

# Mechanism to procure bumper crops

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The production of a crop depends upon several factors including availability of cultivable land, vagaries of nature, temperature, weather and rainfall scenario, etc. The production and productivity of various major agricultural crops have been fluctuating in the country. However, as a result of very good rainfall during monsoon 2016 and various policy initiatives taken by the Government, the country has witnessed record foodgrains production in the current year. As per Second Advance Estimates for 2016-17, total foodgrain production in the country is estimated at 271.98 million tonnes which is higher by 6.94 million tonnes than the previous record production of foodgrain of 265.04 million tonnes achieved during 2013-14.

The Central Government extends price support for procurement of wheat and paddy through Food Corporation of India (FCI) and State Agencies at Minimum Support Price (MSP). Procurement at MSP is open ended i.e, whatever foodgrains are offered by the farmers, within the stipulated procurement period and which conforms to the quality specifications prescribed by Government of India (GOI), are purchased at MSP (and bonus/incentive ,if any) by the Government agencies including 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 to private traders/anyone.

Coarse grains are purchased by State Government with permission of Central Government, upto the extent it is required in their Targeted Public Distribution System (TPDS).

Under Price Support Scheme (PSS), the procurement of oil seeds, pulses and cotton through Central Nodal Agencies at the Minimum Support Price (MSP) is also undertaken. 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.

Further, Government of India also implements Market Intervention Scheme (MIS) for procurement of agricultural and horticultural commodities which are perishable in nature and are not covered under the Price Support Scheme (PSS). The objective of intervention is to protect the growers of these commodities from making distress sale in the event of a bumper crop during the peak arrival period when the prices tend to fall below economic levels and cost of production. The condition is that there should be either at least a 10 percent increase in production or a 10 percent decrease in the ruling market prices over the previous normal year. The scheme is implemented at the request of a State/UT Government which is ready to bear 50 percent of the loss (25 percent in case of North-Eastern States), if any, incurred on its implementation. The extent of total amount of loss to be shared on a 50:50 basis between the Central Government and the State Government is restricted to 25 percent of the total procurement value which includes cost of the commodity procured plus permitted overhead expenses.

This information was given by Shri C.R. Chaudhary, the Minister of State for Consumer Affairs, Food & Public Distribution, in written reply to a question in Rajya Sabha today.

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**BCK/AK**

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