. are also pursued to make MSP payment only through Cheques. GOI has issued instructions to State Govts. to ensure that payment to the farmers by millers towards purchase of paddy for delivery of levy rice is made by A/c payee cheque only so that trail of payment can be made while issuing MSP certificates to millers for delivery of levy rice to State Govt./FCI.
- To spread the awareness, MSP operations are also given wide publicity through pamphlets and print & electronic media every year.

ANNEXURE REFERRED TO IN REPLY TO PART (b) OF THE UNSTARRED QUESTION NO. 101 DUE FOR ANSWER ON 21.07.2015 IN THE LOK SABHA

Recommendations of High Level Committee related to Procurement of Foodgrains and decisions taken by Government of India

Sl. No.	Recommendations	Decisions taken
1	<p>HLC recommends that FCI hand over all procurement operations of wheat, paddy and rice to states that have gained sufficient experience in this regard and have created reasonable infrastructure for procurement. These States are Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Odisha and Punjab</p>	<p>All States excluding Punjab and Haryana are Decentralisedly Procuring (DCP) States where Food Corporation of India (FCI) is not involved in procurement.</p> <p>FCI has decided to stop procurement in Punjab and Haryana, only on getting request from the concerned State Governments.</p> <p>The State Government of Haryana has already given consent for not to involve FCI in procurement of wheat for RMS 2015-16, consequently, FCI has not taken part in procurement of wheat there.</p> <p>Similarly, FCI has decided not to take part in procurement of paddy in KMS 2015-16 in Haryana as per consent of the State Government.</p> <p>FCI has taken part in procurement of wheat in RMS 2015-16 as per the request of State Government of Punjab.</p>
2	<p>FCI will accept only the surplus (after deducting the needs of the states under NFSA) from these state governments (not millers) to be moved to deficit states.</p>	<p>FCI is of the view that transfer of stock of rice from one state to another is to be done by FCI, therefore, if they do not check the quality of rice themselves, it will create problem. If FCI would not accept the rice later on, due to poor quality of rice procured by State Governments, then it would create problems to the State Governments also. Therefore, the existing system has been decided to be continued.</p>

3	<p>FCI should move on to help those states where farmers suffer from distress sales at prices much below MSP, and which are dominated by small holdings, like Eastern Uttar Pradesh, Bihar, West Bengal, Assam etc. This is the belt from where second green revolution is expected, and where FCI needs to be pro-active, mobilizing state and other agencies to provide benefits of MSP and procurement to larger number of farmers, especially small and marginal ones.</p>	<p>FCI provides only guidance and outside support in procurement work in case of DCP States.</p> <p>In Non-DCP States, FCI has decided to help in the following manner-</p> <ol style="list-style-type: none"> (1) Procurement plan to be prepared in consultation with the State Governments. (2) FCI, as far as possible, to open its procurement centers in larger numbers. (3) Where FCI and State Government Agencies are not able to open procurement centers, procurement would be done through of private agencies. (4) Training would be imparted to State Governments on quality and storage for doing arrangements like States of Madhya Pradesh, Chhattisgarh etc from time to time. (5) For creating infrastructure in these States, development of Agricultural Mandies, arrangements of storage, arrangements of machines equipments etc could be done with the support of Ministry of Agriculture.
4	<p>DFPD/ FCI at the Centre should enter into an agreement with states before every procurement season regarding costing norms and basic rules for procurement.</p>	<p>There is already agreement with DCP States. FCI has prepared a draft agreement for Non- DCP States for holding consultation with State Governments.</p>
5	<p>Centre should make it clear to states that in case of any bonus being given by them on top of MSP, Centre will not accept grains under the central pool beyond the quantity needed by the state for its own PDS/ OWS.</p>	<p>Decision has already been taken by the Government vide orders dated 12.06.2014 on this issue.</p>

6	<p>The statutory levies including commissions, which vary from less than 2 percent in Gujarat and West Bengal to 14.5 percent in Punjab, need to be brought down uniformly to 3 percent, or at most 4 percent of MSP, and this should be included in MSP itself (states losing revenue due to this rationalization of levies can be compensated through a diversification package for the next 3-5 years).</p>	<p>State Governments have not agreed for uniform Taxation. It is not justified to include taxes, commissions etc. in MSP.</p>
7	<p>Quality checks in procurement have to be adhered to, and anything below the specified quality will not be acceptable under central pool. Quality checks can be done either by FCI and/ or any third party accredited agency in a transparent manner with the help of mechanized processes of quality checking.</p>	<p>FCI is strengthening its quality control infrastructure and modernize its laboratories.</p> <p>FCI is making arrangements for quality checks by External agencies, as per need.</p> <p>FCI is contacting premier institutions of the country for mechanized quality checking.</p>
8	<p>HLC also recommends that levy on rice millers be done away with. HLC notes and commends that some steps have been taken recently by DFPD in this direction, but they should be institutionalized for their logical conclusion.</p>	<p>Levy has been withdrawn with effect from Kharif Marketing Season (KMS) 2015-16.</p>