

Decentralized Procurement Scheme

5.50 The Decentralized Procurement Scheme has evoked good response from the State Governments. The State of Karnataka and Kerala have joined this scheme in 2004-05, thereby increasing the number of States undertaking decentralized procurement (DCP) to 11 (including West Bengal, Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Uttaranchal, Gujarat, Orissa, Tamilnadu and Union Territory of Andaman & Nicobar Islands). There was record procurement of 93.6 lakh

tonnes of paddy/rice by DCP States in kharif 2004-05, which were 16.0 lakh tonnes more than the previous record of 77.6 lakh tonnes in kharif 2003-04. However, the concerns about the scheme relate to financing of operations (due to strict RBI valuation norms for stocks of food grains), reimbursement of expenses and release of subsidy by the Central government (due to fixation of economic cost of foodgrains procured by the State Governments and delays in the release of the subsidy).