PADDY PROCUREMENT in Odisha

Empowering Small & Marginal Farmers through ICT

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FOOD SUPPLIES & CONSUMER WELFARE DEPARTMENT
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Recall the face of the poorest and the weakest man [woman] whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him [her]
INTRODUCTION

Small and marginal farmers, owning around 92% of total agriculture land holdings in Odisha, form its backbone of agriculture growth and food security. Thus, it is important to empower them by providing market access and remunerative prices for their produce.

In a bid to enhance transparency in procurement and empower small & marginal farmers, Odisha studied the existing gaps and conceptualized automation of farmer registration and paddy procurement processes.

This publication briefly outlines the background, features and benefits of this ICT based innovation that has proved effective in eliminating middlemen and providing income support to the true cultivators.
Started procuring on behalf of Government of India under Decentralized Procurement Scheme in KMS 2003 – 04.

Food & Procurement Policy of Odisha mandates Primary Agriculture Co-operative Societies (PACS), Women Self Help Groups (WSHG) & Pani Panchayat (PP) to procure paddy.

Transitioned from a paddy deficit to surplus state through ICT led procurement reforms.

Currently stands as 4th largest contributor of paddy to the central pool (i.e. 9.8% of total paddy)

Around 65.38 lakh MT of paddy procured by the State in KMS 2018-19 from 10.1 lakh farmers living in 50,000+ villages of the State.

Massive network of 12.35 lakh registered farmers, 2634 Primary Agriculture Co-operative Societies, 143 Women Self Help Groups, 2 Pani Panchayats, 1347 millers, 280 transport contractors and 8.8 lakh tonne of storage capacity.

Active feedback collection mechanism for monitoring process efficacy.
The Need for Procurement Reforms

**Identifying Genuine Farmers:**
- No uniform farmer identification mechanisms across districts
- Cumbersome process of printing fresh farmer cards every season
- No authentication mechanism to check for duplicates or ghost beneficiaries
- No authentication mechanism to differentiate true cultivators from middlemen

**Focus on Small & Marginal Farmers:**
- No mechanism to check influence of power hierarchies at society level
- Big farmers given priority for procurement over small & marginal farmers
- Small & marginal farmers forced to undersell sell crop to traders or large farmers acting as middlemen

**Efficiency in Field Operations**
- Long, arduous manual process of collecting procurement progress on field.
- Delays in reconciliation of inconsistencies & taking corrective action
- Plans had to be manually chalked out to ensure that millers picked up the produce from the market yards or paddy procurement centres in time to avoid wastage.
- Manual reconciliation of inconsistencies led to delays. Checking malpractice and taking corrective action was not possible in time.

**Forecasting and Planning:**
- No mechanism to assess paddy surplus of upcoming season in advance
- Poor planning of infrastructure augmentation & logistics in heavy procurement season
- Inefficient fund allocation among societies

**Assurance and Predictability of Paddy Sale:**
- No surety with farmers about time of sale of their paddy produce
- Physical exertion & lost labour hours of farmers queuing up to sell paddy

**Efficiency in Payment of Minimum Support Price:**
- Delays in disbursal of payment to farmers (15-30 days from day of sale)

**Did You Know?**
- “Only 6% of total farmers in the country have gained from selling paddy or wheat directly to any procurement agency” *(National Sample Survey Organization 2012-13)*
- “Much of the procurement that government agencies undertake comes from larger farmers” *(High Level Committee on Restructuring FCI headed by Shanta Kumar, 2014)*

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FARMER REGISTRATION SYSTEM IN ODISHA

This ICT based system was conceptualized with the goal of obtaining a clean & correct database of farmers cultivating paddy and willing to sell their surplus paddy to the State agencies through societies. The focus is on authenticating genuine farmers and weeding out the middlemen.

**Benefits:**
- Provides unique farmer identification (renewable every year)
- Authenticates land details provided by farmer
- Only recognizes genuine farmers
- Identifies small & marginal farmers and sharecroppers
- Aids in calculation of **advance assessment** of surplus

**Important Metrics:**
- 12.35 lakh Registered Farmers
- 61.96 lakh MT Paddy Surplus
- 39.80 lakh Acres of land verified

**Registration of Sharecroppers:**
The system allows registration of sharecroppers (those who cultivate on another’s land) by accepting any of the following documents:

1. Declaration by the landowner testifying to the sharecropper details
2. Authorization by the sarpanch testifying to the sharecropper details
3. Manual Verification Report by officials from Agriculture or Revenue Department

**Figure:** Farmer Registration System

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*Latest Figures of IMS 2019-20*
PADDY PROCUREMENT AUTOMATION SYSTEM IN ODISHA

This ICT based system has been conceptualized with the objective of digitizing all transactions at societies to introduce complete transparency and efficiency in procurement operations. The verified and updated farmer database from the Farmer Registration System (FRS) mentioned earlier goes as an input into this system.

**KEY FEATURE**

Issue of Advance Tokens to farmers to guarantee procurement of their paddy produce

**Benefits:**
- Efficiently manages paddy sale by creating an appointment schedule for farmers
- Eliminates discretion of societies to give advance tokens to large farmers
- Expands coverage of small & marginal farmers by auto allocating 50% of tokens to them
- Increases lifting efficiency of paddy from societies by millers

**Important Metrics:** *
- 10.1 lakh: No. of farmers who sold paddy
- 65 Lakh MT: Quantity of Paddy procured
- 11,429 Cr: Funds transferred to farmers

**Block chain in P-PAS**
- Once paddy brought in by the farmer is accepted, P-PAS issues a vendor receipt that captures the quantity & quality of paddy.
- This vendor receipt data is instrumental in calculating the payment dues of the farmer and the expected rice output available for distribution.
- In order to secure such a critical data field from tampering, Odisha is implementing a proof of concept leveraging Block chain in P-PAS.

**Other Features of P-PAS:**
1. IRIS Authentication of farmers at procurement centres
2. Allows paddy sale by nominees of farmers (especially of the old, infirm & destitute)
3. Online transfer of Minimum Support Price within 24-72 hours of sale
4. Integration with National Procurement Portal (Government of India)

**Figure : Paddy Procurement Automation System**
IMPACT OF ICT INTERVENTIONS ON FARMER EMPOWERMENT

Fulfils the 5T principles of Good Governance

TRANSPARENCY, TECHNOLOGY & TEAMWORK FOR TIME BOUND TRANSFORMATION
- MSP Benefits to genuine farmers
- Enhanced coverage of small & marginal farmers
- Faster payment of paddy dues
- Hassle free & timely paddy sale at societies
- Convenience for old, infirm & destitute farmers
- Eliminates rent seeking at society level
- Empowers women through SHG led procurement
INFORMATION, EDUCATION & COMMUNICATION CAMPAIGN

1967: Farmer Feedback & Grievance Redressal Mechanism

Under Odisha Government’s flagship program of “Mo Sarkar” (meaning My Government), senior government officials directly interact with people at the grass roots to collect their feedback about State led procurement mechanisms.

Any gaps in areas such as registering farmers, issue of advance tokens & timely payment to farmers highlighted through such feedback is immediately taken up for course correction.

An inbound call centre to address farmer queries or grievances is also operational.

IMPORTANT METRICS:

From 1.12.2019 to 10.12.2019

- **11,051** Outbound Calls Made to Farmers
- **4996** Inbound Calls Received from Farmers

Feedback Given by Farmers

- **92%** Payment Received
- **98%** Token Received
- **93%** No Difficulties Faced at Society

Paddy Procurement in Odisha
SMS for Information & Awareness

Through a query based SMS sent on a predefined number, registered farmers can fetch information on the quantity of paddy sold by them & amount disbursed as Minimum Support Price to their registered bank accounts.

Latest figures pertaining to the particular procurement season is extracted from the paddy procurement database and sent to the farmer.

Outbound SMS for Awareness Creation

- Farmers should avoid middlemen and sell paddy at nearest paddy procurement centre
- Farmers who have missed selling paddy on the date mentioned in the advance token have one more chance to sell paddy
- Farmers who have failed to get IRIS authentication done once can try one more time.

Use of Social Media

Dear Rabindra Bisoi,
In this season, you have sold 20 Qtl of paddy till date and MSP disbursed is ₹36,300