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Promoting efficient system for marketing of agricultural produce

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Procurement of Food grains especially Rice in India

The procurement of paddy for the central pool starts in the month of October every year from the States having surplus paddy (primarily, Punjab and Haryana) through Food Corporation of India (FCI), which is nodal agency for the procurement. Apart from Paddy, various other crops such as wheat, jowar, bajra, ragi, maize and barley also procured from the States, wherever these all are in surplus. The procured paddy is taken to rice seller (millers) through a policy and then delivery is taken in shape of rice by Food Corporation of India (FCI). This rice is distributed to deficit part of the country under Public Distribution System (PDS) under the control of Central Government. The procurement is made through various State agencies which procure on the behalf of FCI, as per guidelines issued by Central Government time to time.



The procurement under Minimum Support Price (MSP) is taken up mainly to ensure remunerative prices to the farmers for their produce which works as an incentive for

achieving better production. Before the harvest during every Rabi / Kharif Crop season, the MSP is fixed by the Central Government after taking into account the recommendations made by Commission of Agricultural Costs and Prices (CACP) after considering the cost of cultivation and various agricultural inputs used in production with reasonable margin for the farmers for their produce.

FCI maintains buffer stock that is meant for supplying the Public Distribution system (PDS). The total annual buffer stock of food grain in the central pool is distributed in different quarters of the year depending upon procurement and off take (take off) patterns.

A large number of purchase centers (seasonal market yards) at various mandis and key points are established by SAMBs / APMCs to facilitate procurement of food grains, so that producers can sell paddy locally without going outside for sale. The number of centers and their locations are decided by the SAMBs / APMCs, based on various parameters, so as to maximize the efficiency of procurement operations. More than 44,000 procurement centers for rice & 20,000 procurement centers for wheat were operated during 2015-16. The purchase centers/ market yards are established and operated with all the facilities for sale of produce by the concerned APMC in whose jurisdiction it is. Such extensive & effective price support operations have resulted in sustaining the income of farmers over a period and in providing the required impetus for higher investment in agriculture sector for improved productivity. If the farmers get prices better than the support price from other buyers such as traders / millers etc., the farmers are free to sell their produce to them. FCI and the State Government/its agencies ensure that the farmers are not compelled to sell their produce below minimum support price.



The public procurement and distribution prices of agricultural commodities are administered by the Central and State Governments. MSP for 24 crops is announced by the Central Government based on the recommendation of Commission for Agricultural Costs and Prices (CACP). The commodities included are cereals (seven), pulses (five) and oilseeds (eight). The State-wise targets for procurement are fixed, keeping in view, the production scenario. The procurement is made of produce which satisfies FAQ (Fair Average Quality) specifications as mention below:

Paddy shall be in sound merchantable condition, dry, clean, wholesome of good food value, uniform in colour and size of grains and free from moulds, weevils, obnoxious smell, *Argemone Mexicana*, *Lathyrus Sativus* (Khesari) and admixture of deleterious substances. Paddy will be classified into Grade 'A' and Common groups.

Schedule of Specification

Refractions	Maximum Limit (%)
Foreign matter	
Inorganic	1.0
Organic	1.0
Damaged, Discolored, sprouted and weevilled grains	5.0 *
Immature, Shruken and Shrivelled grains	3.0
Admixture of lower class	6.0
Moisture content	17.0

Source: GOI, Ministry Agricultural and Cooperation

Damaged, sprouted and weevilled grains should not exceed 4 %

Note : The definition of the above refractions and method of analysis are to be followed as per Bureau of Indian Standard "Method of Analysis for Foodgrains' Nos IS: 4333 (Part-I): 1996 and IS:4333 (Part-II) : 2002 and "Terminology for foodgrains" IS: 2813 – 1995 as amended from time to time.

1. The method of sampling is to be followed as per Bureau of Indian Standard "Method for sampling of cereals and pulses' IS 14818-2000 as amended from time to time.
2. Within the overall limit of 1.0% for organic foreign matter, the poisonous seeds shall not exceed 0.5% of which Dhatura and Akra Seeds (*Vicia* species) not to exceed 0.025% and 0.2% respectively.

Sometimes Central / State governments declare a bonus over and above the MSP paid by the Central Government. The detail of MSP of paddy, wheat and coarse grain during 2015-16 are given below in Table.

Crops	MSP (Rs. Per Quintal)
Paddy	
1. Common	1410
2. Grade "A"	1450
Wheat	1450
Jowar	
1. Maldandi	1590
2. Hybrid	1570
Bajra	1275
Ragi	1650
Maize	1325
Barley	1150

Source: Food Corporation of India

State-wise procurement of Paddy under different agencies

Paddy is procured by FCI directly and through State agencies in States with surplus paddy. The total 501.11 LMT paddy is procured by various agencies in the country. Out of which, FCI procured only 12.11 LMT in different States. The major procuring States by FCI are Jharkhand (1.73 LMT), Punjab (6.54 LMT) and West Bengal (0.92 LMT). The rest of paddy i.e. 489.00 LMT procured by other State agencies in different States such as Punjab (133.02 LMT), Andhra Pradesh (64.57 LMT), Chhattisgarh (51.37 LMT), Orissa (50.29 LMT) and Uttar Pradesh (41.39 LMT). (Source: Food Corporation of India).

This system of procurement under the Minimum Support Price (MSP) helps the farmers to sell their produce immediately after harvesting and at doorstep. The private players can also purchase at higher price which is above than the Minimum Support Price (MSP). This system of procurement is the unique system in India only. The most important issue is that the huge quantity of 501.00 LMT is procured within the span of 30-40 days. During these days the operation of purchasing, transportation and storage goes on continuously round the clock. There is need to develop this system of procurement throughout the year rather than a month.

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