

Decentralised Procurement - Mixed response by states

5.54 As the food subsidy increased from Rs 8,210 crore (B.E.) to Rs 12,125 crore (R.E.) during 2000-01, the Union Budget 2001-02 envisaged an enlarged role for the State Governments in both procurement and distribution of foodgrains for PDS in an attempt to economise on procurement costs. It proposed that instead of providing subsidised foodgrains, financial assistance would be provided to the State Governments to enable them to procure and distribute foodgrains. FCI would continue to procure foodgrains for maintaining food security reserves and for such State Governments who would assign it this task on their behalf.

5.55 Decentralised procurement in Uttar Pradesh, Madhya Pradesh, and West Bengal has been started. The Government of U.P. started decentralised procurement of paddy/rice during the Kharif Marketing Season of 1999-2000. The scheme had earlier been adopted by the

Government of West Bengal, which has been undertaking procurement of rice from the kharif marketing season of 1997-98. Procurement of wheat under the decentralised procurement scheme in Madhya Pradesh was started during the 1999-2000 rabi marketing season.

5.56 Decentralised procurement of foodgrains is intended to benefit both the farmers and the consumers while simultaneously improving the fiscal position of the Government. However, State Governments of Punjab, Haryana, Andhra Pradesh (surplus), and Kerala (deficit state) have expressed their fears and disagreement on the basic philosophy of decentralised procurement. Some of the reasons given by the states are lack of necessary infrastructure and financial resources at the disposal of the states. The States feel that the present system of centralised procurement would work well with some modifications. Moreover, it is felt that decentralised procurement should be preceded by proper network of roads and market places in rural regions or farmers would continue to resort to distress sales and only traders would benefit.