

## India's Ambitious Grain Storage Plan: A Path to Strengthen Food Security and Empower Farmers

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### SUMMARY

India's ambitious World's Largest Grain Storage Plan in the Cooperative Sector aims to address critical storage shortages and empower farmers. With only 47% of its food grain production supported by existing storage capacity, the initiative envisions creating decentralized infrastructure at Primary Agricultural Credit Societies (PACS). This includes godowns, custom hiring centers, processing units, and Fair Price Shops through the convergence of government schemes like AIF, AMI, and PMFME. By implementing a Hub and Spoke model, the plan seeks to establish 70 million tonnes of storage capacity across 63,000 PACS, enhancing food security, reducing post-harvest losses, and providing farmers with better market access. The project also promotes economic sustainability for PACS through diversified activities and financial support from NABARD. A coordinated approach involving multiple ministries and agencies ensures seamless execution. This transformative initiative strengthens India's agricultural infrastructure and empowers rural communities.

### INTRODUCTION

*"Bridging the Food Security Gap: Evaluating India's Grain Storage Transformation in the Cooperative Sector"*

India, with 11% (16 crore hectares) of the world's total cultivable land (138 crore hectares), supports 18% (140 crore) of the global population (790 crore). This disparity highlights the immense challenge of meeting the food requirements of a significant proportion of the world's population with a relatively limited share of cultivable land. According to FAO Statistical Data 2021, India's total food grain production stands at 311 MMT, while the country's storage capacity is only 145 MMT, leaving a shortfall of 166 MMT. In contrast, other countries enjoy surplus storage capacities at 131%, while India faces a shortfall of 47%. Recognizing the pivotal role of cooperatives in addressing this challenge, Prime Minister Narendra Modi has underscored the need to leverage their potential as engines of economic growth. Embodying the vision of "Sahakar-se-Samridhhi" (Prosperity through Cooperation), the Ministry of Cooperation has introduced an unprecedented initiative—the *World's Largest Grain Storage Plan in the Cooperative Sector*. This bold strategy aims to transform cooperatives into dynamic economic entities, enhance food security, and empower farmers.

### A Visionary Initiative

The plan involves establishing diverse agricultural infrastructure at the level of Primary Agricultural Credit Societies (PACS), including decentralized godowns, custom hiring centres, processing units, Fair Price Shops, and more. By upgrading PACS into multifunctional entities, this initiative seeks to minimize food grain wastage through improved storage capacity. Furthermore, it aims to strengthen food security and enable farmers to secure better prices for their produce. To achieve this, the plan entails the convergence of various existing schemes of the Government of India (GoI), such as the Agriculture Infrastructure Fund (AIF), Agricultural Marketing Infrastructure Scheme (AMI), Sub Mission on Agricultural Mechanization (SMAM), and Pradhan Mantri Formalization of Micro Food Processing Enterprises Scheme (PMFME). These schemes allow PACS to avail subsidies and interest subvention benefits for constructing godowns and setting up other agricultural infrastructure. Additionally, NABARD is extending financial support to PACS by refinancing them at highly subsidized rates of around 1%, after incorporating the benefits of 3% interest subvention under the AIF scheme for projects up to Rs. 2 crore. Consequently, the plan aims to strengthen the economic condition of PACS by diversifying their business activities and providing additional revenue sources, thereby improving their financial sustainability.

### Integrated Facility and Pilot Project

An integrated facility under the initiative includes a custom hiring centre, a multi-purpose hall (serving as procurement centres), primary processing units for cleaning and winnowing, storage sheds, container storage,

and silos. Each facility is built at an estimated cost of Rs. 2.25 crore, with the pilot project currently being undertaken in 11 PACS across 11 states. Over time, the plan aims to cover more PACS and establish a storage infrastructure of 70 million tonnes over the next five years at a cost of Rs. 1.25 lakh crore. The scheme operates on a Hub and Spoke model. Of the 63,000 PACS across the country, 55,767 will function as spokes with a grain storage capacity of 1,000 metric tonnes each. The remaining 7,233 PACS will function as hubs, each with a storage capacity of 2,000 metric tonnes. Collectively, these PACS will create a grain storage capacity of 70 million tonnes. This model will enable farmers to store their produce and sell it at the right time and price, reducing post-harvest losses and lowering food grain handling and transportation costs. The facility also enhances access to loans from banks and provides PACS with opportunities to undertake diverse activities, including functioning as procurement centres, Fair Price Shops (FPS), custom hiring centres, and common processing units.

### Implementation Plan

To ensure seamless execution, an Inter-Ministerial Committee (IMC) has been established under the leadership of the Minister of Cooperation. The IMC includes key stakeholders such as the Minister of Agriculture and Farmers Welfare, Minister of Consumer Affairs, Food and Public Distribution, Minister of Food Processing Industries, and relevant Secretaries. Their role is to adapt guidelines and implementation approaches from respective Ministries' schemes, aligning them with approved budgets and objectives.

The Pilot Project is being implemented by the National Cooperative Development Corporation (NCDC) with the support of NABARD, Food Corporation of India (FCI), Central Warehousing Corporation (CWC), NABARD Consultancy Services (NABCONS), and National Buildings Construction Corporation (NBCC) across different States and Union Territories. Consultancy support is also being extended to PACS through these agencies under the project.

Additionally, a Memorandum of Understanding (MoU) has been signed between the Ministry of Cooperation (GoI), Department of Food and Public Distribution (GoI), FCI, and NCDC to ensure full capacity utilization of the storage capacity being created at the PACS level under the project. This MoU facilitates the hiring of godowns constructed at PACS levels by the FCI, integrating these godowns into the food grain supply chain and providing forward and backward market linkages to PACS. Another MoU has been signed between the Ministry of Cooperation (GoI), Department of Consumer Affairs (GoI), NABARD, NCDC, and NCCF to enable the NCCF to carry out the construction and hiring of warehouses at PACS levels under this project.

### Expected Benefits

The initiative has a dual focus: addressing the lack of agricultural storage infrastructure and empowering PACS to assume expanded roles. Key benefits include:

**Enhanced Storage Infrastructure:** Establishing godowns at PACS levels addresses critical storage shortages and reduces food grain wastage, bolstering national food security.

**Expanded Roles for PACS:** Empowering PACS to function as procurement centres for State Agencies or the Food Corporation of India (FCI), Fair Price Shops (FPS), and custom hiring centres.

**Processing Capabilities:** Establishing common processing units for sorting, grading, and other post-harvest activities improves value addition.

**Farmer Empowerment:** Decentralized storage facilities reduce transportation costs, allowing farmers to avoid distress sales and secure better prices for their produce.

**Economic Growth:** By diversifying their activities, PACS can transform into vibrant economic entities, contributing to increased farmer incomes and rural development.

### Pilot Progress

States and Union Territories, along with national-level cooperative federations such as the National Cooperative Consumers Federation (NCCF) and National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), have identified over 2,000 PACS for storage capacity creation under the Pilot Project. Currently, construction of godowns is at various stages in 13 PACS across 13 States and Union Territories.

### A Whole-of-Government Approach

The plan adopts a comprehensive 'whole-of-Government' strategy, ensuring collaboration across various ministries and departments. By integrating efforts and resources, the initiative seeks to maximize impact, addressing food security challenges while empowering India's farmers.

This transformative initiative not only seeks to address India's storage shortfall but also envisions a future where cooperatives play a central role in driving economic growth and ensuring prosperity for millions of farmers. With its ambitious scale and multifaceted objectives, the *World's Largest Grain Storage Plan in the Cooperative Sector* stands as a testament to India's commitment to achieving sustainable agricultural growth and food security.

**India's *World's Largest Grain Storage Plan in the Cooperative Sector*** is a groundbreaking initiative aimed at addressing the country's storage infrastructure deficit while empowering farmers through decentralized solutions at Primary Agricultural Credit Societies (PACS). By converging various government schemes and leveraging financial support from NABARD, the plan envisions creating 70 million tonnes of storage capacity, reducing post-harvest losses, and enhancing food security. For long-term success, the initiative must ensure efficient implementation through robust monitoring, transparency, and inter-agency coordination while integrating modern technologies like IoT and blockchain. Public-private partnerships can further strengthen the program, ensuring sustainable growth and prosperity for farmers and rural communities.

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