**Minutes of the Decentralized Procurement Scheme for procurement of Wheat and Paddy under Minimum Support Price (MSP) including a strategy for Crop Diversification in Haryana and Punjab**

A web-based (online) meeting to launch the above study was held on 18-11-2021. The research proposal and questionnaires related to household, village, district, and procurement centre were sent on 7-10-2021. Following the comments received from a few stakeholders, and accessing required data from National Portal, the meeting was organized to discuss various issues related to the above study (with stakeholders). The meeting started at 11AM, following persons attended the web-based (online) meeting.

Prof. S.S. Kalamkar, AERC Vallabh Vidyanagar

Prof. Sangeeta Shroff, AERC Pune

Dr. KodelavenkataGiriBabu, AERC Waltaire

Dr. Ramu Pentakota, AERC Waltaire

Dr. Rajiv Kumar Sinha, AERC Bhagalpur

Dr. Ranjan Kumar Sinha, AERC Bhagalpur

Dr. Roseline Kusum Marandi, AERC Bhagalpur

Dr. Deepak Rathi, AERC Jabalpur

Dr. Hari Om Sharma, AERC Jabalpur

Dr. Parminder Kaur, AERC Ludhiana

Dr. Jitender Mohan Singh, AERC Ludhiana

Dr. Deep Patel, AERC Vallabh Vidyanagar

Dr. Hemant Sharma, AERC Vallabh Vidyanagar

Dr. Vinod Kumar Parmar, AERC Vallabh Vidyanagar

[Prof. Bidhan Chandra Roy](http://www.visvabharati.ac.in/BidhanChandraRoyEES.html), AERC, [Visva-Bharat](https://eands.dacnet.nic.in/AERC.htm)i

Dr. Mehedi Hasan, AERC, [Visva-Bharat](https://eands.dacnet.nic.in/AERC.htm)i

Prof. Brajesh Jha, AERU, IEG Delhi

Deepak Kumar, AERU, IEG Delhi

After an exchange of pleasantries Prof. Brajesh Jha, IEG Delhi in his introductory remark informed that the study assigned by the Ministry (**Decentralized Procurement Scheme for procurement of Wheat and Paddy under Minimum Support Price (MSP) including a strategy for Crop Diversification in Haryana and Punjab**) is a combination of two studies. The first part of the study is about the Decentralized Procurement Scheme, while the second part of the study is the strategy for crop diversification in Haryana and Punjab. The second part of the study has been a thoroughly researched issue, there are more than a dozen studies on the above issues. The present study will review some of the studies done earlier (in the last 35 years).

Therefore the Research Proposal, especially the sample framework, questionnaires sent to AERCs are about the first part of the study i.e., Decentralized Procurement Scheme for Procurement of Wheat and Paddy under Minimum Support Price (MSP).

In Decentralized Procurement (DCP) of cereals, the Central government encourages states to procure cereals (rice and wheat) as per its’ requirement for T-PDS (targeted public distribution system) and other welfare schemes (OWS). He highlighted the following advantages of DCP.

* DCP will discourage the cultivation of water-intensive crops in the water-scarce area (semi-arid), this will also restrict mono-cropping and associated externalities.
* DCP would encourage the construction of the post-harvest structure (storage, warehouses) in new areas, (balanced regional development)
* DCP will decrease transportation costs and loss in transportation. This will reduce food subsidies and also the carbon footprint.

Though the Research proposal send to you (stakeholders) has seven objectives, around three of these Objectives are expected to be fulfilled in the coordinated study on Decentralized Procurement of cereals. These **objectives** are:

1. Impact of procurement on the local economy in terms of agricultural production, productivity, employment /farm income,and prices of cereals and food grains of the commodity.
2. Impact of decentralized procurement on the post-harvest infrastructure of the region.
3. Ascertain region-wise constraints in decentralized procurement of cereals.

The concerned Ministry (DOF&PD) was interested to know the experience of stakeholders in decentralized procurement for cereals. The above three objectives would provide us such information.

1. **Coverage of study**

This will be an all-India study coordinated with the selected AERCs for obtaining primary information from chosen regions for wheat and paddy. Considering the suggestions of the concerned Ministry (DOF&PD) and workload of AERCs, five states for each of the commodities (paddy and wheat) have been considered. The chosen states are different for each of the commodity. The same is presented below in the table.

**Table 1: Coverage of Decentralized Procurement for States with Crops**.

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| --- | --- | --- |
| **AERCs** | **Crops** | **States** |
| **AERU of IEG** | **Wheat** | **Rajasthan** |
| **AERC Vallabh Vidyanagar** | **Wheat** | **Gujarat** |
| **AERC Visva Bharati (AERU-IEG)** | **Rice** | **West Bengal** |
| **AERC, Bhagalpur** | **Wheat** | **Bihar** |
|  | **Rice** | **Jharkhand** |
| **AERC, Jabalpur** | **Wheat** | **Madhya Pradesh** |
|  | **Rice** | **Chhattisgarh** |
| **AERC, Waltair** | **Rice** | **Andhra Pradesh** |
|  | **Rice** | **Odisha** |
| **AERC, Ludhiana** | **Wheat** | **Punjab** |

1. **Stages of Sampling**

In each of the chosen states for a commodity, two districts will be selected based on procurement in districts (min of 5% of state procurement) and regularity (over years) of procurement. The district selected should be from different metrological regions (IMD website, http//mausam.imd.gov.in)of state. In case entire state is under one metrological division (Punjab, Bihar, Jharkhand, Orissa), the state often categorizeregions, the districts may be selected from these regions maintaining spatial distance between the chosen district.

The selection of district should avoid big towns (more than 5 lakhs of the population) as the districts are the representative of the region (state) for the study on DCP. You (AERC researchers) might have received procurement data for different districts of the state in the last few years for a commodity (rice/wheat). The information was sent to help you in selection of districts. This document (Minutes of Meeting 18.11.2021) also provides such information for wheat and paddy procurement in Madhya Pradesh, and Chhattisgarh respectively (Table 2 and Table 3) as a specimen.

In each of the chosen districts, three procurement centers based on spatial differences (preferably in separate blocks) may be chosen for the survey. The chosen blocks may have different levels of post-harvest infrastructures, kind of association of procurement center (PC) with storage facilities should be different.

In the next stage of sampling, villages (2/3) associated with a procurement center may be selected. These villages can be small and big (less and more than 500 households). The villages selected may have different level of institutions and infrastructural development. A combination of high and low-developed villages may be chosen.

In the final stage of sampling, 10 to 15 farmers may be selected from each sample village based on the size of farm holdings. Altogether 30 farmers will be selected from each procurement centres. Ideally,{70 percent of farmers chosen should be marginal and small farmers, the rest 30 percent should be medium and large farmers.}sample farmers from each clusters / districts should be based on the average distribution of the size of holding in the district. At National level the ratiois 9:1 for small (including marginal) and big (medium, semi-medium, and large) farmers, but the frequency of marginal and small farmers as sellers of the commodity to government kitty will be less. Therefore the study proposes for 7:3 as small (including marginal) and big (medium, semi-medium, and large) farmers for sample households from each district.

At this stage, Prof. Jha stopped his presentation and invited comments for discussion.

1. **Essentials from Comments and Discussions:** Most of the Researchers from AERCs agreed upon the crop and states mentioned in the above table on coverage of study (Table 1). There was some discontent from researchers in AERC Jabalpur and Waltair as they have to work for two states.They were briefed about the importance of states for Decentralized procurement as was felt by the concerned Ministry (DOFPD), subsequently, they willingly considered the assigned states.

About the selection of districts, there were some anomalies in a few states in government procurement data as obtained from the National portal. Therefore participants were requested to avoid the decisions for the selection of districts (in a state), on average procurement figures. The researcher may consider the year when procurement data (for the district in a state) are more distributed across districts. In the chosen districts, there should be the regularity of procurement as many questions in the questionnaires (study) try to assess the impact of procurement on change (if any) in the cropping pattern of farmers (selected), and also storage, and post-harvest structure in the region.

About the question on the criteria for selection of districts in a state if state government proposes agricultural regions as more than two. He advised that the concerned researcher may consider the spatial distance between districts. The chosen districts should definitely be from different regions. Other conditions for the selection of districts as it was presented above in the stage of sampling prevail.

About the question on the basis for selection of farmers on the size of holdings, he stressed that operational holding (not actual size of holding) should be considered. Regarding the criteria for selection of farmers in the village, Prof. Kalamkar opined that district proportion of size-wise holding may be used (as per the recent Agriculture Census, 2015-16).

Few AERCs requested to select only one district or reduce the number of farmers because of manpower shortage in the center. However,Prof. Jha responded that the selection of states, commodities, districts and farmers has already been reduced significantly against the expectation (demand) of the concerned Ministry. But at the same time, the study has to be statistically sound (defendable). Prof Kalamkar also desisted researchers from any compromise on the existing sample framework.

1. **Questionnaires and Information**

After the above discussion on sample framework, the presentation on questionnaires of the study was started. As mentioned in the stage of sampling, 90 farmers from each districts and 180 farmers from every state will be selected for collection of primary information. The primary information, besides farmers (Household Questionnaire), will also be collected from the village heads, district agriculture office, and procurement centers, about their experiences in procurement of cereals. Accordingly, there are separate Questionnaires for household, Village, and District with Procurement centers (PC).

In Questionnaire for District with PC, after the introductory question, the question second to seventh (Q2-Q7) is about the status of different blocks (3+2) of the district on demography, farming, infrastructure, and institutions. Though a district has often more than five blocks, the questionnaire restricts to five blocks. Three blocks are associated with procurement centers selected in the present sample framework. The other two blocks may be those blocks where procurement have not happened. The question eighth to eleventh (Q8-Q11) is about targeted crops in the district.

In the second part of the questionnaire, the questions are about procurement centers (PC) in the district. There can be an instance of absence of procurement center at the time of field visit,in such situation the concerned district officials experience with procurement from farmers and emergence of the storage facilitymay be discussed.

The Village Questionnaire is about the village head’s experience with decentralized procurement. The increase in income (if any) of farmers following procurement and price of related commodities in the retail market of the villageis also attempted in the village questionnaire.

In the Household Questionnaire, besides the Q1, the Q2-Q9 are about the status of farmers. The Q10 is about farming done by him (farmers), the Q11 is about targeted produce and Qs afterward are about their experience with the decentralized procurement.

In all the Questionnaires there have been significant changes over the questionnaire sent on 7-10-2021. The questionnaires have again been changed following your comments in the meeting, and the revised questionnaires were sent to you on 24-11-2021.

1. **Essentials from Comments and Discussion**

In the HH questionnaire, some researchers (Drs Sinha and Rathi from AERC Bhagalpur and Jabalpur) felt that there is no need to collect information about education, marriage from all family members. In response to that Prof. Jha said that information for family members becomes important in absence of the head of the family. The absence of the head of a family is frequently the case in rural India.

In a similar vein, some argued that plot-wise details about crop production and productivity are the wastage of time. However, Prof. Jha argued that plot influences production and productivity. In some states (Punjab, Haryana) lands in villages are relatively uniform, the land consolidation in such states has also been successful; therefore plots are possibly not important in these states. But in states like Bihar, where lands in the village are often not uniform, and land consolidation has not been successful,the plot-wise detail becomes important. He also felt that with a decrease in the size of holding, plots have lost importance but for medium and large-size farmers plots become important.

In response to queries of similar kinds, he felt that questionnaires provide a broad contour about the kinds of investigation required for the study. Therefore it is not necessary that all questions and blocks (intersection of row and column) in the questionnaire are relevant for each of the case (sample).

In a query on the district questionnaire (District and PC) the researchers questioned the possibility of (a receipt of) block-wise information in a district. Prof Jha from his experience argues that block-wise information (infrastructure, institutions, etc.)doesn’t get published frequently but the district has block-wise information for the last two to three years. The District Statistical Officer derives district-level information from this block-wise information.

In the District and PC questionnaire as of now, there are some questions on the procurement center’s experience with government procurement. In that set of questions, information has to be accessed about the storage facilities associated with the PC; the questions are about capacity, ownership (Public, Private, Cooperative), facilities (linkage with banks, negotiable warehouse receipts, etc), and cost of storage. However, there is no separate questionnaire for the storage at warehouse. Whereas one of the objectives of the study is to assess the impact of decentralized procurement on related infrastructure including storage. In that relation Prof. Jha asked participants about the need (desirability) of a separate questionnaire for storage. Alternatively, the participating AERC researchers may write case studies with some details mentioned above and others based on their observation. Most of the AERC researchers believed that case studies on storage structures associated with each of the (selected) procurement centers will be preferred over the separate questionnaire. Most of us felt that the case studies would possibly bring information more than the parameters provided in the questionnaire(capacity, ownership, linkage with banks, facilities, cost of storage, etc.).

In discussion related to delay in the launch workshop (18-11-2021) of the study, Prof Jha said that after sending the RP and Questionnaires of the study on 7-10-2021, he got comments from the concerned Ministry (DOFPD) in mid-October, and after a few emails exchanges he was told by the Ministry that FCI will help (you) in providing secondary data. The person from FCI- DGM (Sri Patil) following Ministry’s insistence could be contacted on 3-11-2021. In telephonic conversation with the FCI- DGM, we were told that the website of state civil supply may have the required information. However there was a lack of uniformity in data (across states) from the website, finally, the National food procurement portal was consulted for procurement-related data.

The portal has district-wise procurement data for paddy and wheat in procuring states for a few years. The access of these data (district-wise procurement data for a few years in the state) took around 10-12 days. The data were instrumental in selecting districts for investigation. Hope all of you have received information for your investigating state and commodity. Table 2 and Table 3 enclosed in the Minute provide an example. The web-based online meeting was organized subsequently. The meeting was however delayed as per the expectation.

In relation to a question, Prof. Jha also agreed to have telephonic conversation in the evening (5-7 PM) to discuss problems (if any) in data collection. The above telephonic conversation may be followed after an e-mail. The meeting ended with usual thanks for all the participants. We decided to have similar web-based meeting after 2-3 months to discuss progress of the study.

**Table 2. District-wise share of wheat procurement in Madhya Pradesh.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Madhya Pradesh (Quantity Procured) Wheat** | | | |
| **2020-21** | | **2021-22** | |
| **Districts** | **% Share** | **Districts** | **% Share** |
| **Madhya Pradesh** | 100.00 | **Madhya Pradesh** | 100.00 |
| HOSHANGABAD | 6.94 | HOSHANGABAD | 6.98 |
| UJJAIN | 6.46 | VIDISHA | 5.90 |
| SEHORE | 5.75 | UJJAIN | 5.60 |
| VIDISHA | 5.61 | SEHORE | 5.48 |
| RAISEN | 4.85 | RAISEN | 5.39 |
| HARDA | 3.85 | SAGAR | 3.94 |
| SAGAR | 3.83 | SEONI | 3.92 |
| SEONI | 3.39 | SATNA | 3.75 |
| JABALPUR | 3.21 | JABALPUR | 3.67 |
| SHAJAPUR | 3.18 | DEWAS | 3.31 |
| DEWAS | 3.13 | HARDA | 3.07 |
| RAJGARH | 2.98 | RAJGARH | 3.07 |
| INDORE | 2.96 | INDORE | 2.86 |
| DHAR | 2.76 | CHHATARPUR | 2.74 |
| SATNA | 2.47 | DHAR | 2.73 |
| CHHATARPUR | 2.40 | BHOPAL | 2.67 |
| BHOPAL | 2.40 | SHAJAPUR | 2.62 |
| MANDSAUR | 2.21 | SHIVPURI | 2.24 |
| SHEOPUR | 1.99 | REWA | 2.00 |

**Table 3. District-wise share of paddy procurement in Chhattisgarh.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Chhattisgarh (Quantity Procured) Paddy** | | | | | |
| **2018-19** | | **2019-20** | | **2020-21** | |
| **Districts** | **% Share** | **Districts** | **% Share** | **Districts** | **% Share** |
| **Chhattisgarh** | 100.00 | **Chhattisgarh** | 100.00 | **Chhattisgarh** | 100.00 |
| JANJGIR - CHAMPA | 9.42 | JANJGIR - CHAMPA | 9.37 | JANJGIR - CHAMPA | 8.68 |
| MAHASAMUND | 8.87 | MAHASAMUND | 8.66 | RAJNANDGAON | 8.27 |
| BALODABAZAR | 7.92 | RAJNANDGAON | 8.05 | MAHASAMUND | 8.15 |
| RAJNANDGAON | 7.89 | BALODABAZAR | 7.74 | BALODABAZAR | 7.28 |
| BALOD | 6.17 | BEMETARA | 6.26 | BEMETARA | 6.39 |
| RAIPUR | 6.03 | BALOD | 5.98 | RAIGARH | 5.80 |
| BEMETARA | 5.80 | RAIPUR | 5.89 | BALOD | 5.67 |
| RAIGARH | 5.79 | RAIGARH | 5.77 | RAIPUR | 5.47 |
| BILASPUR | 5.49 | BILASPUR | 5.75 | BILASPUR | 4.90 |
| DHAMTARI | 5.04 | DHAMTARI | 4.97 | DHAMTARI | 4.65 |
| DURG | 4.63 | DURG | 4.32 | DURG | 4.43 |
| MUNGELI | 3.82 | KABEERDHAM | 4.02 | KABEERDHAM | 4.28 |
| GARIYABAND | 3.73 | MUNGELI | 3.91 | MUNGELI | 3.93 |
| KABEERDHAM | 3.46 | GARIYABAND | 3.58 | GARIYABAND | 3.52 |
| UTTAR BASTAR KANKER | 3.13 | UTTAR BASTAR KANKER | 3.34 | UTTAR BASTAR KANKER | 3.22 |
| SURAJPUR | 2.09 | SURAJPUR | 1.91 | SURAJPUR | 2.29 |