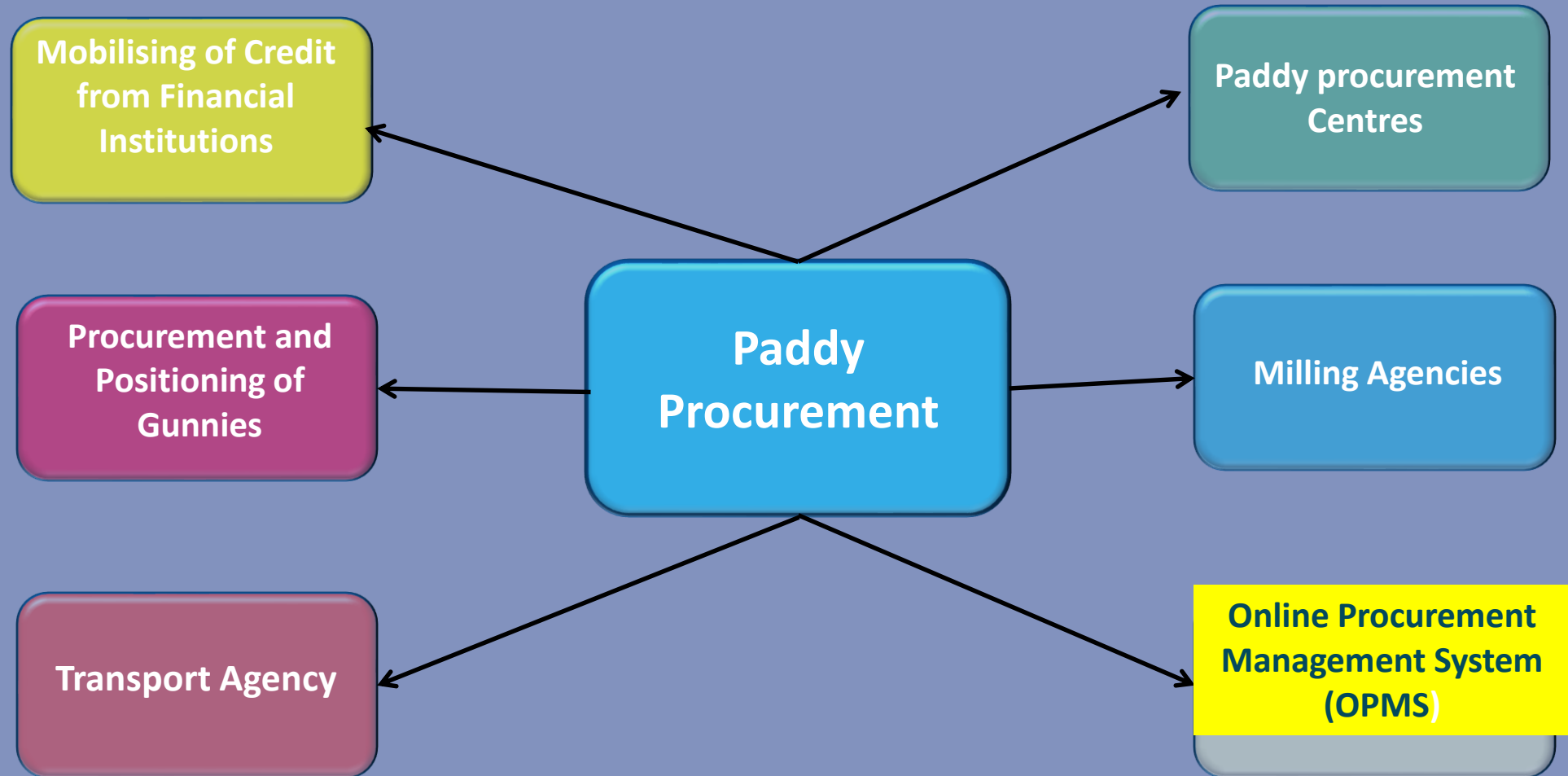


Beyond Procurement: Reimagining the Paddy Ecosystem and Building a Sustainable Paddy Economy



PART 1

PADDY PROCUREMENT PROCESS



PADDY & RICE PROCUREMENT

- ✓ State Govt. procures paddy in both Kharif and Rabi under MSP operations.
Kharif Season: 01st October to 31st March
Rabi Season: 01st April to 30th September
- ✓ State Govt. executed an MoU executed with the Gol on Paddy and Rice procurement under DCP operations.
- ✓ The Decentralized Procurement (DCP) Scheme is a system under which state governments (through their agencies) undertake the procurement of foodgrains - directly from farmers at the Minimum Support Price (MSP).
- ✓ Instead of the Food Corporation of India (FCI) handling procurement everywhere, the state takes responsibility for buying, storing, and distributing foodgrains within its territory
- ✓ The primary goal is to ensure that farmers receive the Minimum Support Price (MSP) for their produce, prevent distress sales, and acquire stocks for the Public Distribution System (PDS).
- ✓ Paddy procured is shifted to rice mills for Custom Milling
- ✓ The Millers will deliver rice in the form of Raw/boiled rice CSC/FCI as per allocation.

INTERACTION WITH GOI

The State Govt. as per the Paddy production estimates received from Agriculture Dept. communicates Action plan to GoI in the prescribed format with the estimated paddy purchases, proposed PPCs to be opened, Timelines for paddy procurement & CMR deliveries, Gunnies Requirement

GoI conducts meeting with all the State Food Secretaries before commencement of procurement season to finalize the

- ✓ Paddy procurement targets (in terms of Rice)
- ✓ Boiled / Raw rice requirement
- ✓ Timelines for Paddy procurement & CMR Deliveries

Correspondence with GoI

1. Enhancement of Paddy procurement targets, if required
2. Revision of Raw & Boiled rice targets based on requirement
3. Extension for CMR delivery period – Proposals submitted in the GoI prescribed format along with Joint Physical verification reports of paddy available at Mills
4. GoI portals like Central Food Procurement Portal(CFPP), Procurement Center Self Assessment Portal (PCSAP)
5. Implementation of Minimum Threshold Parameters (MTPs) like Biometric based Paddy procurement, Integration with Vahan portal and DISCOMS, VLTS(Vehicle Tracking System)

INSTRUCTIONS FROM HEAD OFFICE

- ✓ State Govt. will issue **Paddy Procurement policy** with all the guidelines and Roles and responsibilities of all the Departments and officials involved in Paddy procurement .
- ✓ **Model Custom Milling Agreement & Paddy Procuring Agencies** Agreement will be communicated by Head office to be executed by DMs with Millers & Procuring Agencies respectively
- ✓ State Level Procurement Committee with **1.Commissioner of Civil Supplies as Chairman, 2. VC & MD(Convener), 3.Commissioner, Agriculture Marketing, 4.Police officer nominated by DGP, 5.RM,CWC 6.MD, SWC 7.CEO, SERP 8.GM,FCI 9. Commissioner Cooperatives**
- ✓ District Procurement Committee with **1.Collector(CS) as Chairman 2. DM,CSC(Convener) 3.DCSO, CS Dept 4. DRDO 5.DCO 6. District Marketing Officer 7. Representatives of Police & FCI 8. District Transport Officer (DTO)**

PADDY PROCUREMENT –STAKE HOLDER DEPARTMENTS



Agriculture Department



Co-operative Department



Marketing Department



Municipal Department



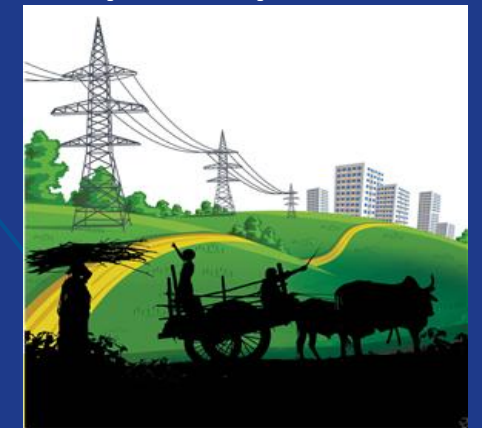
Transport Department



Police Department



Legal Metrology Department



Rural Development

ROLE OF STAKEHOLDERS

Agriculture Dept

- ✓ To share Paddy sown particulars survey number –wise, paddy variety wise, Location wise, Farmer –wise to be integrated with OPMS
- ✓ To create awareness among the farmers on FAQ quality & MSP Issue of tokens for staggering arrivals at the Paddy Procurement centers

Police Dept.

- ✓ To keep a strict vigil at Border check posts and curtail inflow of paddy from bordering states.
- ✓ To inspect the PPCs and keep a watch on unscrupulous elements and provide support of District Administration in maintenance of Law & Order

ROLE OF STAKEHOLDERS(contd.)

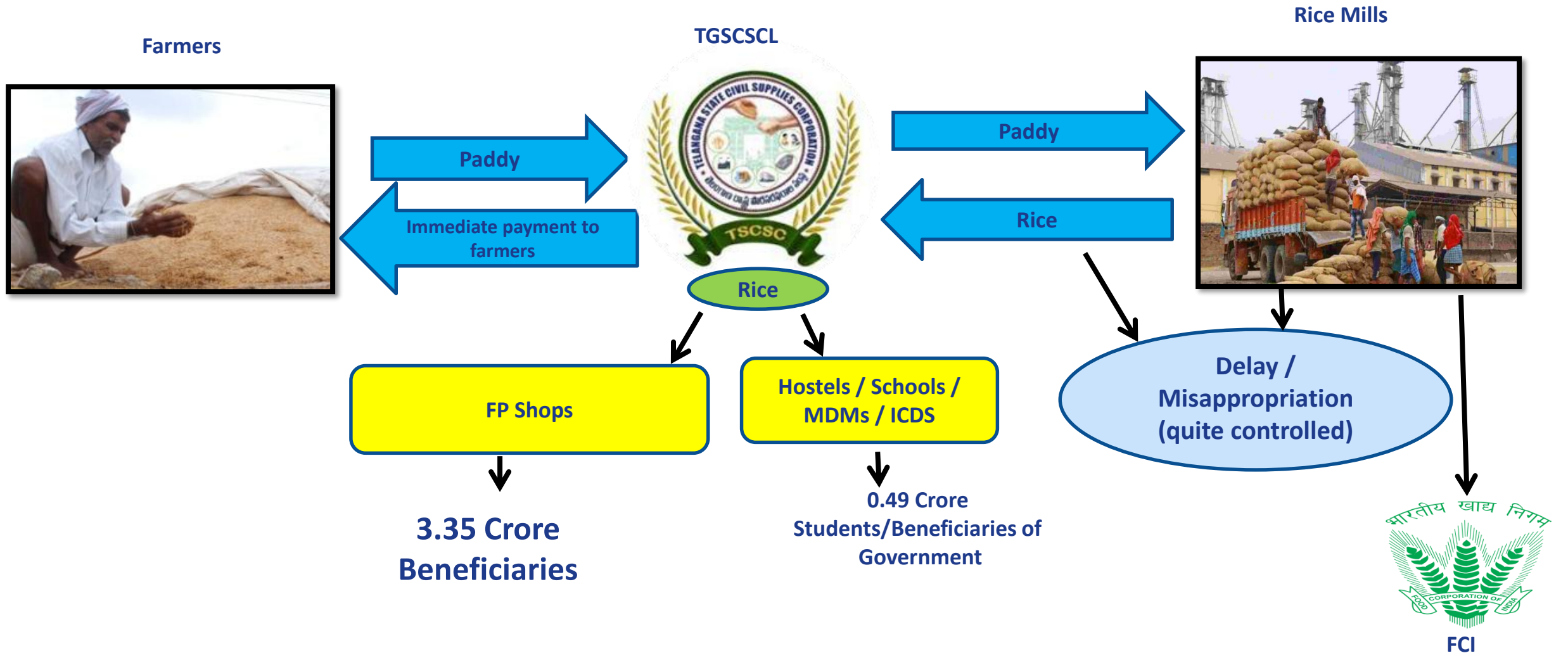
Transport Dept.

- ✓ To assist the District Administration in need of additional vehicles for Paddy transport and ensure that paddy is immediately shifted from the PPC's to the Rice Mills.

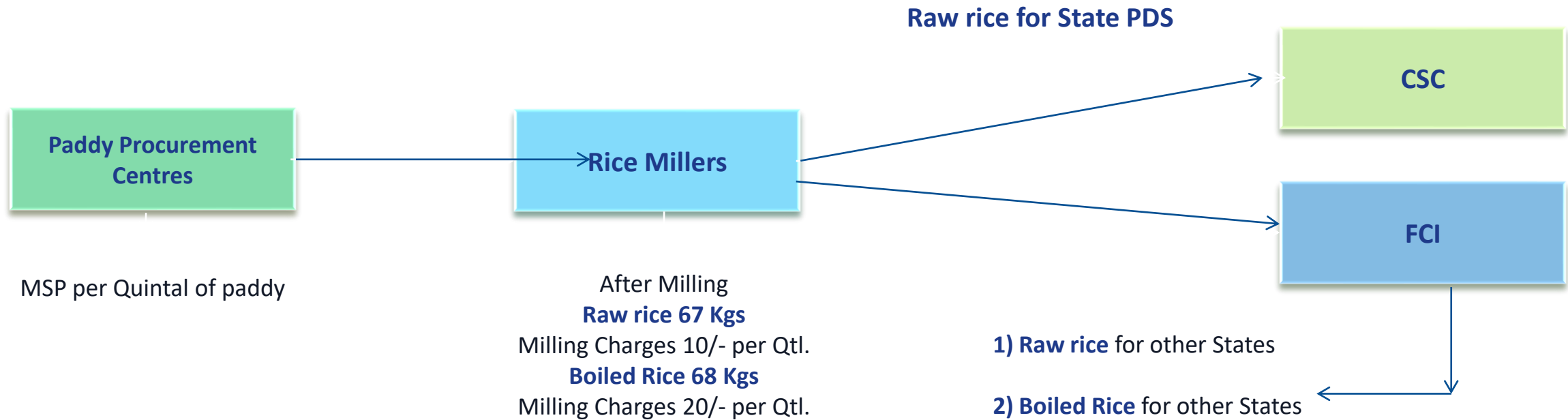
Cooperative & Rural Development Dept.

- ✓ To ensure Opening of Paddy Procurement centers by PACS, DCMS , IKPS, HACA etc. The PPCs should have basic amenities with all the required infrastructure and Gunnies.
- ✓ The PPCs should ensure purchase of FAQ paddy and see that token system is followed, and farmers are kept waiting for long at PPCs

PROCUREMENT AND DISTRIBUTION



PADDY PROCUREMENT & CMR DELIVERIES



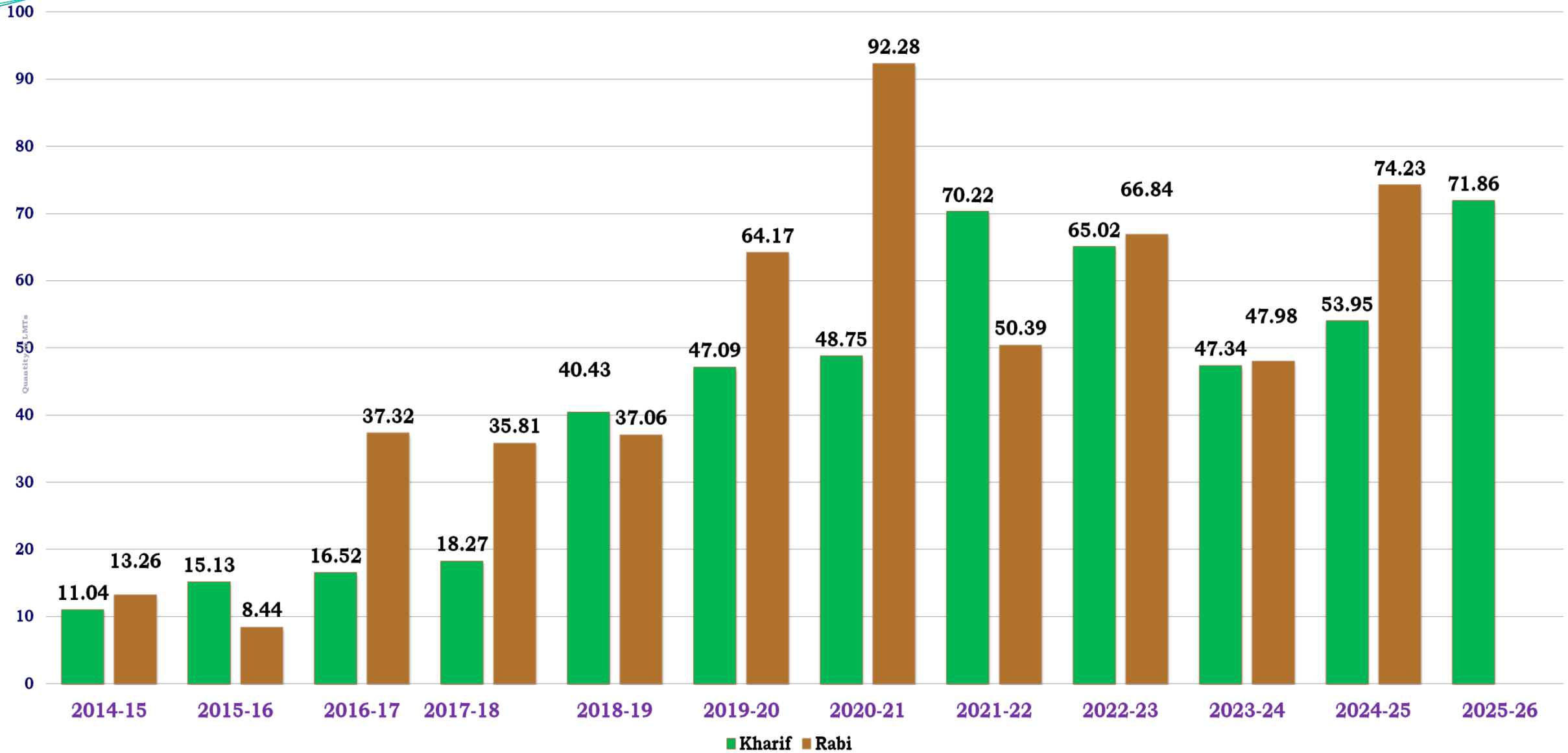
PROCUREMENT PROCESS AT PPCS

- ✓ Farmers bring harvested paddy to designated PPCs
- ✓ Farmer registration
- ✓ Quality Assessment and Grading
- ✓ Issuance of Gunny Bags
- ✓ Weighment
- ✓ Issuance of receipt to Farmers
- ✓ Transportation of Procured Paddy to Tagged Rice Mills through appointed Transport Contractor.
- ✓ The entire paddy procurement workflow is seamlessly managed by the Online Procurement Management System (OPMS), ensuring transparency, efficiency, and direct benefit transfer to the farmers. The PPC In-charge is responsible for capturing every detail in the OPMS application

PADDY PROCUREMENT FROM KMS 2014-15 TO KMS 2025-26

SI No	Khariff Marketing Season	M.S.P. Rates per MT		Kharif		Rabi		Total	
		Grade 'A'	Common	Paddy procured	Value (In cr)	Paddy procured	Value (In cr)	Paddy procured	Value (In cr)
1	KMS 2014-15	14000	13600	11,03,749	1,536.85	13,25,789	1,855.09	24,29,538	3,391.94
2	KMS 2015-16	14500	14100	15,13,468	2,175.98	8,44,416	1,223.38	23,57,883	3,399.36
3	KMS 2016-17	15100	14700	16,52,050	2,478.57	37,32,055	5,633.00	53,84,105	8,111.57
4	KMS 2017-18	15900	15500	18,27,121	2,890.73	35,81,398	5,689.78	54,08,519	8,580.51
5	KMS 2018-19	17700	17500	40,43,089	7,140.13	37,05,969	6,554.69	77,49,058	13,694.82
6	KMS 2019-20	18350	18150	47,09,047	8,620.53	64,16,872	11,762.99	111,25,919	20,383.52
7	KMS 2020-21	18880	18680	48,74,934	9,195.30	92,28,296	17,404.84	141,03,230	26,600.14
8	KMS 2021-22	19600	19400	70,22,261	13,740.48	50,39,356	9,864.76	120,61,617	23,605.24
9	KMS 2022-23	20600	20400	65,01,914	13,370.15	66,84,351	13734.59	131,86,265	27104.74
10	KMS 2023-24	22030	21830	47,33,581	10,415.04	47,97,697	10,549.17	95,31,278	20964.21
11	KMS 2024-25	23200	23000	53,95,077	12,511.76	74,22,973	17,201.59	128,18,050	29719.35
12	KMS 2025-26	23890	23690	71,86,409	17,159.87	-	-	-	-

PADDY PROCUREMENT FROM KMS 2014-15 TO KMS 2025-26



MSP Policy and Incentives

- ❖ MSP for FAQ Paddy for KMS 2025-26
- ❖ Grade A Variety : Rs 2389/quintal
- ❖ Common Variety : Rs 2369/quintal
- ❖ Additional Rs 500/quintal incentive for Sannarakam paddy cultivated and sold at State-notified centres.

Arrangement of Infrastructure

- ❖ PPCs will be equipped with all required infrastructure facilities well in advance as per the checklist mentioned below in coordination with Agriculture Marketing Dept. for smooth functioning PPCs & Better service to farmers.
- ❖ Checklist:
 - Tarpaulins
 - Automatic Paddy cleaners
 - Automatic Paddy Dryers
 - Grain Callipers
 - Moisture meters
 - Electronic weighing scales
 - Husk Removers
 - Field Balance
- ❖ The weighing scales, & moisture meters will be calibrated before commencement of Procurement operations by Legal Metrology Dept.

ALLOCATION OF PADDY TO RICE MILLS

- Paddy allotment to Rice Mills shall be done on performance, systematic and transparent manner as per the procurement policy guidelines which will be issued for KMS 2025-26.
- Paddy allotment to Rice Mills should be based on Milling capacity only.
- Any further allotment of paddy shall be based on the performance of the Rice mills with the approval of CCS.
- Necessary storage arrangements to be made to accommodate any surplus paddy beyond available milling capacity under SWC maintenance.

ALLOCATION OF PADDY TO RICE MILLS

Raw Rice Mills		Boiled Rice Mills	
Capacity	Paddy Allotment in MTs	Capacity	Paddy Allotment in MTs
2 Tonnes	1500	32 MTs	4000 MTs
4 Tonnes	3000	40 MTs	5000 MTs
6 Tonnes	4000	50 MTs	6000 MTs
8 Tonnes	5500	60 MTs	7000 MTs
10 Tonnes	6500	70 MTs	8000 MTs
12 Tonnes & above	8000	80 MTs to 200 MTs	9000 MTs TO upto 21000 MTS



PART 2

Challenges & Solutions

Key Challenges Faced by Farmers

- **Payment Delays:** Farmers often wait 2-3 weeks for payments after paddy delivery
- **Long Distance to PPCs:** Average distance of 15-20 km increases transportation costs
- **Quality Rejections:** Up to 15% of produce rejected due to moisture/impurity standards
- **Limited Storage:** Lack of farm-level storage leads to distress sales
- **Input Cost Pressure:** Rising costs of fertilizers, seeds, and labor reduce margins
- **Lack of Market Information:** Farmers unaware of MSP updates and procurement schedules

Payment Delays & Financial Stress

- Current System: Payment processing takes 10-15 days after quality verification
- Impact on Farmers: Cash flow problems affect next crop investment
- Informal Credit: Farmers forced to borrow at 18-24% interest rates

Solutions Implemented:

- Direct Benefit Transfer (DBT) to reduce payment time to 48 hours
- Integration with OPMS for real-time payment tracking
- Bank linkage programs for immediate credit against procurement receipts

Quality Assessment & Dispute Resolution

- FAQ Norms Compliance: Moisture content >17% leads to rejection
- Disputes: ~12% of farmers face quality-related payment deductions

Grievance Redressal:

- Quality testing labs at district level
- Third-party assessment for disputed cases
- Mobile testing units for on-spot verification

Distance & Transportation Challenges

- Geographical Spread: 8,332 PPCs across Telangana
- Average Distance: Farmers travel 15-20 km to nearest PPC
- Transportation Costs: ₹150-200 per quintal adds to farmer burden

Solutions:

- Increased PPC density in remote areas
- Tie-ups with transport cooperatives for subsidized rates
- SHG-operated collection points at village level

Infrastructure Challenges at PPCs

Storage Capacity Constraints:

- Peak season arrival of 1.2 lakh MT/day exceeds storage by 15%
- Open-air stacking during heavy procurement periods

Equipment Issues:

- 18% of PPCs lack calibrated electronic weighbridges
- Only 60% PPCs have automatic moisture meters

Action Taken: ₹350 crore investment for infrastructure upgrades

Storage & Warehousing Issues

Current Capacity

85 lakh MT

Peak Requirement

110 lakh MT

Shortage Gap

25 lakh MT

Solutions Under Implementation:

- Construction of 50 new godowns (15 lakh MT capacity)
- Scientific storage with moisture control systems
- Public-private partnership for warehouse development

Technology Gaps in Procurement

Current Digital Initiatives:

- Online Paddy Procurement Management System (OPMS)
- Digital weighment and payment systems
- Inadequate weather forecasting/early warning system presence

Persistent Challenges:

- Internet connectivity issues in rural PPCs (35% locations)
- Limited digital literacy among farmers and staff

Seasonal Labor Shortages

- Peak Procurement Period: October-March (Kharif) & April-June (Rabi)
- Labor Requirement: 45,000 temporary workers across PPCs
- Shortages: 20-25% vacancies during peak season

Impact:

- Long waiting time for farmers (6-8 hours average)
- Reduced daily throughput at PPCs

Credit Access & Financial Inclusion

- Kisan Credit Card (KCC) Coverage: 68% of paddy farmers
- Gap: 32% farmers lack formal credit access

Interventions:

- Special KCC camps at village level
- Tie-up with regional rural banks for simplified processing
- Collateral-free loans up to ₹1.6 lakh
- SHG-mediated credit linkage programs

Market Information & Price Discovery

- Information Asymmetry: 40% farmers unaware of MSP revisions

Communication Channels:

- SMS alerts on procurement schedules (65% reach)
- Village-level meetings by agriculture extension officers

Recommendations:

- WhatsApp groups for real-time updates
- Local language mobile app with voice support

Crop Insurance & Risk Mitigation

- PMFBY Coverage: 55% of paddy farmers enrolled

Challenges:

- Delayed claim settlements (6-8 months)
- Area-based assessment leads to individual farmer grievances
- Inadequate weather forecasting and early warning systems framework

Procurement-Linked Insurance:

- Automatic enrollment at PPC registration
- Weather index insurance for pre-harvest risks

Self-Help Groups (SHGs) in Procurement

SHG Involvement Model:

- Village-level collection centers operated by women SHGs
- Quality checking and primary weighing
- Linkage with nearby PPCs for final procurement

Benefits:

- Reduces farmer travel distance by 40-50%
- Creates livelihood opportunities for 15,000+ SHG members
- Better quality control at source

SHG Success Stories

Siddipet District

250 SHGs serve
45,000 farmers
Reduced distance
from 18 km to 7 km

Karimnagar Model

180 SHGs, ₹12 crore
income
98% farmer
satisfaction rating

Warangal Initiative

Digital training for
SHGs
60% faster
processing

POLICY SUPPORT AND MEASURES TAKEN

- Rythu Bandhu Scheme: ₹10,000 per acre investment support
- Rythu Bima: ₹5 lakh life insurance for farmers
- MSP Bonus: Additional ₹500/quintal incentive for Fine variety

Infrastructure Development:

- ₹1,200 crore allocated for PPC modernization
- Weather forecasting technology at 500 PPCs

Digital Empowerment:

WEATHER -Accu weather App was used for near accurate forecast of hourly weather

which is being fine tuned further.

OPMS SYSTEM(ONLINE PROCUREMENT MANAGEMENT SYSTEM)

.End to end digital workflow

Real time tracking from registration to payment

Banking integration for DBT

Online Paddy Procurement – Key Steps



**Farmer
Arrival at PPC**

Registration

**Quality
Check**

**Gunny Bag
issue**

Transportation

**Payment to
Farmer**

Farmer & land
details verified
in OPMS

Arrival
logged,
biometric
authentication
as per FAQ norms

Moisture,
impurities
grade recorded

Allocation
recorded in
OPMS

Truck sheet
generated
peddy sent to
tagged
rice mill

MSP credited
directly to
bank account

Best Practices from Other States

- Punjab Model: Arhtiyas facilitate procurement, same-day payment with 100% DBT
- Haryana Initiative: 'Meri Fasal Mera Byora' portal for crop registration
- Odisha's Innovation: SHG-led procurement in 70% of districts

Adaptable Learnings for Telangana:

- Pre-season crop registration to reduce waiting time
- Commission agent system for remote areas
- Enhanced SHG participation model

Recommendations & Way Forward

Short-term (2026-27):

- 100% DBT implementation for instant payments
- Mobile procurement units in 500 remote villages

Medium-term (2027-29):

- Increase storage capacity to 120 lakh MT
- Complete mechanization of PPCs
- Expand SHG network to 500 collection points

Long-term (2030 onwards):

- AI-based quality assessment systems



Thank You