

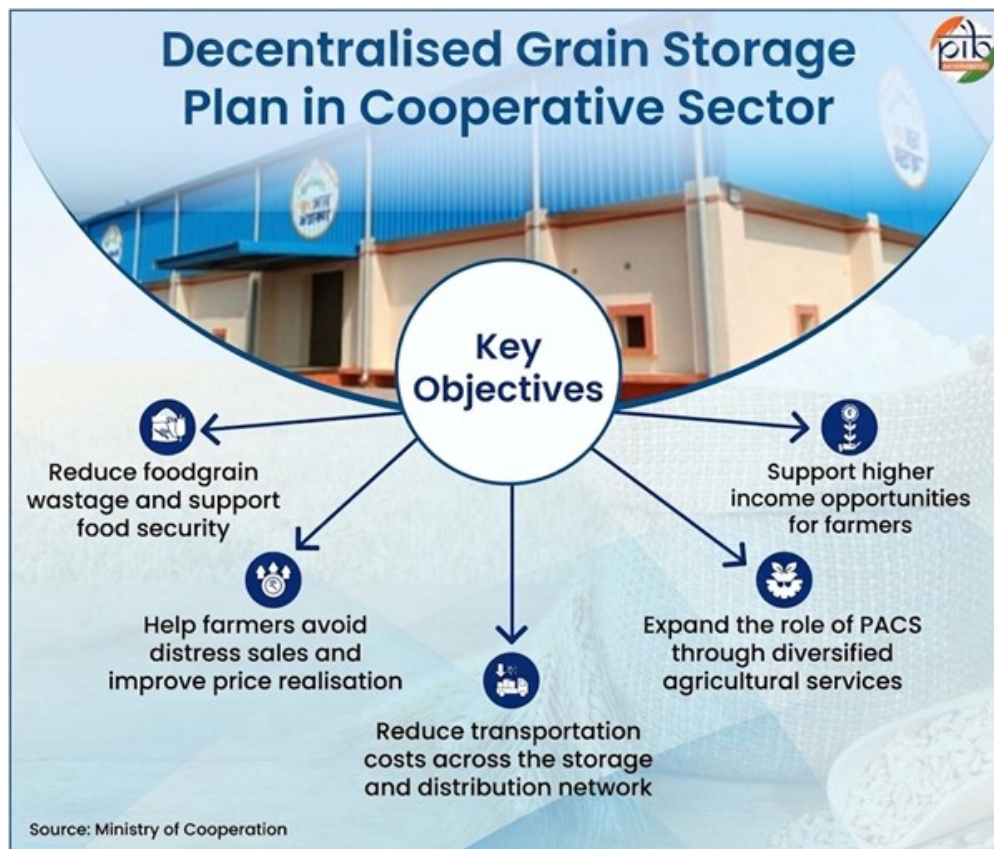
## Decentralised Grain Storage Plan in Cooperative Sector

### **“Strengthening India’s Decentralized Grain Storage”**

India’s expanding agricultural production and food security efforts have increased the importance of decentralised grain storage infrastructure across the country. **The Decentralised Grain Storage Plan in Cooperative Sector**, launched in 2023, is designed to **improve storage, processing, procurement**, and distribution systems through Primary Agricultural Credit Societies (PACS). The Plan adopts an integrated, cooperative-led approach by converging existing government schemes. It is supported through institutional coordination and financial support mechanisms. Beginning with pilot projects across **11 states/PACS with 9,750 MT** of storage capacity, the initiative has expanded steadily. As of July 2026, godown construction had been completed in **313 PACS** across the country, creating more than **1.80 LMT** of storage capacity. The framework also emphasises quality standards, transparency and operational viability.

### **Building Storage Capacity for a Growing Agricultural Economy**

- India's grain storage system has evolved through a combination of traditional storage practices, decentralised local systems, and modern infrastructure.
- This integrated approach has strengthened food preservation and supported the country's food security.
- Traditional storage methods such as earthen bins, underground pits, and mud plastered storage structures continue alongside warehouses and silo-based infrastructure.
- However, rising agricultural production and expanding food security requirements have increased the need for modern, decentralised storage facilities across the country.
- According to the Third Advance Estimates (2025-26), the country’s total foodgrain production is estimated at **376.563 million tonnes** which is nearly **18.8 million tonnes (5.3 percent)** higher than last year’s production of **357.732 million tonnes**.
- India also operates one of the world’s largest food security programmes under the **National Food Security Act, 2013**, that covers about **80 crore people**.
- Meeting these requirements depends on a robust network of grain storage facilities.
- While centralized storage infrastructure managed by the Food Corporation of India (FCI) and State agencies remains important, decentralized facilities are equally essential.
- **The Ministry of Cooperation** has highlighted the need for storage closer to production centres.
- These facilities focus on reducing transportation costs between procurement centres, minimizing foodgrain wastage, and supporting food security.



- In this context, the **Decentralised Grain Storage Plan in Cooperative Sector** was rolled out as a **Pilot Project on 31 May 2023**.
- The initiative marked an important step towards strengthening decentralised grain storage through cooperatives.
- Anchored in the cooperative framework, the initiative seeks to:
  - Reduce foodgrain wastage and strengthen food security,
  - Provide farmers with greater flexibility to avoid distress sales and secure better price realization,
  - Reduce transportation costs between procurement centres, warehouses, and Fair Price Shops,
  - Expand the role of Primary Agricultural Credit Societies (PACS) through diversification of agricultural activities (PACS are village-level institutions that provide short-term credit and financial services to rural borrowers, and facilitate the collection of repayments). And,
  - Support higher income opportunities for farmers.

### **Integrated Infrastructure and Convergence Framework**

- The Decentralised Grain Storage Plan in Cooperative Sector seeks to create integrated agricultural infrastructure at the **PACS level**.
- The mechanism operates through the convergence of existing government schemes:
- **Agriculture Infrastructure Fund (AIF) scheme** - Provides financing and interest subvention support for the creation and upgradation of post-harvest infrastructure.
- **Agricultural Marketing Infrastructure scheme (AMI)** - Provides back-ended capital subsidy for the construction of foodgrain storage facilities.
- **Sub Mission on Agricultural Mechanization (SMAM)** - Facilitates the

establishment of Custom Hiring Centres and access to agricultural machinery.

- **Pradhan Mantri Formalisation of Micro Food Processing Enterprises scheme (PMFME)** - Promotes the formalisation and growth of micro food processing units.
- The convergence of these schemes enables PACS to evolve into integrated rural service hubs, strengthening agricultural infrastructure, enhancing value chains, and improving farmers' incomes.

### **Key facilities and services under the Decentralised Grain Storage Plan in Cooperative Sector include:**

- **Custom Hiring Centres** enable PACS to **procure agricultural machinery** for rental to farmers. Equipment may include tractors, harvesters, tillers, and other farm machinery.
- **Fair Price Shops** facilitate **grain distribution** and the sale of processed food products within local communities.
- **Primary processing units** undertake **processing** activities such as grain cleaning, sorting, and drying, thereby improving the quality and marketability of the produce.
- **Procurement centres** support **grain procurement** by PACS for State Agencies and FCI.
- The Plan provides for **silo-based storage infrastructure** of **50 metric tonnes (MT), 100 MT, and 200 MT capacities** under the cooperative storage model.

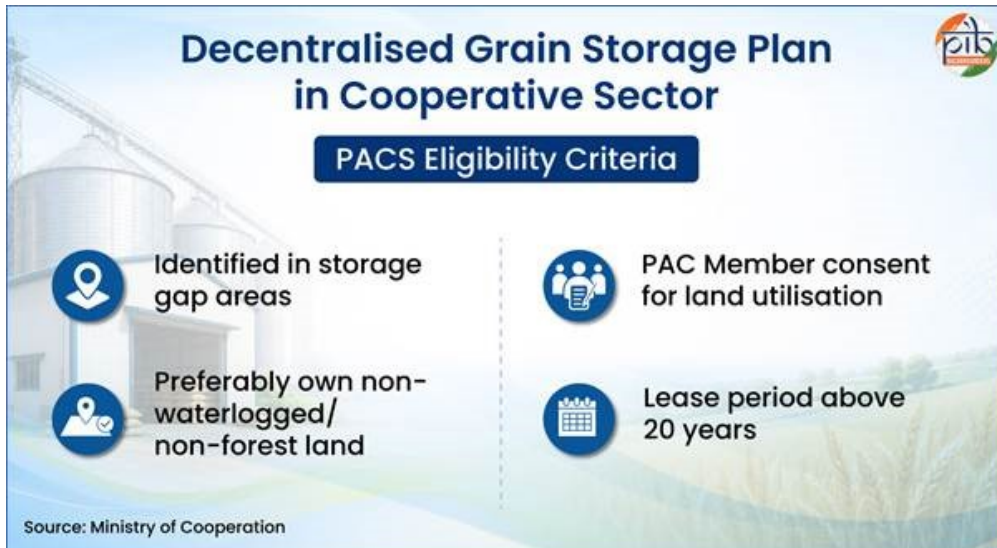


- The implementation framework also lays down institutional and eligibility criteria for PACS participating under the Plan.

### **Selection of PACS and Institutional Framework**

- According to the "**Margdarshika**" (Standard Operating Procedure), **PACS are identified and approved by District Cooperative Development Committees (DCDCs).**

- PACS are selected in areas with storage demand.
- The Plan also sets out land-related conditions for infrastructure development. PACS should preferably **have their own land**.
- The land **should not be waterlogged or located in forest areas**. The Consent of PACS members is required for the utilization of land. For leased land, the lease period **should be longer than 20 years**.



### Implementation Mechanism:

- The **National Cooperative Development Corporation (NCDC)** is the implementing agency of the Decentralised Grain Storage Plan in Cooperative Sector.
- Implementation is supported through coordination at the national, state and district levels. At the national level, an **Inter-Ministerial Committee (IMC)** monitors overall implementation of the Plan.
- **The National Level Coordination Committee (NLCC)** supports operational coordination among participating institutions and agencies. **State Cooperative Development Committees (SCDCs)** and **District Cooperative Development Committees (DCDCs)** support implementation and coordination at the state and district levels.

### Financial Support and Project Viability

- The Government has taken several measures to improve project viability under the Plan.
- These include an enhancement of the subsidy under the **AMI scheme** from **25 percent to 33.33 percent**, a reduction in the margin money requirement from **20 percent to 10 percent**, and a revision of cost norms for godown construction.
- Financial support is also available through interest subvention and credit support mechanisms under eligible schemes.
- Under the **AMI scheme**, the **National Bank for Agriculture and Rural Development (NABARD)** serves as the subsidy-channelizing agency for eligible projects.
- **State Cooperative Banks and District Central Cooperative Banks** function as the primary lending institutions for PACS.

- These institutions are responsible for sanctioning and disbursing credit under the implementation framework.
- The Plan also utilizes **NABARD's special refinance facility** to reduce the financial burden on participating cooperatives.
- When combined with the **3 percent interest subvention** available under the **AIF**, the effective loan interest rate for PACS is **reduced to 1 percent** under the Plan.
- **FCI** has also been authorized to provide assured hiring of eligible godowns created under the Plan, subject to prescribed conditions.
- This measure enhances the financial viability of storage projects and encourages greater participation by PACS.
- Following the operationalization of the structure, implementation progressed through a phased expansion strategy.

### From Pilot to Expansion

- The Plan has progressed through a phased implementation strategy, beginning with pilot projects and moving towards scaled expansion. Under the pilot phase, godown construction was completed in **11 PACS across 11 states**, creating **9,750 MT** of storage capacity.
- The pilot projects were implemented in **Maharashtra, Uttar Pradesh, Gujarat, Rajasthan, Madhya Pradesh, Uttarakhand, Tamil Nadu, Telangana, Assam, Karnataka, and Tripura**.
- These pilots have provided an important operational foundation and demonstrated the feasibility of local storage infrastructure at the cooperative level.
- Building on this foundation, implementation has expanded significantly.
- As of July 2026, **1012 PACS or cooperative societies** had been identified under the Plan.
- As of July 2026, construction of godowns had also been completed in **313 PACS**, creating more than **1.80 LMT** of storage capacity.



- This progress reflects a transition from conceptualization towards scaled execution.

### **Cooperative Storage in Action: Nerpingalai PACS**

- **Nerpingalai PACS in Amravati, Maharashtra**, has constructed a **3,000 MT** warehouse under the Decentralised Grain Storage Plan in Cooperative Sector.
- The project received support under the **Agricultural Marketing Infrastructure (AMI) and Agriculture Infrastructure Fund (AIF) schemes**.
- With **NABARD** refinance support, the effective loan interest rate for the project was reduced to **1 percent**. Around **300 farmers** are storing **nearly 32,000 bags** of soybeans in the warehouse. The society has also provided advances of about **Rs. 4.50 crore** against the stored produce, helping farmers access liquidity and reduce distress sales.
- The PACS is expected to earn about **Rs. 7.68 lakh annually** through rental income and nearly **Rs. 54 lakh** through annual interest income.
- The warehouse has improved storage access for farmers in surrounding areas and strengthened the income base of the cooperative society.
- The initiative has also created local employment opportunities. It demonstrates how decentralised storage infrastructure can support farmer support systems and rural cooperative institutions.

### **Quality Standards, Branding, and Transparency**

- The Plan provides uniform branding guidelines for storage infrastructure created under the scheme.
- Each storage structure must display the approved grain storage logo and the prescribed colour scheme.
- The objective is to create a recognizable identity for the initiative and strengthen awareness among stakeholders.



#### Quality Assurance:

- The model lays down quality standards for warehouse construction and maintenance.
- Storage structures should comply with **Warehousing Development and Regulatory Authority (WDRA)** norms and should be suited to local environmental conditions.
- Durable, corrosion-resistant materials are to be used in construction, along with proper ventilation systems to prevent spoilage and maintain grain quality.
- Regular inspections and quality audits are required to ensure compliance with design specifications and safety standards.
- PACS members are expected to monitor project progress, while **Project Management Consultants (PMC)** share updates on construction activities and expenditure to enhance transparency and accountability under the implementation approach.
- These measures are intended to ensure that infrastructure created under the Plan remains durable, accountable, and aligned with prescribed quality standards over the long term.

#### Strengthening India's Decentralized Grain Storage Network

- The Decentralised Grain Storage Plan in Cooperative Sector represents an integrated approach towards improving agricultural infrastructure through cooperatives.
- By linking storage, processing, procurement, and distribution at the PACS level, the Plan strengthens foodgrain management closer to production centres.
- The initiative also reinforces food security, reduces wastage, and strengthens rural cooperative institutions.
- The phased expansion of the Plan is supported through the convergence of existing schemes, institutional coordination, and financial support mechanisms.

- The framework reflects a cooperative-led approach towards strengthening decentralized agricultural infrastructure and long-term foodgrain management systems in the country.

## Reference

[PIB| DGSP](#)

