

Decentralized Procurement Scheme

5.66 The decentralized procurement scheme of the Government of India that is in operation since 1997 has evoked good response from the State Governments. Under this scheme, the designated States procure, store and also issue foodgrains under TPDS. The difference between the economic cost of the State Governments and the central issue price (CIP) is passed on to the State Governments as subsidy. The decentralized system of procurement, helps to cover more farmers under the MSP

operations, improves efficiency of the PDS, provides varieties of foodgrains more suited to local taste, and reduces the transportation costs of the FCI. 11 States/ UT (West Bengal, Uttar Pradesh, Madhya Pradesh, Chhatisgarh, Uttarakhand, Gujarat, Orissa, Tamil Nadu, Union Territory of Andaman & Nicobar islands, Karnataka and Kerala) are undertaking decentralised procurement. There was record procurement of 10.9 million tonnes of rice under this scheme by these States in KMS 2005-06.