



Grain Storage Plan in Cooperative Sector

For Prelims: [Cooperative sector](#), [Food security](#), [Primary Agricultural Credit Societies \(PACS\)](#), [Agriculture Infrastructure Fund \(AIF\)](#), [Minimum Support Price \(MSP\)](#), [Food Corporation of India](#), [Pradhan Mantri Annadata Aay Sanrakshana Abhiyan](#), [Market Intervention Scheme \(MIS\)](#)

For Mains: Government schemes for Agricultural Development, Food Security

Source: [PIB](#)

Why in News?

Recently, the Ministry of Cooperation has shed light on the "[World's Largest Grain Storage Plan in Cooperative Sector](#)."

- This initiative is aimed at addressing the persistent shortage of storage capacity for food grains in the country.

What is the Grain Storage Plan in the Cooperative Sector?

- **Comprehensive Infrastructure Creation:**
 - The project entails establishing various agricultural infrastructures at **Primary Agricultural Cooperative Societies (PACS)** levels, including warehouses, custom hiring centers, processing units, Fair Price Shops, etc.
 - Convergence of various existing schemes of the Government of India (GoI), such as [Agriculture Infrastructure Fund \(AIF\)](#), [Agricultural Marketing Infrastructure Scheme \(AMI\)](#), [Sub Mission on Agricultural Mechanization \(SMAM\)](#), [Pradhan Mantri Formalization of Micro Food Processing Enterprises Scheme \(PMFME\)](#), [Pradhan Mantri Kisan Sampada Yojana \(PMKSY\)](#) and [Mission for Integrated Development of Horticulture \(MIDH\)](#) is a strategic approach for comprehensive development of the Plan.
- **Implementation Partners and Progress:**
 - **National Cooperative Development Corporation (NCDC)** with the support of [National Bank for Agriculture and Rural Development \(NABARD\)](#), [Food Corporation of India \(FCI\)](#), etc. is implementing the Pilot Project in different States/ UTs.
 - Construction has commenced in 13 PACS in 13 States/ UTs, with 1,711 PACS identified for inclusion in the pilot project.
- **Committees for Implementation Oversight:**
 - The Ministry of Cooperation has constituted an **Inter-Ministerial Committee (IMC)**, which holds the authority to adopt guidelines and methodologies for scheme convergence.
 - Additionally, a **National Level Coordination Committee (NLCC)** with members from relevant ministries and departments is tasked with steering the comprehensive plan's execution and monitoring progress.
 - Further, **State and District Cooperative Development Committees (SCDC and DCDC)** have been constituted at state and district levels to ensure effective coordination and implementation.

▪ **Impact on Farmers:**

- PACS will set up godowns, providing farmers the ability to store produce and access bridge finance for subsequent crop cycles.
 - Option to sell produce at the **farmer's preferred time or sell the entire crop to PACS at [Minimum Support Price \(MSP\)](#)**, preventing distress sales.
 - With decentralized storage capacity at the PACS level, **post-harvest losses are minimized**, ensuring that farmers can maximize their earnings by preserving the quality of their produce.
 - PACS operating as procurement centers and Fair Price Shops (FPS) contribute to **significant cost savings in the transportation of food grains**.
- The plan ensures the **availability of various agricultural inputs and services** at the local **Panchayat** or village level, reducing the dependency on distant procurement centers.
- Farmers are empowered to **diversify their businesses beyond traditional farming activities**, exploring additional sources of income.
- The plan contributes to **[national food security](#)** by enhancing storage capacity and reducing wastage, ensuring a more robust and reliable food supply chain.

Primary Agricultural Cooperative Societies (PACS)

- PACS are the grassroots level arms of the **short-term co-operative credit structure** headed by the **State Cooperative Banks (SCB) at the state level**.
 - PACS deals directly with rural (agricultural) borrowers, gives those loans, collects repayments of loans given and also undertakes distribution and marketing functions.

What are Initiatives Taken by Ministry of Agriculture to Address Food Grain Shortage?

▪ **Agriculture Infrastructure Fund (AIF):**

- AIF envisages the creation of **post-harvest management infrastructure** and community farming assets through incentives and financial support.
- It includes interest subvention of 3% for a loan up to Rs. 2 Crore per project location for 7 years and reimbursement of credit guarantee fee if the project has credit guarantee cover under **[Credit Guarantee Fund Trust for Micro and Small Enterprises \(CGTMSE\) Scheme](#)**.

▪ **Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA):**

- **PM-AASHA** aims at providing Minimum Support Price (MSP) to farmers for produce of notified oilseeds, pulses & copra.
- It comprises the **Price Support Scheme (PSS), Price Deficiency Payment Scheme (PDPS) and Private Procurement and Stockist Scheme (PPSS)**.
 - **Price Support Scheme (PSS):**
 - Implemented at the request of the concerned State Government.
 - Exempts procured pulses, oilseeds, and copra from mandi tax.
 - Central nodal agencies undertake procurement directly from pre-registered farmers at MSP when prices fall below MSP.
 - **Price Deficiency Payment Scheme (PDPS):**
 - Involves direct payment of the difference between MSP and the selling/model price.
 - Pre-registered farmers selling oilseeds of prescribed Fair Average Quality (FAQ) norms benefit through a transparent auction process in notified market yards.
 - **Private Procurement and Stockist Scheme (PPSS):**
 - States have the option to implement PPSS for oilseed procurement.
 - Procurement is conducted on a pilot basis from pre-registered farmers in selected districts or APMC(s).

▪ **Market Intervention Scheme (MIS):**

- **MIS** entails procurement of agricultural and **[horticultural commodities](#)** that are perishable

and for which MSP is not announced, to protect the growers of these commodities from making distress sales in the event of a bumper crop when prices tend to fall below economic level/cost of production.

▪ **Bhartiya Beej Sahakari Samiti Limited (BBSSL):**

- Under the [Multi-State Cooperative Societies Act, 2002](#), BBSSL has been set up as an Umbrella organization for the cultivation, production and distribution of improved seeds under a single brand name.
- This Society will increase the availability of improved seeds to the farmers, boost the productivity of crops and enhance the income of the farmers.

UPSC Civil Services Examination Previous Year Questions (PYQs)

Prelims

Q1. Consider the following statements: (2020)

1. In terms of short-term credit delivery to the agriculture sector, District Central Cooperative Banks (DCCBs) deliver more credit in comparison to Scheduled Commercial Banks and Regional Rural Banks.
2. One of the most important functions of DCCBs is to provide funds to the Primary Agricultural Credit Societies.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (b)

Q2. With reference to 'Urban Cooperative Banks' in India, consider the following statements: (2021)

1. They are supervised and regulated by local boards set up by the State Governments.
2. They can issue equity shares and preference shares.
3. They were brought under the purview of the Banking Regulation Act, 1949 through an Amendment in 1966.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (b)

Mains

Q. In the villages itself no form of credit organisation will be suitable except the cooperative society." – All India Rural Credit Survey. Discuss this statement in the background of agricultural finance in India. What constraints and challenges do financial institutions supplying agricultural finance face? How can technology be used to better reach and serve rural clients? **(2014)**

