



सत्यमेव जयते

Amended Guidelines for Price Support Scheme (PSS) (Pulses, Oilseeds & Copra) Under PM-AASHA

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE & FARMERS WELFARE
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CHAPTER – I

INTRODUCTION

Assurance of a remunerative and stable price environment for growers/farmers is very important for increasing agricultural production and productivity. The market price for agricultural produce many times tends to be unstable and volatile which may result in undue losses to the growers and discourage adoption of the modern technology and required inputs.

The Government's price policy for agricultural commodities seeks to ensure 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. The price policy also seeks to evolve a balanced and integrated price structure in the perspective of the overall needs of the economy.

Towards this end, the Government announces Minimum Support Prices (MSP) for 25 major agricultural commodities each year in Kharif and Rabi Crop seasons after taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP). CACP recommends MSP for twenty two (22) crops and Fair & Remunerative Price (FRP) for sugarcane. Apart from Sugarcane for which FRP is declared by the Department of Food & Public Distribution, twenty two crops covered under MSP are Paddy, Jowar, Bajra, Maize, Ragi, Arhar, Moong, Urad, Groundnut-in-shell, Soyabean, Sunflower, Sesamum, Nigerseed, Cotton, Wheat, Barley, Gram, Masur (lentil), Rapeseed/Mustard seed, Safflower, Jute and Copra. In addition to this, MSP for Toria and De-Husked coconut is fixed by the Department on the basis of MSP's of Rapeseed/Mustard seed and Copra respectively.

The Government organize procurement operations of MSP notified agricultural commodities through various public agencies such as Food Corporation of India (FCI), Cotton Corporation of India (CCI), Jute Corporation of India (JCI), Central Warehousing Corporation (CWC), and cooperative and other agencies such as National Agricultural Cooperative Marketing Federation (NAFED), National Consumer Cooperative Federation (NCCF), and Small Farmers Agri. Business Consortium (SFAC). Besides, State Governments also appoint state agencies to undertake PSS operations.

The Government of India has recently decided to implement a new Umbrella scheme "Pradhan Mantri –Annadata Aay Sanrakshan Abhiyan" (PM AASHA). 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 , 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 a 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. For other MSP notified crops like Wheat, Paddy and other cereals including nutri cereals existing scheme of Department of Food & Public Distribution and for Cotton and Jute scheme of Ministry of Textile will be continued to be implemented.

REASONS FOR AMENDING THE PSS GUIDELINES

The PSS Guidelines were first compiled in May 2014. Requests and suggestions for suitable revision/amendment in the PSS guidelines were being received from State Governments. Accordingly the suggestions were examined and suitable amendments have been incorporated in the existing PSS guidelines. The new PSS guidelines under the umbrella scheme "PM AASHA" will be effective from Kharif Marketing Season 2018-19.

CHAPTER-II

ROLE AND RESPONSIBILITY OF GOVERNMENT OF INDIA, STATE GOVERNMENTS AND THEIR AGENCIES IN PSS OPERATIONS

(A) Department of Agriculture & Cooperation & Farmers' Welfare (DAC&FW):

- (i) ***Policy matters:*** The DAC&FW shall be responsible for any policy matters relating to PSS operations for oilseeds, pulses and copra. High level Committee consisting of Finance Minister, Agriculture Minister and Food Minister will be constituted for taking decisions on policy related matters under PM-AASHA.
- (ii) ***Nomination /deletion of central nodal agencies:*** The DAC&FW shall be responsible for nomination of central nodal agencies and/ or deletion of any agency from the list of central nodal agency. At present the Central Nodal Agencies for PSS Operation includes NAFED , FCI, SFAC ,NCCF etc.
- (iii) ***Declaration of Minimum Support Price (MSP):***The Department of Agriculture Cooperation & Farmers' Welfare (DAC&FW) shall declare the Minimum Support Price for notified agricultural commodities every year, well before both Kharif & Rabi cropping/sowing season so that the farmers may take a considered view whether any particular crop will be a profitable venture for them or not.
- (iv) ***MSP information:*** In every crop season, DAC&FW shall inform the MSP of notified crops to the central nodal agencies well in advance.
- (v) ***Duration of the Scheme:*** Based on the request of respective State/UT governments, the DAC&FW shall decide the duration of PSS procurement operations, crop wise, state wise, and depending upon the seasonality/climatic/geographical/locational advantages and disadvantages. The duration of PSS procurement operations for particular pulses and oilseeds in the marketing season shall be for a maximum period of 90 days. For copra this period will be 6 months. However, in exceptional cases, the procurement period may be increased with prior approval of DAC&FW. The decision of DAC & FW will be final and binding.
- (vi) ***Fair Average Quality (FAQ) norms:*** Fair Average Quality (FAQ) norms shall be decided/ approved by the DAC&FW for each crop. While, deciding the FAQ norms, it shall be ensured that only those parameters which are variable would form the specification of FAQ norms.
- (vii) ***Working capital arrangement:*** The DAC&FW shall provide the working capital to its Central Nodal Agencies through Government guarantee , letter of comfort etc. in nature of

revolving fund and the same shall be available to the central agencies once the stock is hypothecated in their name. Such a fund should be utilized for PSS related admissible expenses only. The amount received from disposal of PSS stock needs to be credited directly to concerned Credit linked to Government Guarantee. DAC&FW shall also make sufficient provision for payment of interest to the banks on monthly basis and reimbursement of the claimed losses.

- (viii) **Fund Management:** The funds will be drawn by Central Nodal agencies only against Warehouse Receipts (WHR) for payment of MSP value of procured stock and incidental expenses including service charges. For undertaking each PSS operation, a separate Cash credit accounts will be opened by the Central Nodal Agencies. The funds will be released by the lender banks from such accounts on the basis of stock hypothecated by the central nodal agency in their name on receipt of clear WHR. DAC&FW in consultation with office of Chief Advisor Cost, Department of Expenditure may issue details modalities for operation of such cash credit accounts against Government Guarantee. DAC&FW will pursue the matter with RBI/ Banking Division, Ministry of Finance to allow the funding for PSS operation under priority sector for concessional interest rates. Further, Central Nodal Agency may also negotiate the rate of interest with the banks from time to time so as ensure most competitive rates of interest. The concurrent audit of PSS operations may be undertaken by DAC&FW. Funds for concurrent audit may be taken from permissible administrative expenditure.
- (ix) **Vetting of accounts and settlement of claims of central agencies:** On receipt of the final audited claims accounts of central nodal agencies with necessary details, the DAC&FW shall examine the audited accounts within a month of receipt of the same and forward it to the Costing Cell, DAC&FW. Till the formation of Costing cell, the claim will be forwarded to O/o of Chief Adviser Cost, Department of Expenditure for vetting of claim before the final settlement of claims.
- (x) **Reimbursement of loss:** The DAC&FW shall be responsible for reimbursement of the losses to its central nodal agencies, if any, up to 90% of the estimated loss as "on account payment" on submission of audited provisional Profit and Loss account. Such accounts need to be submitted by Central Nodal Agency on disposal of 25%/50%/75% of PSS stock procured under each operation. The provisional loss will be computed by the DAC&FW in respect of quantity sold. The final claim on disposal of 100% quantity will be forwarded for vetting. The DAC&FW will make adequate budgetary provisions for this reimbursement. The remaining 10% loss will be reimbursed to the central nodal agencies after vetting of the accounts by the competent authority
- (xi) **Incentives to the central nodal agencies:** The DAC&FW shall provide 1% incentive to the central nodal agencies on the net profit earned from particular PSS operation on deposition of profit amount in the Main Account at the lead lender bank to

whom the government guarantee for PSS is provided. Further, the central agencies may also involve the state agencies for disposal of PSS stocks and may share the said incentive with the state agencies, as per the terms & conditions mutually agreed.

- (xii) Economic cost sheet defining the operation-wise incidental expenses for every season will be submitted by Central Nodal Agencies before commencement of procurement of crops to DAC&FW for approval.
- (xiii) Payment or exemption of GST and its extent to be shared between Central and State Government will be informed by DAC&FW in consultation with Finance Ministry.
- (xiv) Commodity-wise normal handling loss (including storage loss) in PSS operations will be as per the scientific study in this regard and will be finalized by the DAC&FW. In the meantime, CWC norms as followed now for storage loss will remain applicable.
- (xv) The required budget provision for day to day operations, monitoring, concurrent audit, administrative works, monitoring and evaluation studies etc. will be made by DAC&FW.
- (xvi) An Empowered Committee, constituted under PM AASHA, under the chairmanship of Secretary, DAC&FW with Secretary, Department of Food and Public Distribution, Secretary Consumer Affairs and representative from the other related departments and State Governments will monitor the schemes and will take other decisions. Moreover, an Implementation Cell and Cost Cell will also be setup in DAC&FW.

(B) State/UT Governments

- (i) **Notification of agricultural crops:** State/UT Governments shall be required to notify the expected production, sowing area, average yield, peak arrival/harvesting period for all those crops for which MSP is declared and the State Government is willing to implement the Price Support Scheme. The PSS operations shall be taken up in the respective State/UT Governments only after such notification is issued and copies of the same are sent to the DAC&FW along with proposal at least 30 days prior to its implementation. All the states/UT Govt. willing to implement the PSS operations shall have to furnish the authenticated details to the DAC&FW, **as per the format annexed herewith (A to C).**
- (ii) **Exemption from mandi tax/levy etc.:** State/UT Govt. shall exempt all state duties in respect of PSS operations (Procurement/transportation/warehousing/Sale etc.) in the interest of its farmers and to reduce the procurement costs. Further these taxes, if charged by

the State/UT Government, shall not be admissible / reimbursable to the State/UT Government and State/Procuring agency.

- (iii) **Documents required:** The State/UT Governments shall also notify the relevant land revenue documents which are required to be produced before the procuring agencies to prove the genuineness of the farmers.
- (iv) **PSS awareness/ publicity:** The State/UT Governments shall make adequate publicity of PSS operations like MSP for the crops, name and address of procurement centers, procurement period, documents required, contact details of authorized person of central/state/primary procuring agencies. The costs of publicity related activities shall be borne by respective State/UT Government.
- (v) **Demarcation of area of operation between the central agencies:** The State/UT Governments shall also decide the area of the operation of various central nodal agencies for procurement of agricultural commodities in the State/UT, in consultation with the central government(DAC&FW) so as to provide a level playing opportunity to all the procuring agencies and to ensure that the PSS operations are carried out even in the remote areas. Further, while deciding the area of operation, the State/UT Government shall ensure that there shall not be any duplication of work and/or overlap of PSS operations by more than one central agency in the same area. In case of any disagreements/disputes relating to area of operation between the Central nodal agencies, the matter will be decided by DAC&FW.
- (vi) **Logistics arrangements:** The State/UT Government shall make all necessary arrangements like booking of CWC/SWC godowns, identification of procurement centers, arrangement of gunny bags, GPRS enabled transportation facilities, weighing machines, moisture/foreign matters/oil content testing machines etc. in consultation with central/state agencies. The cost of transportation up to 30 km from procurement center to the storage place will be borne by Central government. For transportation of procured stock beyond 30km, the cost has to borne by state governments .The logistic costs shall be reimbursed by DAC&FW as per the norms/expenditure approved under PSS Scheme. Further, these preparatory costs shall be reimbursed to the concerned agencies only when the PSS procurement has been implemented for the specific crop during the specific period.

- (vii) **Working capital arrangements for state agencies and revolving fund:** The State/UT Governments shall ensure adequate liquidity to the State procuring agency so as to pay the dues of farmers for their produce within 3 days from the receipt of their produce. The cost of such investment of State/UT government shall be duly reimbursed by the DAC&FW upto 10 day at the market rate of the interest or actual cost, whichever is less. The State Government shall create revolving fund atleast equivalent to 15% of MSP value and incidental expenses for each commodity as per 25% of estimated production/sanctioned quantity by DAC&FW. In case state/UT government intends to procure over 25% of production, the state government will do so at their own cost and through its own agencies. If the State government intends to procure quantities beyond 25% and up to 40% of production through central agencies then the States Government will use the same for their PDS and other welfare schemes, at their own cost.
- (viii) **Establishment of godowns, processing mills in the procuring areas:** The State/UT Government shall encourage/launch massive programmes for establishment of godowns, processing mills through public private partnership mode etc. in the rural areas in a time bound manner, so that the farmers may be able to avail adequate storage, value addition facilities for their produce, at their farm gate. State government needs to provide adequate storage space (in proximity to procurement centers) to the Central Nodal Agency since reimbursement of transportation expenses will be restricted to maximum of 30 km from procurement center.
- (ix) **Utilization of PSS stocks in various Government schemes:** The State/UT government shall take steps to utilize the PSS stocks in their various welfare schemes/programmes like ICDP, Mid-day Meal, Antyodaya, Annapurna, PDS etc. at the "Issue Price" as decided by the DAC&FW. The "Issue Price" will be the weighted average of wholesale price in selected mandi/s in the sourcing state or Dynamic Reserve Price, whichever is more. Dynamic reserve price is defined as "weighted average of the last seven days modal price of the specific pulses in the mandies situated within 100 km of the godown where the stock being auctioned/issued is kept".
- (x) **State /District level 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 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.

(C) Central Nodal Agencies

- (i) ***Procurement and Disposal Plan:*** Before the start of Kharif and Rabi Marketing season, Central Nodal Agencies will submit procurement and disposal plan, arrangement of funds required and their preparedness for carrying out the PSS operations to DAC&FW.
- (ii) ***Appointment of State/primary agencies and signing of MOU:*** After the announcement of MSP, central nodal agencies shall appoint their state/primary agencies in consultation with respective State/UT Governments by entering into an MOU within 15 days with clear provisions of procurement modalities and corrective measures for disputes if any.
- (iii) ***Identification of procurement centers:*** Central agency shall identify the purchase centers in consultation with state/UT. Govt., state agency & primary procuring agencies. However purchase centers shall be opened preferably at CWC/SWC godowns and close to the processing mill to minimized the transportation cost .
- (iv) ***Fair Average Quality (FAQ) norms:*** It will be the responsibility of Central Nodal Agencies to ensure that the stock that is procured conforms to FAQ norms. Central Nodal Agency may at their own cost engage reputed third party agency to ensure procurement at FAQ norms.
- (v) ***PSS awareness/publicity:*** The central nodal agencies shall also make adequate publicity of PSS operations like MSP for the crops, name and address of procurement centers, procurement period, documents required, contact details of authorized person of central/state/primary procuring agencies in conjunction with State Agencies.
- (vi) ***Technical support:*** Central agencies shall provide all technical support to its State and primary agencies relating to the procurement operation. In case of any further clarifications, the matter may be referred to DAC&FW and its decision shall be binding on all concerned.
- (vii) ***Financial support:*** Central agencies shall release 100% of MSP value and 50% of incidental expenses to the state agencies within 3 days from receiving the stock and hypothecation of it

in their name. Central Nodal Agency need to ensure that the stock stored in warehouse conforms to FAQ. If at any stage, it is found that there is any deviation from FAQ norms of stock hypothecated in their name, loss shall be borne by the concerned Central Nodal Agency.

- (viii) **Disposal of procured stock:** Central agencies shall be fully responsible to dispose the PSS stock within the stipulated time and mode of disposal as provided in Chapter III point no. (xiii) and as directed by the DAC&FW from time to time.
- (ix) **Reimbursement of losses, if any:** The central nodal agencies shall submit the final audited accounts of PSS operations to DAC&FW within three months from the disposal of PSS stocks for final settlement of claims in the proforma A (**annexed with this guidelines**).

(D) State/Primary Agencies/FPO's/Panchayati Raj Institutions

- (i) **Appointment of primary agencies and signing of MOU:** Immediately after the announcement of MSP, state agency shall appoint their primary agencies by entering into MOU with clear provisions of procurement modalities and corrective measures for disputes if any. In addition to Primary Cooperative Societies, state agency may also involve FPOs in procurement operations.
- (ii) **PSS awareness/ publicity:** The state/primary agency shall also make adequate publicity of PSS operations like MSP for the crops name and addresses of procurement centers, procurement period, documents required, contact details of authorized person of central/state/primary procuring agencies. The cost of such awareness/publicity shall be borne by State Government/State Procurement Agency.
- (iii) **Working capital arrangement:** The state/primary agency shall also make adequate working capital arrangement through State/UT Govt., invest its own fund or borrow the funds from market etc. for a maximum period of 10 days. The state/primary agency whomsoever has invested the fund and/or borrowed the funds from market shall be eligible for reimbursement at the market rate of interest up to 10 days.
- (iv) **Payment to the farmers:** The state/primary agency shall be responsible to make the payments to the farmers within three days from the receipt of their produce.

(v) **Custody/hypothecation of stocks:** The state agency shall be responsible to take the custody of the stocks and get it hypothecated in the name of central nodal agency within the prescribed period so as to get the funds from **central agency**.

(vi) **Verification of documents/quality of stock:** The state/primary agency shall be responsible to verify the documents of the farmers which prove their genuineness. Further, they shall also be responsible to purchase the stock from farmers strictly as per the FAQ norms as notified by Central Government from time to time. At the time of receipt of stock at warehouse for storage, Central Nodal Agency need to accept only stock which conforms to FAQ. If during storage and during disposal, it is found that there is any deviation from FAQ norms, loss shall be borne by the concerned Central Nodal Agency.

CHAPTER III

A. PROCUREMENT, STORAGE & DISPOSAL OPERATIONS

(i) **Preconditions for implementation of the Scheme:**

- a. To get the benefit of the scheme, 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. 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 prior to procurement / period notified for the particular commodity by Revenue Authority. Registration, however, is not an assurance for procurement.
- b. State to adopt model "The Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017" or commit to do so within specified time frame.

(ii) **Mode of purchase:** Following modalities will be followed for procurement under PSS:

- a. The stocks shall be purchased by Cooperative Societies, Farmers' Producer's Organizations (FPO), Farmers' Producer's Companies, Panchayati Raj Institutions directly from registered farmers.
- b. State government will notify the procurement centers, send the information of same to Central Nodal Agencies, upload a list of these centers on government websites and publish in local newspapers for information of farmers.
- c. The reporting of purchases shall be made through online mechanism and the central/state procuring agencies shall display the details of purchases on a daily basis on their website.

(iii) **Limit of purchase in one single day:** Only 50 bags (50 kg. each) of produce shall be purchased from, one farmer, in one day.

- (iv) **Genuineness of the farmer and his landholding:** Before undertaking purchases of any commodity under PSS, the central nodal agencies will contact the concerned state authorities for deciding the documents to ensure the genuineness of the farmer and his landholding. At the time of procurement, the procuring agency to ensure appropriate measures to establish the identity of farmer selling the crop like Aadhar authentication and photograph of farmer etc. in addition to capturing their land records, original registration receipt to establish the identity of farmer selling the crop. There should not be any overwriting or cutting or erasing etc. in any documents showing the genuineness of the farmer and his landholding in the form of girdawari or any other document of the state government. Copies of these documents are to be retained by procuring agencies.
- (v) **Arrival of stocks:** The farmer may be advised to bring their stocks to the nearest procurement centre from his farm. The land records must indicate that the commodity, which is being offered under PSS, has been harvested from his own/leased land.
- (vi) **Average yield district wise:** While undertaking purchases of any commodity under PSS, Central nodal agencies may get the estimates of average yield and production in that area covered by the procurement centers from concerned State/UT government authorities to ensure that in a district quantity of procurement do not exceed 25% of production of that commodity in the district and the procurement of produce is done from the farmers only. In case the variation in any district beyond +/-20%, specific reasons may also be recorded for higher procurement.
- (vii) **Area of operation:** Purchase will be made from only those registered farmers who come into the area of operation of that particular purchase center/APMC.
- (viii) **Quantity for procurement:** The overall quantity of procurement by central government will be restricted to 25% of the actual production of the commodity for that particular season. In case state/UT government intends to procure over 25% of production, the state government may do so at their own cost and through its own agencies. In case state/UT government intends to procure over 25% of production, the state government will do so at their own cost and through its own agencies. If the State government intends to procure quantities beyond 25% and up to 40% of production through central agencies then the States Government will use the same for their PDS and other welfare schemes, at their own cost.

- (ix) **Display of information:** The procurement centre shall prominently display the MSP, bonus, operating hours & days, period of procurement, mode & time of payment to farmers. The updated information of the procured stock and list of beneficiary farmers who have availed the scheme as well as those in waiting list (if any) shall be displayed at the procurement center/website of procuring agencies.
- (x) **Payment to Farmers:** The payments to the farmers shall be released to their individual bank accounts through RTGS or NEFT within three days from actual delivery to the procuring agency. For making timely payment to farmers, state government needs to arrange sufficient revolving funds at the disposal of procuring agencies. Further, the procuring agencies shall ensure that the payments have been made directly into the bank account of the farmer provided at the time of registration. The bank account of one individual farmer shall not be used for making payments of other farmers. The state agency will be required to provide daily information of the payment made to farmers as per above stipulation.
- (xi) **Storage of procured Stock:** Before the start of procurement, State Government will make available list of Scientific Warehouses to Central Nodal Agencies. The Central Nodal Agency will ensure that procuring agencies store the procured stock only in CWC/SWC Godowns. In case of non-availability of CWC/SWC godowns/space, the stock may be stored in other godowns as approved by the State Government and Central Nodal Agency. However such permission may be given only after ensuring that the stock is stored safely and scientifically so that it does not suffer any preventable loss.
- (xii) **Limitation on holding the stock:** The procured material will be stored only for its biological life and it should be disposed of preferably within nine months from the closure of PSS operation to avoid increasing holding cost and quality deterioration. Biological life referred to as Future Expiry Date (FED) in the parlance of commodity exchange, is the life of the commodity after which it must be re-assessed/ consumed in order to remain fit for human consumption. Further, while holding the stock, the seasonality/durability of that particular crop will also be kept in mind. However, in exceptional circumstances, requiring stocking over nine months, prior approval of the DAC & FW should be obtained. It will be the responsibility of the Central Nodal Agency to ensure that the goods are properly stored. Any loss occurring on account of poor storage in the warehouse will be

the responsibility of Central Nodal Agency and will be borne by it. The Central Nodal Agency must submit a storage ageing report on monthly basis to DAC&W clearly mentioning the ageing and quality of all the stored material.

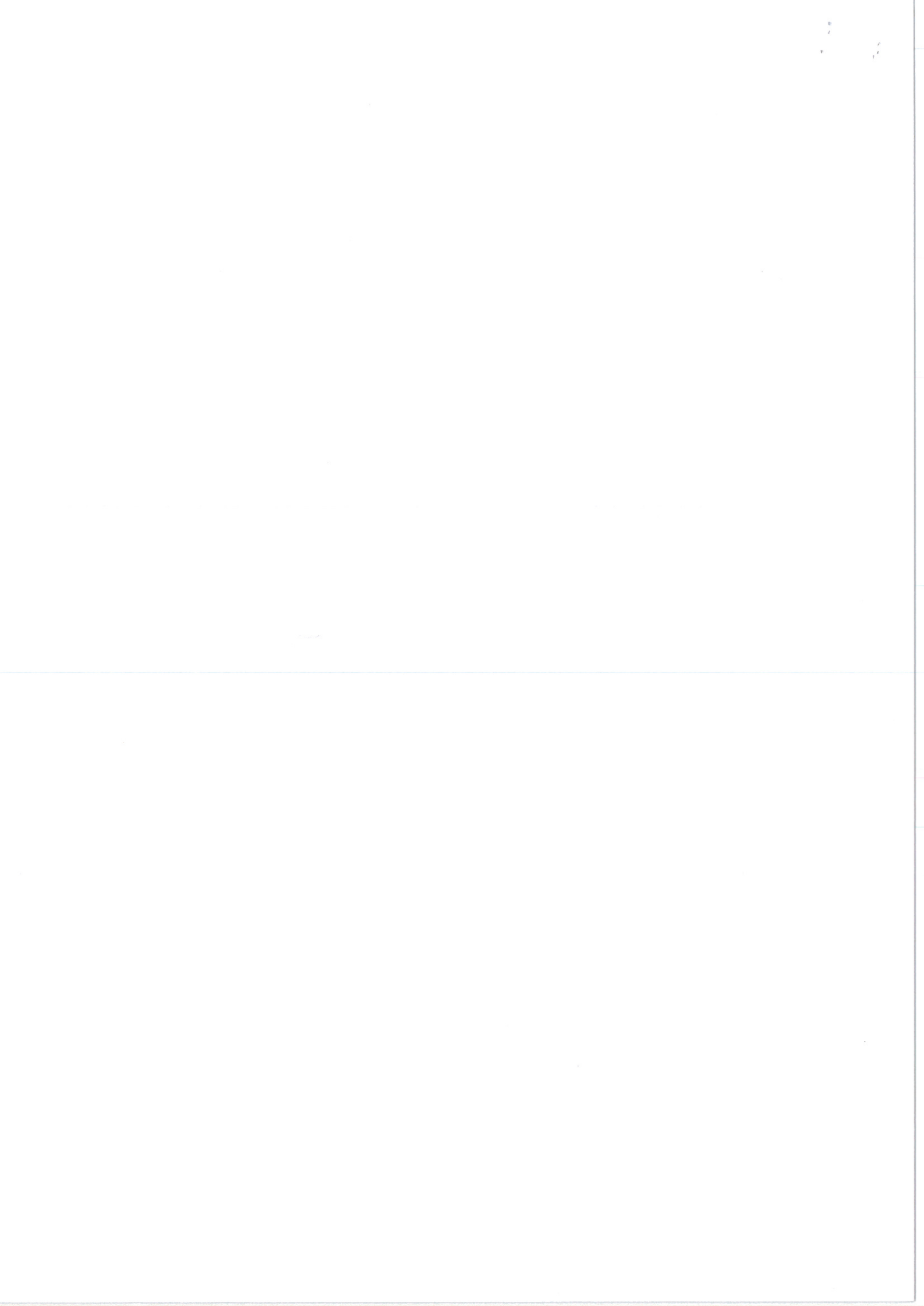
(xiii) **Disposal of Stock:**

- a) **Open Market Disposal:** - After end of procurement operation, central nodal agency/ies will prepare disposal plan to ensure disposal of procured stock with the stipulated period. Accordingly Central Nodal Agency/ies may fix the monthly target for disposal of the procured stock. The stocks shall be disposed through competitive bidding like e-auctions, open auction, using online platforms as approved by DAC&FW of commodity exchanges/ online spot market platforms, future trading etc. Further, the traditional disposal mechanism should be done only in exceptional case with the approval of DAC&FW for better realization and greater transparency. In other words, the disposal shall be carried out in most transparent and competitive manner well within the biological life of the procured stock and in the off season when the prices of the produced are usually high, to secure highest price and minimum loss and maximum profit to the Government. The procured stock may be disposed within the State or outside. The central/state agencies shall maintain a verifiable data of prices throughout the year to justify its decision to sell their procured stock in a certain month/season. The Central Nodal Agency will dispose the stock on FIFO (First in first out basis). Central Nodal Agency has to start disposal of procured stock after the close of procurement operation. Any stock which is not disposed off within 9 months after the closing of procurement, the carry over cost of such stock (interest on MSP value and incidental, warehouse rent etc.) will be borne by concerned Central Nodal Agencies. The stock position, centre, quantity, quality, value, variety etc. and disposal statement, ruling price shall be kept updated, and placed on line on the website of the Central Nodal agencies as well as sent to the DAC& FW through sms, e-mail, fax, etc. on daily basis.
- b) **Issue of PSS stock to the State/UTs to utilized in various welfare schemes:** - The PSS stock can be issued to intending states/UTs at "Issue Price" as mentioned at Chapter II Para B(ix). The State/UT government shall place their indent to the Central Nodal Agencies for release of PSS stocks to be utilize in their various welfare schemes/programmes like ICDP, Mid-day Meal, Antyodaya, Annapurna, PDS etc. at the "Issue Price" as decided by the DAC&FW.

- c) **Transfer of stock from PSS to PSF:-** Based on the request of the Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, PSS stock of particular commodity may be transferred to National Buffer Stock maintained under Price Stabilization Fund(PSF). Such transfer may be done on the cost basis which includes all the expenses related to procurement and holding of such stock. In such case, the Central Nodal Agency/ies will work out the provisional cost of the stocks proposed to be transferred and after due approval of DAC&FW will book transfer the stock from PSS to PSF on receipt of such cost in advance. The final costing may be done with the concurrence of the Chief Adviser (Cost), Department of Expenditure. The service charges and other common incidental expenses of procurement of PSS should not be charged again for such transfer of stock.
- (xiv) **Short recovery:** Central/State agencies should recover the value for any short recovery as per terms of the agreement entered into with the millers. Further, the common storage norms like Moisture Adjusted Weight (MAW) for the procured stock must be accounted for by the procurement agency.
- (xv) **Procurement and disposal report :** All agencies shall be responsible to furnish the daily progress reports of procurement & disposal (quantity and value wise) to their immediate hierarchy through SMS, email, fax etc. Central Nodal Agency will furnish a daily report to DAC&FW regarding daily procurement, disposal, quality of procured stock and status of disposal.
- (xvi) **Maintenance of Documents/Accounts:** The procuring agencies and Central Nodal Agencies shall be responsible to maintain all relevant records like samples drawn, checking of FAQ parameters including the moisture content, quantity and value of produce procured daily with name and address of farmers, payment made to farmers, produce rejected, expenditure incurred, ruling market price of the commodity etc.
- (xvii) **Visits & Inspections:** All agencies shall be responsible to closely monitor the PSS operations and ensure the strict compliance of the provisions and conditions of the scheme and its guidelines. The officers of Central Nodal Agency need to visit procurement centers, Storage Centers during storage (to ensure scientific storage) and at the time of disposal.

B. Financial Resources and Accounts :

- (i) ***Fund utilized against Government Guarantee:*** Central Nodal Agencies shall maintain proper record for utilization of fund drawn from the accounts backed by Government Guarantee. The Central Nodal Agencies shall be able to withdraw money from such accounts for payment of MSP value corresponding to WHRs (Warehouse Receipts) received against the procured stocks and incidentals expenses backed by the supporting documents. Central Nodal Agency will make payment to State Government/agencies only for WHRs received within 30 days from the end of procurement period. In exceptional situations, the Committee chaired by the concerned states' Principal Secretary / Additional Chief Secretary Agriculture may examine the reasons for delay ,if any, on a case to case basis and extend such period for a maximum period of 30 days over and above the allowed period. To avoid time lag in processing of WHRs, efforts should be made to develop an integrated portal with facility of online WHR by CNA/ State/UTs . The loss, if any , under the PSS will be reimbursed as per the notification by the Central Government. On vetting of accounts by the O/o CAC , Department of Expenditure ,the expenses disallowed should be deposited in the concern cash credit accounts within 15 days by the central nodal agency.
- (ii) ***Service charges:*** The Service charges to the concern central nodal agencies will be payable @1 % on the MSP value of procured stock and 0.50% on disposal value on disposal of procured stock. The service changes linked to procurement may be drawn by central nodal agency only after entire PSS operation for particular season is over and similar service charges linked to disposal may be drawn on completion of disposal of procured PSS and final vetting of their claims. The service charges by the central procuring agency may be drawn with prior approval of DAC&FW. Additionally, a maximum of 2% service charge will be paid to procuring agencies at the state/procurement level. Procurement by the State level Marketing Federation shall be made through the Primary Cooperative Societies in which service charges @ 1%(out of total 2%) shall be paid to Primary Societies. However, if there is no Primary Societies functional in a particular area as certified by the State Government, the State Agencies/Federations would be paid 2% service charge provided they open and manage the procurement centers as per the guidelines. Besides, the DAC&FW shall also provide 1% incentive to the Central Agencies on the net profit earned for disposal of PSS stocks.
- Besides this DAC&FW shall also provide 1% incentive to the central agencies on the net profit earned for disposal of PSS stocks.
- (iii) ***Finalization of Accounts/Sharing of Loss/ Audit:*** The central Nodal Agency will submit the provisional accounts for reimbursement of proportionate provisional loss based on disposal of



25/50/75 % of procured stock. The final audited accounts must reach DAC&FW within three months from disposal of 100% stock. The State agencies will submit their accounts to central agencies within one month from the last date of procurement. The DAC&FW will examine the accounts and after accepting the same, either full or in part will send to Cost Cell, DAC&FW (till the Cost Cell is established in DAC&FW, the claim will be forwarded to O/o Chief Adviser(Cost), Department of Expenditure) through IFD, DAC for final acceptance of accounts. The computation of loss shall be the total cost of procured stock (MSP paid to the farmers, the statutory taxes i.e. commission payable to the agents, grading, labour and packing charges, loading/unloading charges, interest, bank charges, godown charges, service charges to procurement agencies and any other charges directly related with either procurement or/and disposal of the procured stock) minus realization from sale of stock. Further, If there is any profit in the PSS operations, the same shall be deposited into main account so that it can be used for further PSS operations. All the documents should be available in the public domain and easily accessible to the general public.

- (iv) **Booking commodity wise expenses:** Central nodal agencies should ensure that commodity wise expenses are properly booked under exact PSS operation.

Annexure- A

Proforma for State/UT Government for Implementing Price Support Scheme (PSS) for Pulses, Oilseeds, & Copra

1. Copy of notification of crop calendar year/harvesting period.
2. Details of crop production in the State (region/area wise).

| Area | Crop | Sown area | Expected production | Average yield | Peak arrival period | Ruling market price | Expected quantity of procurement | Proposed duration of scheme |
|------|------|-----------|---------------------|---------------|---------------------|---------------------|----------------------------------|-----------------------------|
| | | | | | | | | |
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3. List of documents required and other arrangements made to prove the genuineness of farmers.
4. Details of working capital arrangement for immediate payment to the farmer for their produce.
5. Details of PSS awareness/publicity of MSP for the crops name and address of procurement centres, contact details of authorized persons of central/state/primary procuring agency.
6. Details of preparatory/logistic arrangements like booking of CWC/Godowns and its distance from procurement center, arrangement of gunny bags, transportation facility etc.
7. Details of processing facilities available/proposed to be available in and around procurement centres.
8. Any other information relevant to the scheme in support of your proposal mentioned in the guidelines and not indicated above.

UNDERTAKING

This is to certify that the above particulars are true and correct to the best of my information and the State/UT Government is willing to undertake the PSS operation for (name of the crop) in the State as per PSS guidelines of the Government of India. Further, the State/UT Government also agree to –

- i. The overall quantity of procurement by central government will be restricted to 25% of the actual production of the commodity for that particular season. In case state/UT government intends to procure over 25% of production, the state government will do so at their own cost and through its own agencies. If the State government intends to procure quantities beyond 25% and up to 40% of production through central agencies than the States Government will use the same for their PDS and other welfare schemes, at their own cost.
- ii. Exempt all the state duties/taxes in respect of PSS Operation (Procurement /transportation /warehousing /Sale etc.).
- iii. Provide the necessary documents which prove the genuineness of the farmers.
- iv. Provide working capital to the State/primary procuring agency.
- v. State Government shall create revolving fund for at least 15% of MSP value + incidental expenses for each commodity as per 25% of estimated production/sanctioned quantity by DAC&FW.
- vi. Take up the work of establishment of godowns, processing mills in and around the procuring centres. For transportation of procured stock beyond 30km from the procurement center, the cost will be borne by state governments .
- vii. Utilise PSS stocks in various Central/State Government Schemes as per existing PSS Guideline.
- viii. To get the benefit of the scheme, farmers must be registered within the stipulated time period. A portal to be specifically developed for this purpose by the respective State /UT Government. The registration data(s) of the farmers on the portal should be integrated with the registration data(s) of other government procurement scheme for MSP crops including procurement done by FCI or its agency/ies .The registration data will include farmers' details like name of crops harvested, Aadhaar Number, Bank Account Number, Mobile Number and other related land record information maintained in the respective States/UTs. The registration data will be verified by the States/UTs prior to procurement / period notified for the particular commodity by Revenue Department. Registration, however, is not an assurance for procurement.
- ix. State to adopt model "The Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017" or commit to do so within (specify time frame).

Principal Secretary Agriculture
State/UT Government

Annexure- C

To,

The Joint Secretary (Coop.),
Department of Agriculture, Cooperation & Farmers Welfare,
Krishi Bhawan,
New Delhi

Subject: Request for implementation of Price Support Scheme (PSS) for _____.

Sir,

I am forwarding herewith a detailed proposal for implementation of Price Support Scheme (PSS) for the notified agricultural commodities in.....(name of the state). The proposal included following details:-

1. Copy of notification of crop calendar year/harvesting period.
2. Details of crop production in the State (region/area wise).
3. List of documents required to prove the genuineness of farmers.
4. Details of working capital arrangement for immediate payment to the farmer for their produce.
5. Details of PSS awareness/publicity of MSP for the crops name and address of procurement centres, contact details of authorized persons of central/state/primary procuring agency.
6. Details of preparatory/logistic arrangements like booking of CWC/Godowns, arrangement of gunny bags, transportation facility etc.
7. Details of processing facilities available/proposed to be available in and around procurement centres.
8. Any other information relevant to the scheme in support of your proposal mentioned in the guidelines and not indicated above.

You are, therefore, requested to kindly implement the PSS Scheme for procurement of
(Name of the commodities) for the current crop season.

Yours faithfully,

Encd: As above.

()

Name of PSS Crop: _____ Year: _____ Season: Rabi/ Kharif

1. Basic information on procurement:
 - a. A brief write-up on Crop / Operation:
 - b. Nature of procured item (perishable/Non-perishable),
 - c. Specification of FAQ of above crop (notified copy).
2. Please furnish copies of the circulars/guidelines issued by Ministry of Agriculture / State Government, namely:
 - a. Copy of DAC&FW order designating Central nodal agency for procurement under PSS for above mentioned operation and announcement of MSP
 - b. Period of the commencement of the above scheme (procurement period) with notification from respective State Governments.
 - c. Bonus/incentive (if any) announced by DAC&FW.
 - d. Targeted Quantity to be procured

| Sl. No. | Name of the State | Targeted Qty. to be procured |
|---------------------------|-------------------|------------------------------|
| | | |
| | | |
| | | |
| Total for All India Basis | | |

3. Total Actual Quantity procured of crop:

| Qty procured under PSS | Qty procured under Non PSS, if any | Total qty procured. |
|------------------------|------------------------------------|---------------------|
| | | |

4. Branch wise actual quantity procured at MSP for PSS operation:

| Sl. no. | Name of branch | State | Qty procured (MTs) | Date of commencement of procurement at branch | Date of closure of procurement |
|---------|----------------|-------|--------------------|---|--------------------------------|
| | | | | | |
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5. GST

| Name of branch | GST paid at the time of procurement, if any | GST set off at the time of disposal of stock/IOT | Amount of GST unrecovered/ unadjusted | Whether unadjusted / unrecovered amount has been utilised towards any other PSS/Non PSS operation |
|----------------|---|--|---------------------------------------|---|
| | | | | |

6. Procurement Agency Commission payable to State Level Agency & Primary level Agency.

| Name of Branch | Total Qty. procured (Qtl.) | Total Commission Paid to SLA/PLA (Rs.) | Qty procured through PLA | %age of commission payable to PLA | Total Commission paid to PLA (Rs) |
|----------------|----------------------------|--|--------------------------|-----------------------------------|-----------------------------------|
| | | | | | |

7. Branch wise Packing & Incidental Expenses

| Nature of Expenses | Final Approved rates(after HO approval) (Rs per qtl.) | Actual rates paid (Rs per qtl.) |
|--|---|---------------------------------|
| Jute bags | | |
| Marking/colouring/stenciling | | |
| Sutli | | |
| Labour charges of Loading at procurement centre | | |
| Labour charges of unloading and stacking at Godown | | |
| Weighment | | |
| Any other incidental expenses | | |

8. Details of Branch-wise Carriage Inward & Cartage -

| Name of Branch | Name of procurement centre | Name of CWC/SWC godown | Total distance between PC and Godown (in Kms) | Approved Rate per qtl | Actual rate per qtl paid to transporter | Total Amount paid (Rs.) |
|----------------|----------------------------|------------------------|---|-----------------------|---|-------------------------|
| | | | | | | |

9. Details of total cost of Storage -

| Name of Branch | Godown Rent | Godown Insurance | Fumigation Expenses | Other (if any - with details) |
|----------------|-------------|------------------|---------------------|-------------------------------|
| | | | | |

10. Godown wise break up of storage cost:

| Month | Opening stock | Addition of stock during month | Disposal of stock during month | Approved Rate per bag/ qtl of Godown | Total Amount paid (Rs.) | Remarks – Type of Godown - CWC/SWC /Pvt. |
|-------|---------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------|--|
| | | | | | | |

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|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

11. Details of Misc Expenditure incurred by NAFED:

| Head of Expenditure | Amount of expenditure (Rs.) | Remarks |
|---------------------|-----------------------------|---|
| Publicity Expenses | | Specify nature of charges |
| Taxes/Levy, if any | | Applicable tax rate |
| Final Audit Fees | | Break-up to be provided for Branch & H.O |
| Others (if any) | | Nature of such expenses may be specified. |

12. Branch wise sales details:

| Name of Branch | Total Qty sold | Amount of sales Realisation | Date of commencement of sales | Last date of disposal |
|----------------|----------------|-----------------------------|-------------------------------|-----------------------|
| | | | | |
| | | | | |

13. In case goods have been sold by branch other than branch from where procurement was made. Please furnish following details

| Head of Expenditure | Total Amount (Rs.) | Remarks |
|--|--------------------|---------|
| Price at which goods have been transferred to this branch (rate per MTs) | | |
| Inter Office Transportation Expenses | | |
| I O T Insurance Expenses | | |
| Handling & packing Charges | | |
| Other (if any - with details) | | |
| Total Procurement cost | | |
| Total sales realization | | |

14. Details of Cost of Disposal –

| Head of Expenditure | Total Amount (Rs.) | Remarks |
|----------------------------|--------------------|---------|
| Brokerage/Commission | | |
| State level taxes (if any) | | |
| Others, if any | | |

15. Details of financial expenses –

| Head of Expenditure | Total Amount (Rs.) | Remarks |
|-------------------------|--------------------|--|
| Dedicated Bank Interest | | Specify period for which interest claimed. |
| Bank Charges | | |
| SLA interest | | |
| Any other resource | | |

- 16 Branch wise statement of stock shortage / excess with reasons thereof under PSS operation & shortage / excess in comparison to standard norms.

| Total quantity procured (Qtl.) | Total quantity sold (Qtl.) | Shortage/ Excess (Qtl.) | Whether shortage is within prescribed norms (yes/no) | Value of excess shortage than prescribed (Rs.) |
|--------------------------------|----------------------------|-------------------------|--|--|
| | | | | |

- 17 Please specify the amount of claim received from insurance Company/transporter or any other agency with respect to damaged / lost quantity.

- 18 Please furnish the details of misc income generated from PSS operation.

| Name of Branch | Nature of income | Amount received | Remarks |
|----------------|------------------|-----------------|---|
| | | | Extra storage period, Delay upliftment of stocks, Delayed payment towards sales etc |

- 19 Details of Reimbursement of Interest and Losses:-

| Month | Interest Amount (Rs.) | Losses reimbursed (Rs.) | Total (Rs.) |
|-------|-----------------------|-------------------------|-------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

- 20 In case of allocation of expenses among different PSS operations, kindly specify the information in the given below format:

| Nature of expenses | Name of operations for which expense was undertaken | Total amount of expenses incurred | Basis of allocation of expenses | Share of expenses allocated to this PSS operation |
|--------------------|---|-----------------------------------|---------------------------------|---|
| | | | | |

- 21 Please furnish following documents:-

- Copy of Agreement with SLA.
- Approval of incidental expenses by HO.
- Approval of rate of gunny bags.
- Approved transportation charges per Km per qtl. for each procurement centre
- Copies of Branch-wise Final Audited Profit & loss account & also Audited Final Consolidated Profit & loss account of the specific crop under PSS operation.

- F) Agreement with procurement Agencies for procurement of gunny bags & comparative statement of finalizing L-1.
- G) Please furnish Bank Statement Details - Date-wise transaction of funds , outstanding amount from time to time, bank interest payable, bank charges paid , rate of interest applicable and stock hypothecated to bank for funds.
- H) Please furnish sample copy of following given below items for the month as called for by the office of CAC at the time of vetting of claim: -
- (a) Sales bill
 - (b) Purchase bill
 - (c) Transportation bill,
 - (d) loading and unloading expenses.
 - (e) Incidental Expenses
 - (f) Insurance.
 - (g) Godown rent.
 - (h) Mandi tax/Market fee, if applicable.
 - (i) Local taxes/State Government taxes, if applicable.
 - (j) Standardization expenses.
 - (k) Fumigation expenses.
 - (l) Expenditure, if any incurred on Publicity (procurement/disposal) of scheme.
 - (m) Sample bill of any other expenses claimed.
- 22 Please furnish soft copy of sales register and purchase register maintained by SLA.
- 23 In case the period of procurement, quantum of procurement, storage and disposal has been extended than the period prescribed in PSS Scheme then please furnish copy of such extension issued by DAC& FW.
- 24 In case Private Godown is hired, then please furnish copy of approval of respective State Government

