

FM suggests tweak in cereal procurement policy

Private sector procurement is being crowded out by the government's minimum support price policy, Finance Minister P Chidambaram has said.

Due to the manner in which the minimum support price (MSP) and the procurement policy were set, the government was the largest and, in many ways, the only bulk buyer of cereals, Chidambaram said during his inaugural speech at the Annual Day function of the Competition Commission of India (CCI) yesterday. "But, in the process, it is crowding out private sector procurement. The discovery of market prices for cereals is affected by government policy. What role should the competition policy play in bringing private players into procurement and in improving the benefits to both the farmer and the consumer? The role of the competition policy in improving procurement is a question we need to debate," he said. Chidambaram said public procurement was an area of competition policy that was often neglected.

"In the case of agriculture, MSP and open-ended procurement have served our farmers well. But can we procure in a better way?" he asked.

"Competition regulation must not become another bureaucracy, stifling growth," he said, adding CCI should continue to be a lean organisation, picking issues it could weigh carefully, and making a difference when it actually weighed these issues. Its rulings must be transparent and provide clarity, rather than obscurity, he said.

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