

CLASS – 11

ECONOMICS

Indian Economy Development

CH-5 : Rural Development

Part – 5

**Cooperative marketing, Buffer
stock and PDS**

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OVERVIEW



1. Introduction to Rural Development

2. Rural Credit

3. Rural Banking and rural credit system

4. Rural Marketing

5. Cooperative marketing, Buffer stock and PDS

6. Defects of Agriculture Marketing

7. Alternatives of Agriculture marketing

8. Agriculture Diversification

9. Rural Schemes

10. Organic Farming

11. Sustainable Development

COOPERATIVE MARKETING

- Cooperative Marketing is a significant progressive step in the context of the agricultural market system.
- It is a process where farmers come together and collectively market and sell their agriculture products for better price.



Examples

✦ Mother Dairy in Delhi

✦ Amul in Gujarat

They provide milk and milk products at controlled rates set by the Government.



Amul


Chaar chaand
lag gaye!



Amul

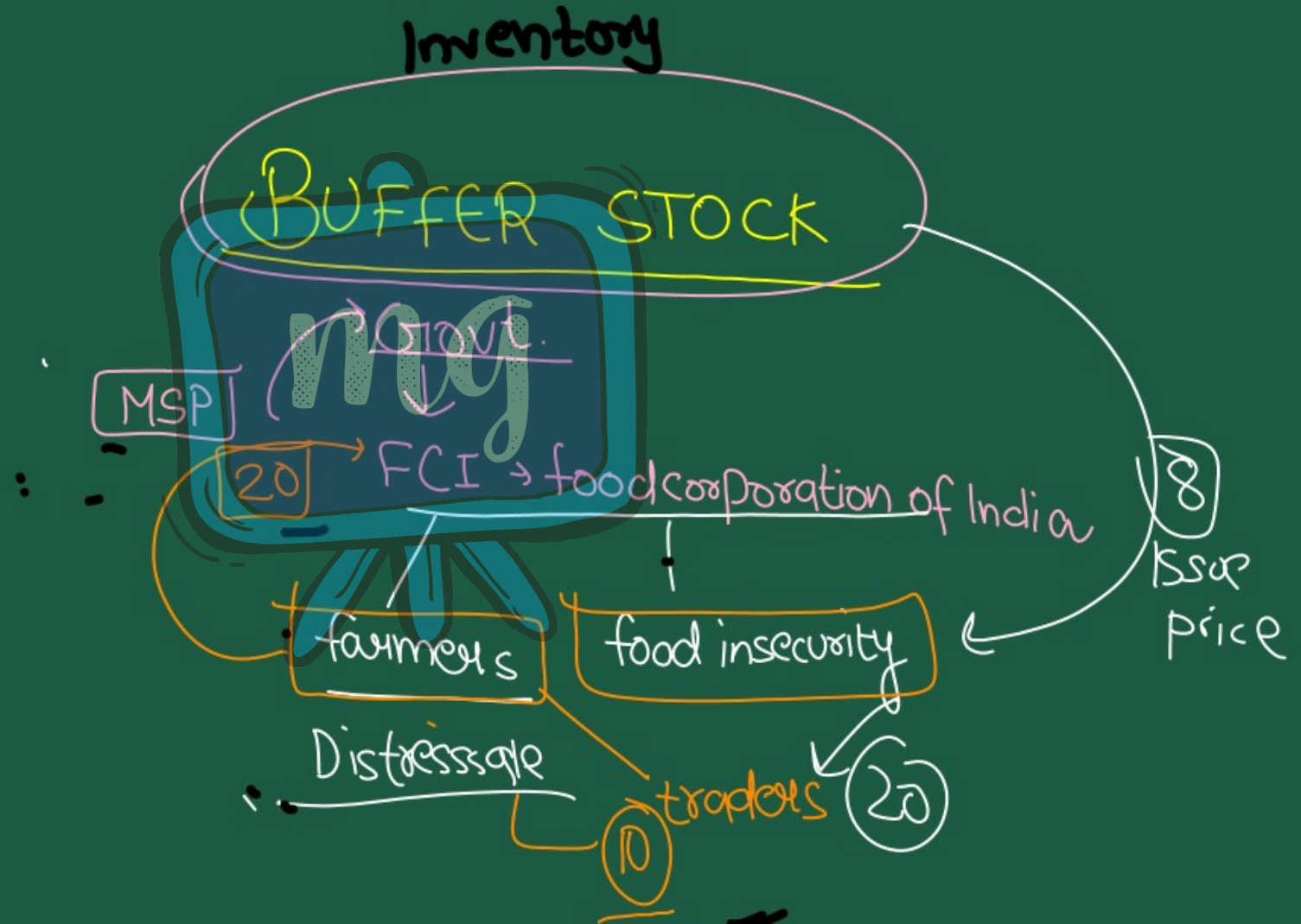
Always AAParajit!

- Milk cooperatives in Gujarat are a brilliant example of cooperative marketing in rural India.
- These cooperatives have not only changed the social and economic fabric of the economy of Gujarat but also have played a key role in bringing about **White Revolution** in the country.



Cooperatives have received a setback during the recent past due to –

- ✧ Inadequate coverage of farmer members
- ✧ Lack of appropriate link between marketing and processing cooperatives
- ✧ Inefficient financial management.



BUFFER STOCK

Food
Corporation
of India
(FCI)

Food
Shortages

Issue Price


FOOD CORPORATION OF INDIA



- Government buys Food Grains (mainly Wheat and Rice) through the Food Corporation of India (FCI) and creates buffer stock.
- Buffer Stock helps Government to address Food Shortages during adverse weather conditions.

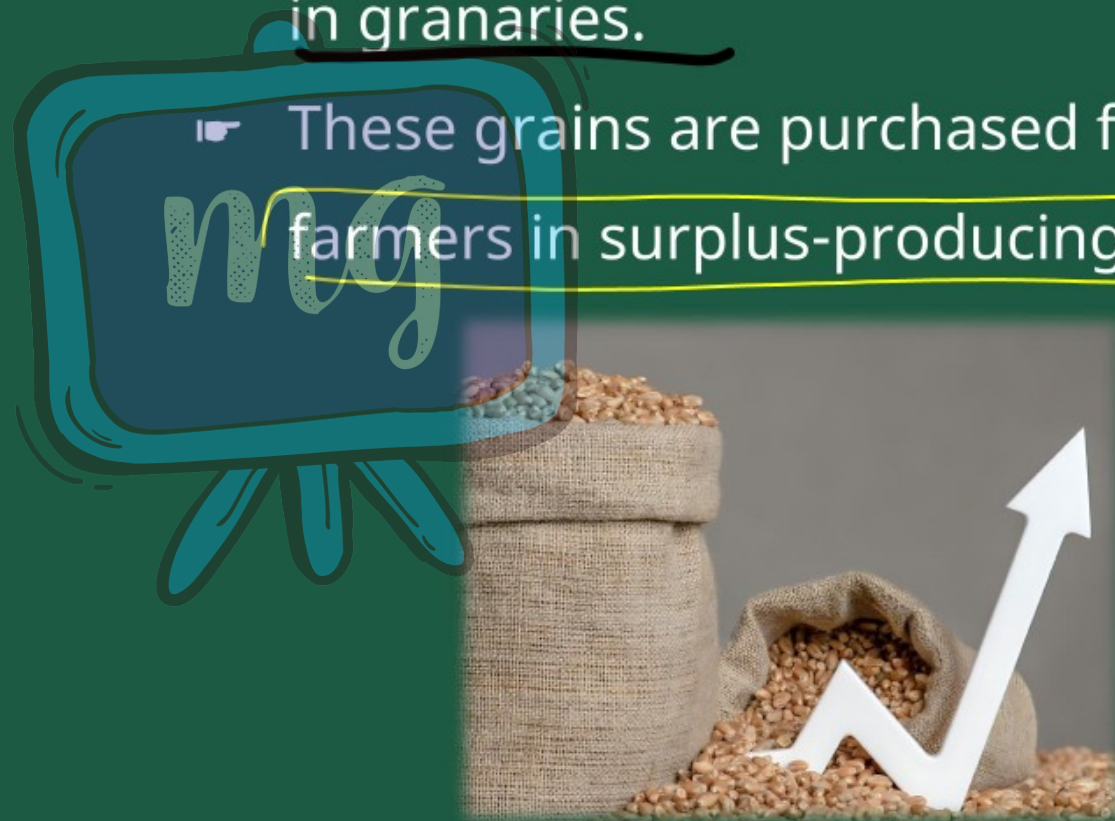
MINIMUM SUPPORT PRICE (MSP)



- 
- Price at which FCI purchases Wheat, Rice and other crops from the farmers.
 - The MSP is declared by the Government every year before the sowing season to provide incentives to farmers for raising the production of these crops.

- The purchased food grains are stored in granaries.

- These grains are purchased from farmers in surplus-producing States.



ISSUE PRICE

The Government uses the Buffer Stock to distribute Food Grains to poor people at a price lower than the Market Price, known as the **Issue Price**.



PUBLIC DISTRIBUTION SYSTEM (PDS)

mg

Ration Shops

Distribute Food
Grains

Wheat
Rice



DISTRIBUTE FOOD GRAINS

- PDS is a Government system for distributing Food Grains.
- Grains are distributed by FCI through Ration Shops.

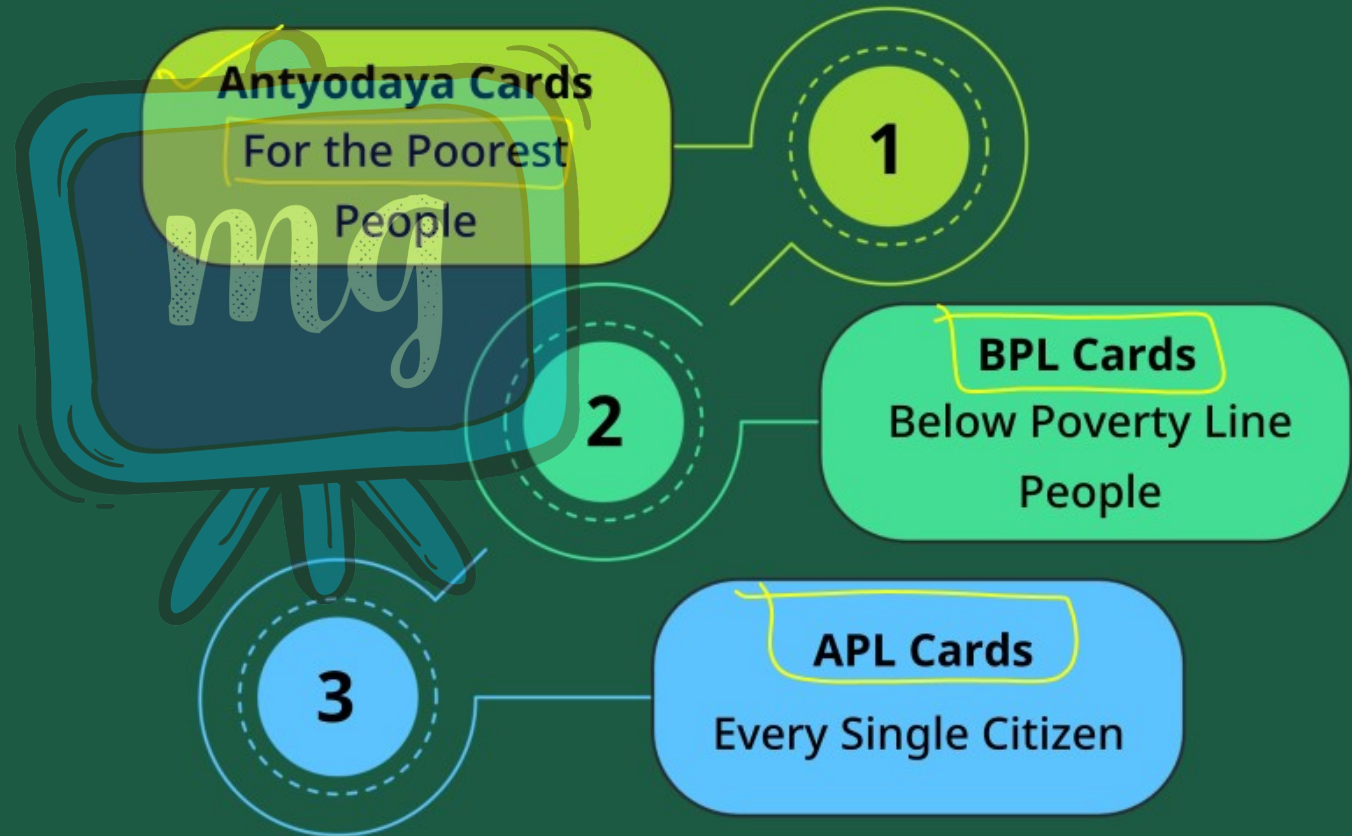


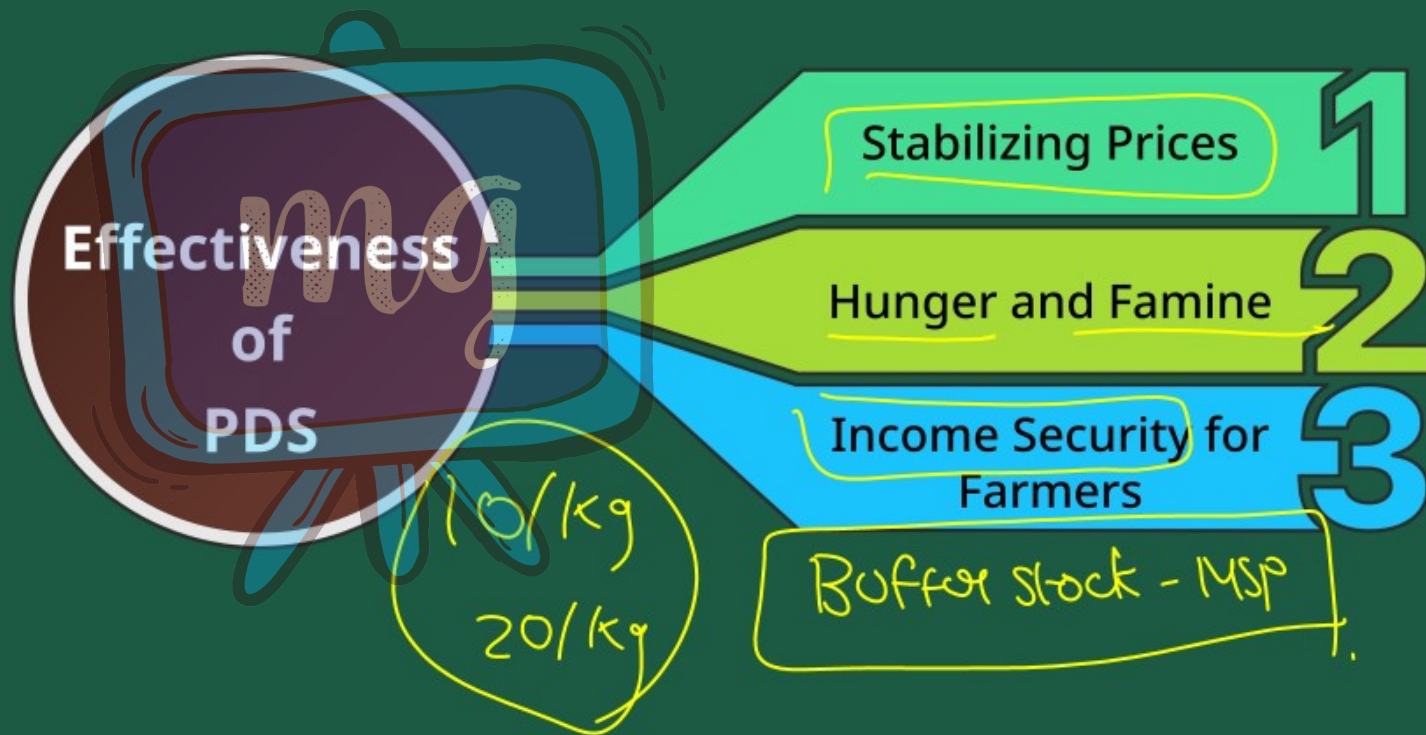
RATION SHOPS

- Also known as Fair Price Shops.
- They are present in most Villages, Towns and Cities across the country.
- These shops sell Food Grains, Sugar and Kerosene at lower price.
- Any family which has a Ration Card can buy a stipulated amount of Ration from the shops.



Different kinds of Ration Cards: -





1. Stabilizing Prices

✦ PDS has Stabilized prices.

✦ They have Ensure Food Availability to Consumers at Affordable Prices.

2. Hunger and Famine

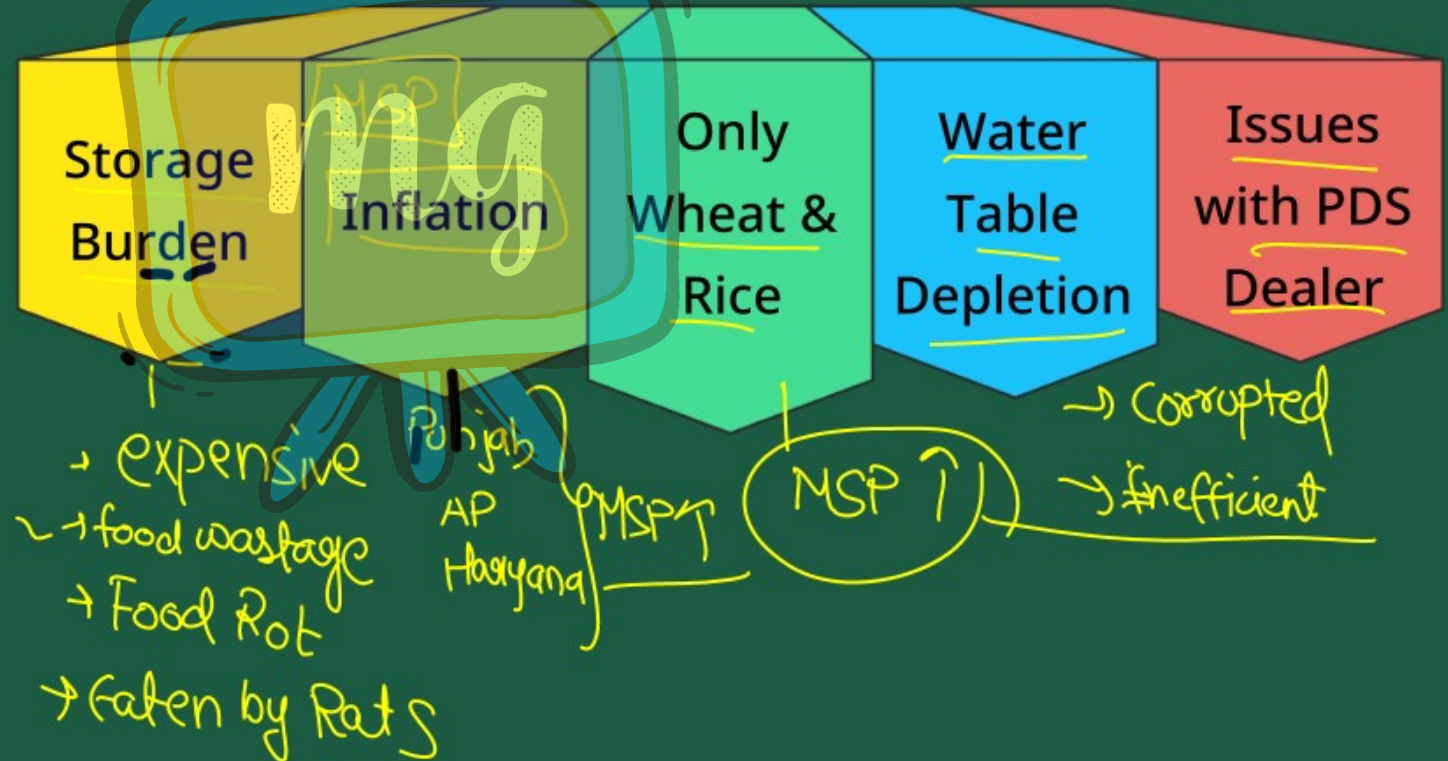
✦ Distribution of Food from Surplus Regions to Deficit Areas.

3. Income Security for Farmers

✦ Increase in Food Grain Production
and hence, provided Income
Security for Farmers.



CRITICISM OF PDS



STORAGE BURDEN

- MSP leads to the Government buying more food grains than needed.
- Maintaining Large Stockpiles is Expensive.
- Some Grains are Rotting Away and Being Eaten by Rats.

INFLATION

- Some States (Punjab, Haryana, Andhra Pradesh) lobby for higher MSPs.
- It leads to Inflation.



ONLY WHEAT & RICE

➤ MSP primarily benefits producers of
Wheat and Rice.

➤ It neglects other crops like Pulses.



WATER TABLE DEPLETION

- ▮ Farmers are switching from growing Coarse Cereals to Wheat and Rice.

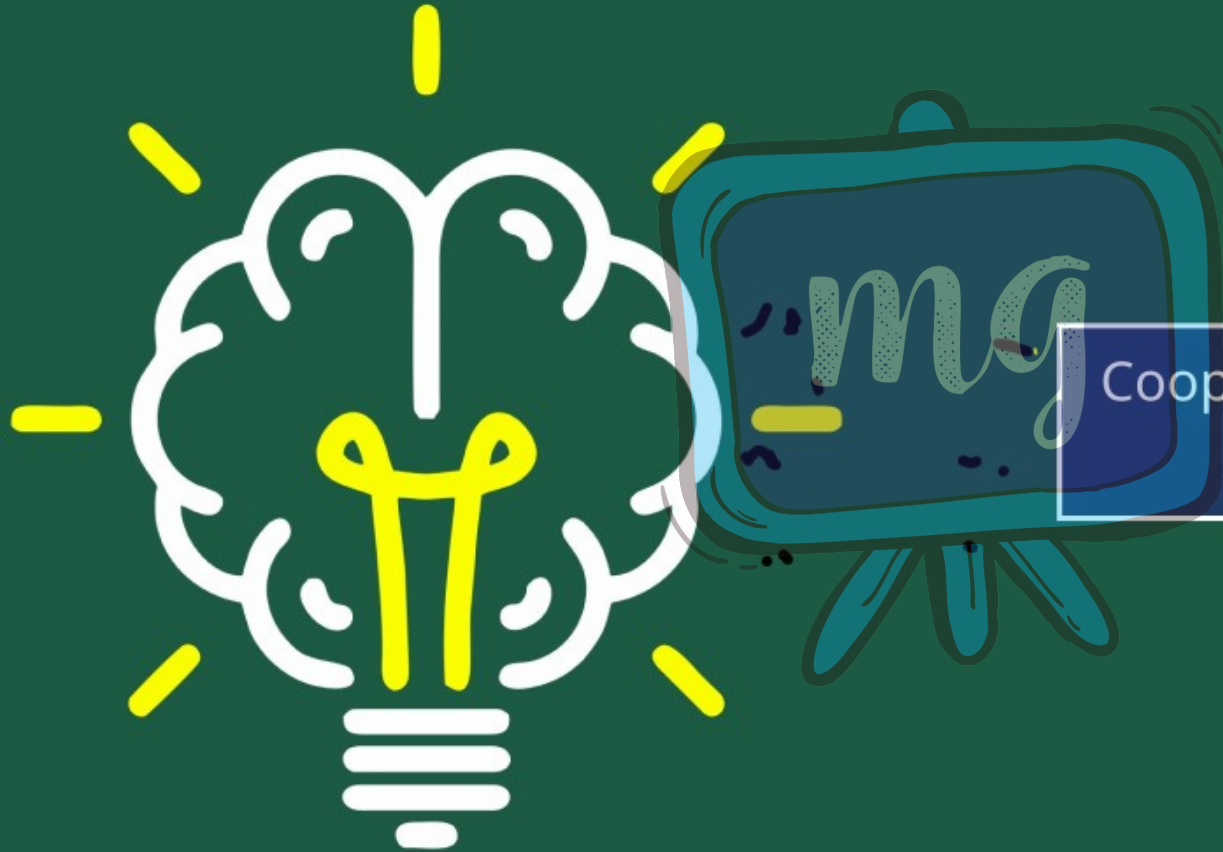
Reason

Higher MSP for these grains

- ▮ These crops required more water.

ISSUES WITH PDS DEALER

- Diverting Grains to Open Market for Better Margin.
- Selling Poor Quality Grains at Ration Shops.
- Irregular Opening of Shops.



Cooperative marketing, Buffer
Stock and PDS

1

Government's steps towards better rural marketing are -

- Production*
- ☐ A PDS and Buffer Stock
 - ☐ B Cooperative Marketing
 - ☒ C Both A and B
 - ☒ D Green Revolution

2

Cooperative marketing society helps farmers in –

☒ A

Better market prices

☒ B

Low market prices

☒ C

More production

☒ D

None of the above

3

What is the drawback of PDS?

- ☐ A Inflation ✓
- ☐ B Corrupted PDS dealers ✓
- ☐ C Primary focus on wheat and rice ✓
- ☒ D All of the above