



Open Market Sale Scheme for Wheat and Rice

For Prelims: [Food Corporation of India](#), [Open Market Sale Scheme](#), [Wheat](#), [Rice](#)

For Mains: Role of OMSS to enhance food grain supply, Food Corporation of India (FCI) in managing the food security.

Why in News?

Recently, in response to the [Food Corporation of India's \(FCI\)](#) imposition of quantity restrictions and denial of states' participation in the [Open Market Sale Scheme \(OMSS\)](#), states have been exploring alternative methods to procure [wheat](#) and [rice](#).

What is the Open Market Sale Scheme?

▪ About:

- The OMSS is a program implemented by the FCI to facilitate the **sale of surplus food grains, primarily wheat, and rice, from the central pool** in the open market.

▪ Purpose and Objectives:

- Enhance **food grain supply during lean seasons**.
- **Moderate open market prices** and control **inflation**.
- Ensure [food security](#) and availability of grains in deficit regions.
- Facilitate the **sale of surplus food grains** from the central pool.

▪ Implementation and Process:

- Conduct e-auctions by the FCI for traders, bulk consumers, and retail chains to purchase specified quantities of food grains at pre-determined prices.
- Allow states to procure additional food grains through OMSS for distribution under the [National Food Security Act, 2013 \(NFSA\)](#).
- FCI conducts weekly auctions for the **OMSS** for wheat on the platform of the [National Commodity and Derivatives Exchange Limited \(NCDEX\)](#).
 - NCDEX is a **commodity exchange platform in India** that provides a platform for trading in various agricultural and other commodities.

What are the Recent Revised OMSS Restrictions?

▪ Revised OMSS Restrictions:

- The OMSS underwent a recent revision with a focus on **limiting the quantity** that a single bidder can purchase in a single bid.
- Previously, the **maximum allowed quantity per bid was 3,000 metric tonnes**. However, it has now been **reduced to a range of 10-100 metric tonnes**.
- The aim of this change is to **promote wider participation by accommodating small and marginal buyers**.
- By encouraging competitive bids from smaller buyers, the revised OMSS seeks to **curb retail prices and create a more level playing field**.

▪ Discontinuation of OMSS Sales to States:

- The Centre decided to discontinue the sale of rice and wheat from the central pool to state governments under the OMSS.
- Additionally, private bidders are **no longer allowed to sell their OMSS supplies to states.**
- The rationale behind this decision is to **control inflationary trends and maintain adequate stock levels** in the central pool.
- By ensuring that food security obligations are met, the discontinuation of OMSS sales to states aims to streamline the distribution and allocation of food grains.

How have the States Reacted?

- Karnataka and Tamil Nadu have criticized the Centre's decision.
- Karnataka has temporarily replaced its free grain distribution scheme for below-poverty-line (BPL) families, known as the **Anna Bhagya Scheme**, with cash transfers to beneficiaries due **to being unable to procure enough rice in the market** at a reasonable cost in time to meet the requirements of the scheme.

What is the Food Corporation of India?

- FCI is a **statutory body** set up in 1965 under the **Food Corporations Act of 1964**. It was established against the backdrop of a major shortage of grains, especially wheat.
- The FCI manages the **food security system in India**.
- The **FCI also maintains buffer stocks** of food grains to ensure food security during times of scarcity or crisis.
- The FCI is also responsible for distributing foodgrains throughout the country for **the public distribution system**.
- **FCI** also conducts **e-auction** as one of the methods to **dispose of its surplus food grains**.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q1. With reference to the provisions made under the National Food Security Act, 2013, consider the following statements: (2018)

1. The families coming under the category of 'below poverty line (BPL)' only are eligible to receive subsidised food grains.
2. The eldest woman in a household, of age 18 years or above, shall be the head of the household for the purpose of issuance of a ration card.
3. Pregnant women and lactating mothers are entitled to a 'take-home ration' of 1600 calories per day during pregnancy and for six months thereafter.

Which of the statements given above is/are correct?

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

Ans: (b)

Mains

Q.1 In what way could replacement of price subsidy with Direct Benefit Transfer (DBT) change the

scenario of subsidies in India? Discuss. (2015)

[Source: TH](#)

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