

India unveils the world's largest Decentralized grain storage Program in the cooperative sector

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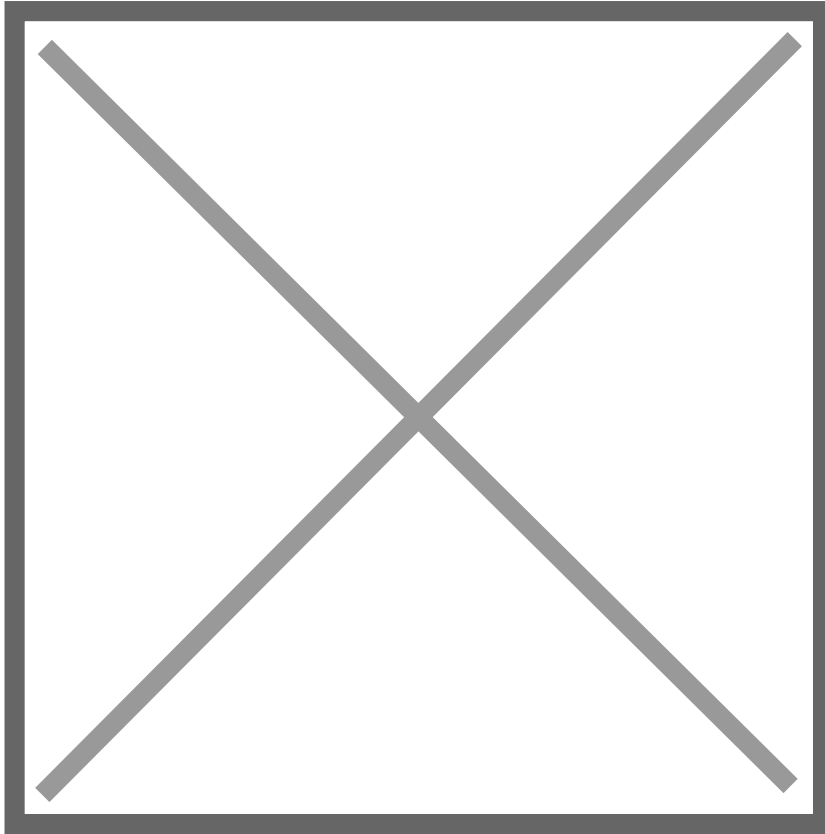
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On 24 Feb, India launched the largest grain storage plan in the cooperative sector for farmers with the inauguration of 11 godowns set up by 11 primary agricultural credit societies (PACS) across 11 states.

The strategic initiative aims to establish the 'World's Largest Grain Storage Plan in Cooperative Sector' by creating infrastructure such as warehouses for agricultural and allied purposes, primarily at selected viable Primary Agricultural Credit Societies (PACS) in 24 States /Union Territories. Through PACS, over 700 lakh tonne storage capacity will be created over the next five years with an investment of 1.25 lakh crore.

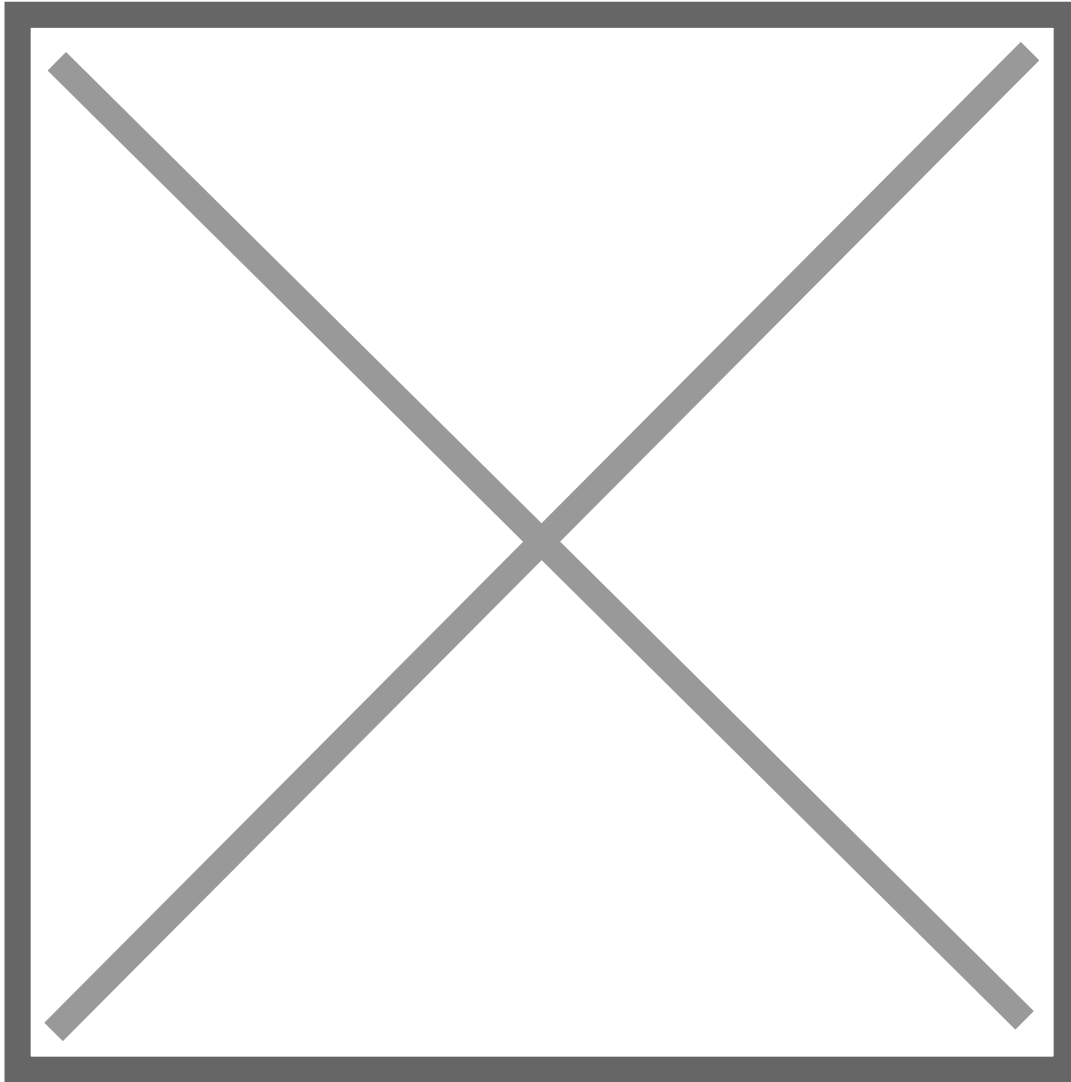


The Prime Minister Narendra Modi said that "the new facility will allow farmers to store their produce in the godowns and warehouses, get institutional credit against it, and sell their items when market prices are remunerative". PM Modi urged cooperative organizations to work towards reducing imports of food items, including edible oils and pulses, and also fertilizers. He suggested that cooperatives should make a list of items that India imports and plan an action to produce or manufacture them locally. In 500 more PACS, the Prime Minister laid the foundation for the infrastructure. A project to computerize 18,000 PACS across the country was also inaugurated by him.

Objective of the Project:

Decentralization of Grain Storage in India and benefits of the same at PACS level

- Reduction of Post Harvest losses from existing 6%
- Drastic reduction on multiple handling and transportation cost
- Prevention of distress sale by farmers at low rates
- Decentralized procurement by FCI/State Government
- Storage based "Hub" and "Spoke" model



Integrated Module

The Multi-State Cooperative Societies Act has been amended and PACS are being computerized. The farmer producer organisations (FPOs), will enable small farmers to become entrepreneurs and even export their produce. The government plans to establish 10,000 FPOs and has already set up 8,000 FPOs. Fishery and animal husbandry sectors are also benefiting from the cooperatives and are expected to benefit from the initiative. In the next five years, the target is to set up 2 lakh PACS and the maximum will be in the fishery and allied farm sectors.

Expected Benefits of the Plan:

The plan has dual objectives. Firstly, it addresses the lack of agricultural storage infrastructure by establishing godowns at the PACS level. Additionally, it empowers PACS to engage in other roles:

- Acting as procurement centres for State Agencies/ Food Corporation of India (FCI).
- Functioning as Fair Price Shops (FPS).
- Establishing custom hiring centres.
- Creating common processing units for sorting, grading, and more

The scheme aims to create storage capacity for storing 100% of India's grain production. It aims to seamlessly integrate PACS godowns with the food grain supply chain, with a collaborative effort of NABARD and spearheaded by the National Cooperative Development Corporation (NCDC). The initiative is being implemented through the convergence of various existing schemes like the Agriculture Infrastructure Fund (AIF), Agriculture Marketing Infrastructure (AMI), etc. to enable PACS participating in the project avail subsidies and interest subvention benefits for undertaking infrastructure development.

This visionary plan entails establishing diverse agricultural infrastructure at the level of Primary Agricultural Credit Societies (PACS), encompassing warehouses, custom hiring centres, processing units, and more. By elevating PACS into multifunctional entities, this strategy aims to reduce food grain wastage through enhanced storage capacity, fortify the nation's food security, and empower farmers to command better prices for their produce.

India houses over 100,000 PACS, boasting a substantial membership exceeding 130 million farmers. Recognizing their pivotal role in shaping the agrarian and rural landscape of the Indian economy, and capitalizing on their extensive outreach to the grassroots, this initiative seeks to establish decentralized storage facilities at the PACS level, alongside other agricultural infrastructure. This endeavour not only bolsters the nation's food security but also empowers PACS to metamorphose into dynamic economic entities.