

Government of India

Department of Agriculture and Farmer Welfare

**Sub: Guidelines for pilot of Private Procurement & Stockist Scheme under umbrella scheme of Pradhan Mantri – Annadata Aya Sanrakshan Abhiyan “ PM AASHA”**

1. **Title** : This is a pilot scheme of Govt. of India under umbrella scheme of Pradhan Mantri – Annadata Aya Sanrakshan Abhiyan (PM AASHA) and will be called as **Private Procurement & Stockist Scheme(PPSS) for oilseeds.**
2. **Objective** : The objective of implementation of PPSS is to assess the workability of private agencies in the procurement operation at MSP . Till now procurement operations for ensuring MSP have remained in the domain of public sector and cooperatives only. There is a need to tap into the private sector expertise and efficiencies for procurement operations. Therefore, it is essential to test the workability of Private Procurement Stockist Scheme on pilot basis for oilseeds. A well designed and closely monitored private sector intervention can be made to serve the cause of farmers' welfare without an additional burden on the government exchequer. Such an intervention may be particularly required in regions with production surpluses but there exists no effective demand. In such areas private sector led procurement operations will create a demand and possibly influence the market positively. In such areas, the private trader should promote warehouses, processing mill, so that it is the processed product that is transported and not just the raw produce.

3. **Background :-**

a. The Government of India has decided to implement a new Umbrella scheme “Pradhan Mantri –Annadata Aay Sanrakshan Abhiyan” ( PM AASHS ). Under PM-AASHA, the procurement of Pulses and Copra shall be done under Price Support Scheme and for oilseeds states /UT governments will be offered a bouquet of Price Deficiency Payment Scheme ( PDPS) and Price Support Scheme (PSS), with the flexibility to choose either of them in a given marketing season for particular oilseeds for the entire State/UT . Further, for oilseeds, States/ UTs will have option to rollout pilot of Private Procurement & Stockiest Scheme (PPSS) in selected district/APMCs of District involving participation of private stockiest .PSS,PDPS and Pilot PPSS will be implemented by Department of Agriculture, Cooperation & Farmers Welfare.

b) The oilseeds for which MSP is declared by Government will be covered under PPSS. Such oilseeds include Groundnut in shell, Soyabean, Sunflower, Sesamum, Niger seeds, Rapeseed/ Mustard seed, Safflower and Toria.

**4) Preconditions for implementation of the Pilot PPSS Scheme:**

a. To get the benefit of the scheme in the selected districts/APMC(s) of the district where PPSS is proposed to be implemented, farmers must be registered within the stipulated time period. A portal is to be specifically developed for this purpose by the respective State/ UT Government. The registration data of the farmers on the portal should be integrated with the registration data of other government procurement scheme for MSP crops including procurement done by FCI or its agencies in the selected districts. The registration data will include farmers’ details like name of crops sown/harvested, Aadhaar Number, Bank Account Number, Mobile Number

and other related land record information maintained in the respective States/UTs. The registration data shall be verified by the States/UTs through the revenue department prior to procurement/ period notified for the particular commodity by the Revenue Department. However, such registration will not be an assurance of procurement.

- b. Implement or amend their marketing act in line with the provisions of modal “APLM Act”:- The state/UTs shall adopt the Model “The Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017” or commit to do so **within specified time frame.**
- c. Procurement of only Fair Average Quality (FAQ) products at MSP to be done by the selected private agency upto 25% of production of the districts, whenever the market price of selected notified oilseeds falls below the MSP for that season/year.

#### **5. Coverage of PPSS:-**

- a) The proposal from the states should be taken up on “First Come First Serve” basis and only 8 such pilot will be approved by DAC&FW.
- b) The pilot scheme of PPSS is applicable for Oilseeds produced in the selected districts where the state has opted for procurement at MSP of selected oilseeds by an empanelled private agency.
- c) The implementing state/UT has to choose one or more oilseeds produced in their state for which pilot PPSS is proposed to be implemented for the particular marketing season.
- d) The period of online registration has to be during the predefined period preferably prior to the arrival in the market and procurement period.
- e) The scheme will be implemented for the period of 90 days.

f) As PPSS is a pilot scheme for test check, hence the scheme implemented in the States/UTs for the selected oilseeds viz. PSS/PDPS may also be implemented simultaneously in the selected district/ APMCs where PPSS is to be implemented, so that the farmers should be able to avail the benefit of normal windows of procurement / incentive through scheme of PDPS/PPSS scheme

#### **6. Selection of private agency for implementation of pilot PPSS:-**

- a) The private agency can be selected on the basis of their track record, corporate governance, management of agricultural produce and their targeted investments in the market procurement sector. The criteria need to be developed in such a manner that any number of private agency are crowded in to participate, so that no monopoly practices are adopted that can create adverse fluctuations in the market.
- b) The private procurement agencies shall be empanelled by the state/UTs governments through a transparent and open tendering process quoting the lowest service charges based on prescribed techno-financial parameters as per extant financial rules/ regulation application.
- c) The private agencies to be empanelled may include oil manufacturers, oilseeds processors, traders etc.

#### **7. Incentives to the selected private agency**

- i. The maximum eligible service charges may be 15% of the MSP notified for the year and for the crop-commodity under consideration.
- ii. The private agency may be offered facilitative business environment as per the extent state Industrial/ Agro Processing policies including liberalization

of stock limits under the relevant Control Order vide the Essential Commodities Act, 1894.

- iii. The State Govt. will exempt market fee levied under respective Mandi Board Acts.
- iv. The holding/disposal of their stocks will be in accordance with the terms & conditions agreed between State Govt. and the private agency in consonance with extant rule/regulations applicable.

**8. Disposal Mechanism:**

- I. The private agency will not be allowed to sale the procured quantities in PPSS during the procurement period notified under PDPS /PSS for that particular commodity in that state.
- II. The private agency shall be completely responsible for all forms of handling including storage & transportation, as also its disposals of the commodity procured.

**9. Monitoring Mechanism:** A State Level Monitoring Committee (SLMC) under the Chairmanship of Chief Secretary with the representative from the related/concerned departments like Agriculture, Food and supply, Finance etc and state implementing agency will be constituted to monitor and evaluate the implementation at state level. Similarly, a District Level Monitoring Committee (DLMC) shall be constituted under the chairmanship of Deputy Commissioner/District Collector/District Magistrate of each District with representatives from the related departments and procuring agencies. The State and District level monitoring committee shall review the progress of the scheme in their State/ District and its effective implementation from time to time.

10. **Budgetary Support and Reimbursement:** The service charges paid to the implementing private agencies by the State Govt. will be reimbursed by GoI subject to maximum of 15% of MSP value of procured quantity including 1% of administrative expenses. The reimbursement will be made on submission of audited accounts and on vetting of same by Office of Chief Adviser(Cost), Deptt. of Expenditure.

11. **Impact Analysis:** The DAC&FW may arrange concurrent and third party evaluation of the scheme through an independent agency as per due procedure.

12. **Dispute Resolution:**

In case of any dispute between the private agency and the State /Central Govt. the extant applicable legal procedure will be binding.

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