M.I.S. GUIDELINES w.e.f. 30.7.2001

No. L-15016/11/99-MPS
Government of India
Ministry of Agriculture
(Department of Agriculture & Cooperation)

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Krishi Bhavan, New Delhi.
Dated the 13th March, 2002.

To

The Chief Secretary of all State Governments/UTs

Subject:- Revised guidelines for Market Intervention Scheme (MIS) – regarding.

Sir,

Please refer to this Department's letter of even no. dated 30th July, 2001 regarding revised guidelines for availing the Market Intervention Scheme (MIS).

Apart from the terms & conditions mentioned in the above guidelines, the following may also be noted while sending the MIS proposal:-

" The Market Intervention Scheme shall be made applicable and sanctioned only in a situation when there is an increase of at least 10% in the production over the previous year's normal production or if there is reduction in the market prices by at least 10% over the rates of previous normal season."

You are therefore, requested to kindly take due notice of the above guidelines while initiating proposals on MIS in future.

Kindly acknowledge the receipt.

Sd/-
(J.P. Meena)
Chief Director (Cooperation)

Copy to:-

1. Secretaries (Agriculture Department) of all States and UTs.
2. Secretaries (Cooperation Department) of all States and UTs.
3. Managing Director, NAFED, New Delhi.
4. ESA/Horticulture Commissioner/Financial Adviser for information and necessary action.

Copy also forwarded for information to:

PS to AM/ MOS(A)/Sr. PPS to Secretary (A&C)/ PPS to Spl. Secretary/ Addl. Secretary/ JS(Cooperation)/JS(TMOP)

Sd/-

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Government of India
Ministry of Agriculture
(Department of Agriculture & Cooperation)
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Krishi Bhavan, New Delhi.
Dated the 30.7. 2001.

To

The Chief Secretary of all State Governments/UTs

Subject:- **Revised guidelines for Market Intervention Scheme (MIS) – regarding.**

Sir,

As you are aware, the Government of India has been implementing Market Intervention Scheme (MIS) for various horticulture commodities since 1983-84 on request of State Governments in the event of fall in prices below economic levels to ensure that the farmers are not forced to make distress sales of their produce.

2. Experience in implementing the MIS over the years has shown that it has not proved beneficial to the farmers to the desired extent. Horticultural commodities undertaken under MIS are highly perishable in nature. The short shelf life adds to the transit losses and transportation to distant markets is not possible. Due to absence of processing arrangements for the quantities procured, the stocks are dumped in the same market creating a situation of glut. This implementation of the scheme quite often results in heavy losses on the part of State Government and Central Government.

3. In view of the above, a set of guidelines has been envisaged for quick implementation of the scheme and to ensure a system of efficient marketing, development of non-traditional/new markets, processing of agricultural produce for marketing and the sales through network of retail points, besides initiating steps for varietal changes. **The salient features of the guidelines are as below:**

(a) **The proposal from the State Government must reach Department of Agriculture & Cooperation at least 15 days before the proposed date of implementation.** In case of eggs, the proposal has to be received from National Egg Coordination Committee (NECC) on behalf of the Poultry Farmers of the whole country.

(b) The State Government must at the outset, indicate its **willingness to share 50% of the total loss,** even if a State Government agency has not procured any quantity or procured only negligible quantity. In case of North-Eastern States it should indicate its willingness to share 25% of the total loss. In case of eggs, the National Egg Coordination Committee should indicate its willingness to bear 75% of the total loss.

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(c) **The proposal of MIS received from a State Government will be considered by a Committee under the Chairmanship of Joint Secretary (Co-operation)** consisting of the officers of the State Government, the representatives of NAFED (Central Agency)/State intervening agencies, representative of the Deptt. of Expenditure (Cost Account Branch), Directorate of Economics & Statistics, Integrated Finance Division, TMOP Division and Horticulture Division of the Department of Agriculture and Co-operation. This Committee will finalise the terms and conditions which shall be submitted to the competent authority in the Department of Agriculture and Co-operation for approval.

(d) **Market Intervention Price (MIP):-** The Market Intervention Price should not exceed the cost of production.

(e) **Quantity for procurement:-** The target for procurement should not exceed 10% of the anticipated production of the commodity for that particular year/season. However, in exceptional cases, the committee may recommend more quantity by giving reasons. The final decision, however, shall be subject to the approval of the Ministry of Finance. The target quantity will be shared on 50:50 basis by Central Government's agency, i.e. NAFED, and State Government's agency/agencies/NECC or mutually agreed as per the decision taken in the meeting in this regard.

(f) **Mode of purchase:-** The stocks will be purchased from Cooperative Societies, Farmers' organizations or directly from farmers to eliminate possibility of middlemen taking advantage of the scheme.

(g) **Mode of disposal:-** The stocks will be disposed of in the open market. If necessary, this can also be sold to processing units with-in the State. The State agency can take the help of the central nodal agency i.e. NAFED in marketing and/ or in transporting of the stock procured by it to places outside the State.

(h) There should be a cap on the **period of stocking after procurement. This period should not be more than 3 months.** In case of exceptional circumstances requiring stocking over 3 months, proper justification should be given and prior approval of the Department of Agriculture and Co-operation should be obtained. Secondly, in order to avoid recycling, the stock should not be sold in the same state from where it has been procured except in the case of oil palm and perishable horticultural commodities. However, if the prices are better, it can also be sold locally.

(i) **Sharing of losses:-** The loss, if any, under the MIS is to be shared on 50:50 basis between Central and State Government concerned. In case of North-Eastern States, it would be on 75:25 basis respectively. The Government shall, however, bear its share of loss incurred in the market intervention operations up to an extent of 25% of the procurement cost which shall include the MIP paid to the farmers, the statutory taxes i.e. the market / mandi sale / purchase tax, commission payable to the agents, grading labour and packing charges, labour charge etc. If there is any loss beyond the above limit, the same shall be borne by the procuring agencies. At the same time, if there is any profit in the MIS operations, the same shall be retained by the

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procuring agencies. In case of eggs, the loss is shared on 25:75 basis between Central Government and the National Eggs Coordination Committee (NECC). The entire operation is (by both Central and State agency/agencies/NECC) treated as one for the purpose of sharing loss under the scheme even if one agency does not procure the indicated quantity.

(j) **Disposal price:-** Disposal price will be fixed by the implementing agencies and will be monitored by the committee (which fixed the MIP) after considering the circumstances of each case.

(k) **Duration of Scheme:-** Initially not more than 30 days. However, it will be extendable on the recommendations of the committee depending on the nature of the crop and peak arrival period of the commodity.

(l) **Procuring Agencies:-** NAFED shall be the Central procuring agency. The State Governments should designate /intimate their agencies in the meeting of the committee.

(m) **Area of Operation:-** To be decided mutually between/among procuring agencies.

(n) **Quality to be procured:-** Only Fair Average Quality (FAQ) commodity approved by this Department will only be procured under the Scheme.

(o) **The MIS should not be implemented in a State** in which the State Government is in default of submitting the accounts or meeting its share of loss for any previous MIS operations for more than 6 months.

(p) **Reporting of expenditure:-** The procuring agencies will be required to submit expenditure statements on standardised formats for reporting expenses incurred on procurement, carrying and disposal.

(q) **Submission of Audited Accounts:-** The audited accounts must reach Central Government within three months of completion of audit. The State agencies will submit the accounts to the State Government which will then forward them to the Central Government. NAFED will furnish the audited accounts to Central Government directly. In case of eggs, NAFED will submit audited account for the total quantity procured. The Cooperation Division of the Department of Agri. & Coopn. will examine the accounts and after accepting the same, it will be sent to Integrated Finance Division for final acceptance of accounts. Post-audited claims, if any, under Market Intervention Scheme can be entertained by the Central Government within one year of settlement of audited accounts of a particular commodity.

(r) **Service charges:-** Service charges (presently 2.5% incase of perishable commodities and 1.5% incase of non-perishable commodities) as fixed by the Cost Accounts Branch, Department of Expenditure, Ministry of Finance will be paid to the central agency i.e. NAFED in addition to the limit of loss upto the extent of 25% of as mentioned in para 3(i). These charges would be on the procurement value of the quantity procured.

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(s) **Reimbursement of losses:-** State Government will reimburse losses to the State agencies. Central Government will reimburse the losses to NAFED. However, if any share of loss is to be reimbursed by Central Government to the State agencies and vice-versa, it will be reimbursed only to the State Government/Central Government as the case may be.

4. It is suggested that State Governments may send the information as mentioned in para 3 above as and whenever the proposal for MIS in a horticultural commodity is sent to this Department. In order to facilititate the scheme, a check list is being enclosed at Annexure-I incorporating necessary information relating to the various modalities of the scheme to be considered in a meeting with the State Government.

5. You are requested to kindly take due notice of the above guidelines while initiating proposals on MIS in future.

6. Kindly acknowledge the receipt.

Sd/-
(J.P. Meena)
Chief Director (Cooperation)

Copy to:-

1. Secretaries (Agriculture Department) of all States and UTs.
2. Secretaries (Cooperation Department) of all States and UTs.
3. Managing Director, NAFED, New Delhi.
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Sd/-
(J.P. Meena)
Chief Director (Cooperation)

contd..

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE AND COOPERATION)

PROPOSAL FROM STATE GOVERNMENT FOR IMPLEMENTING MARKET INTERVENTION SCHEME FOR PROPOSED COMMODITY MUST CONTAIN THE FOLLOWING INFORMATION:-

1. Willingness of State Government to Share 50% loss incurred, if any, in implementing the MIS for the proposed commodity. In case of North-Eastern States, it should indicate its willingness to share 25% of the loss. In case of MIS for eggs, the National Eggs Coordination Committee (NECC) should indicate its willingness to share 75% of the total loss incurred. However, loss beyond 25% of the total procurement cost will have to be borne by the concerned procuring agencies.
2. Area and production during last five years and estimated production during current season.
3. Cost of production with item-wise break up duly authenticated.
4. Market rates ruled during last five years during procuring season at procuring centres and terminal markets. Any abnormal year may be indicated.
5. Current ruling rates and expected rates during proposed duration both at procuring centers and terminal markets.
6. Crop season with peak arrival period and marketable surplus.
7. Proposed Market Intervention Price for procurement.
8. Target quantity for procurement to be shared equally between Central and State agencies.
9. Duration of the Scheme.
10. Overhead expenses with item-wise break up.
    (i) Up to procurement level
    (ii) till final disposal
11. Likely disposal price.
12. Mode of disposal.
13. Estimated loss on targeted quantity based on likely disposal price.
14. Working capital arrangement to be made by State Government for State agencies for making immediate payment to farmers.
15. Details of the last MIS implemented in the three years. What was the impact of that MIS.
16. Proposed date of meeting at New Delhi for discussing the proposal.
17. Storage facilities/cold storage near producing areas and consuming areas.
18. Processing facilities with capacity available in Public/Cooperative /Private Sectors.
19. Any other information relevant to the scheme in support of your proposal mentioned in the guidelines and not indicated above.

F.No. L-15016/33/2015-MPS
Government of India
Ministry of Agriculture & Farmers Welfare
Department of Agriculture, Cooperation & Farmers Welfare
Cooperation Division

Krishi Bhawan, New Delhi.
Dated 01st November, 2017

To,

The Chief Secretaries of all State Governments/UT

Subject: Revision of Market Intervention Scheme (MIS) Guidelines dated 30th July, 2001 and subsequent amendment vide letter dated 13th March, 2002 related to procurement of perishable agricultural/horticultural commodities not notified under Minimum Support Price (MSP) - regarding.

Sir,

This Department had issued MIS Guidelines vide letter No. L-15016/11/99-MPS dated 30.07.2001. Few States had raised the issue of increasing the procurement limit in the said Guidelines. Based on the request made by States, it has been decided to increase the procurement limit under MIS from existing 10% to 20% of anticipated production of the commodity for that particular year/season. Accordingly, relevant provision in the para 3 (e) of the MIS guidelines stand modified.

2. You are therefore, requested to kindly take due notice of the above modification in the guidelines while initiating proposals on MIS in future.

This issues with the approval of competent authority.

Yours faithfully,

Bhushan 1/11/17

(Shashi Bhushan)
Director (MPS)
Tel. No. 23381385

<u>Copy to</u>:- Principal Secretaries of Agriculture/Horticulture/Coop./Marketing of all States/UTs.