

As you are aware, providing 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 into 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.

2. Towards this end, the Government announces, Minimum Support Prices (MSP) for 25 major agricultural commodities each year in both the Crop seasons after taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP).

3. To back up the announcement of MSP of notified agricultural commodities, the Government organizes procurement operations of these commodities through various public and cooperative agencies such as Food Corporation of India (FCI), Cotton Corporation of India (CCI), Jute Corporation of India (JCI), Central Warehousing Corporation (CWC), National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), National Consumer Cooperative Federation of India Ltd. (NCCF), and Small Farmers Agro Consortium (SFAC). Besides, State Governments also appoint state agencies to undertake PSS operations.

4. NAFED, Central Warehousing Corporation (CWC) National Consumer Cooperative Federation of India Ltd. (NCCF), Small Farmers Agro Consortium (SFAC) are the central agencies for procurement of oilseeds & pulses. NAFED is also an additional central agency for procurement of cotton, in addition to Cotton Corporation of India (CCI), under the DAC.

5. The Scheme is being implemented successfully and its results are encouraging. Though the Price Support Scheme is in existence for more than 3 decades, there are no guidelines at present to regulate PSS operations. Experience in implementing the PSS over the years has shown the necessity to prepare comprehensive guidelines for effective implementation of the scheme to ensure that the farmers are benefited and to put in place a system of efficient marketing, development of non-traditional/new markets, processing of agricultural produce for value addition and the sales through network of retail points.

6. An Expert Group which was to examine the commercial viability and robustness of PSS Operations of the organisations engaged has also observed the necessity of having comprehensive PSS guidelines. The PSS guidelines will streamline the existing system and provide remunerative prices to the growers of the country for their produce in a transparent and systematic manner. A copy of the PSS guidelines approved by the Expert Group is enclosed herewith.

7. I shall be grateful if you kindly offer your valuable inputs, if any, latest by 30<sup>th</sup> January, 2014 so as to enable this Department to put in place the PSS guidelines. In case, no response is received from you, it will be presumed that you have no comments to offer in this regard and support the PSS guidelines prepared by this Department.

With warm regards,

Yours sincerely,

(Dr. Ashish Bhutani)

To,  
All the Principal Secretaries (Agriculture),  
States/UTs Government  
(As per list attached)