

## Open Market Sale Scheme [UPSC Notes]

Recently, when the Food Corporation of India (FCI) began to liquidate its inventory through the Open Market Sale Scheme, wheat prices fell significantly from their peak in the middle of January 2023. In this context, it is important to understand what the open market sale system is and how it affects prices in the country. This is an important topic in the economy segment of the [UPSC syllabus](#).

### Open Market Sale Scheme

The Open Market Sale Scheme (OMSS) is a government initiative in India aimed at reducing the excess stock of food grains held by the Food Corporation of India (FCI) and state agencies.

- Under the scheme, the government sells the excess stock of food grains in the open market through e-auctions and other means to ensure that the stocks do not go to waste and to reduce the carrying costs of the grains.
- The primary objective of the OMSS is to maintain price stability in the market by providing an adequate supply of food grains at reasonable prices to bulk consumers.
- The scheme is also aimed at ensuring that food grains held in the central pool are utilized effectively and not wasted due to storage or other reasons.

## THE CHANGE IN WHEAT PRICES

(In ₹ per quintal)

Centre	Feb 1	Feb 10	Feb 18	Feb 20	% Change*
Delhi*	2,880-2,925	2,680-2,700	2,280-2,300	2,350-2,400	18
Rajkot	2,500-2,800	2,500-3,000	2,500-3,000	2,000-2,800	20
Indore	2,500-2,800	2,400-2,750	2,400-3,000	2,200-2,800	12
Bhopal	2,500-2,800	NA	2,300-2,700	2,200-2,600	7-12
Kota	2,525-2,720	2,350-2,580	2,200-2,500	NA	NA
Mathura	2,700-2,780	2,630	2,225	2,300-2,375	14.5-15

\*Prices of both Uttar Pradesh and Madhya Pradesh variety and Lawrence Road market in the capital  
NOTE: Change is from February 1 to 20

Source: iGrain India

Image source: business-standard.com

### Benefits of Open Market Sale Scheme

- **Reducing wastage:** The scheme helps to prevent the wastage of excess food grains and ensures that they are utilized for human consumption. This can help to reduce food insecurity in the country.

- **Revenue generation:** The sale of excess food grains generates revenue for the government, which can be used for other social welfare schemes.
- **Reducing carrying costs:** By selling the excess stock, the government can reduce the carrying costs of the food grains, which include storage and maintenance costs.
- **Stabilizing prices:** By selling the excess stock in the open market, the government can help to stabilize prices and prevent fluctuations in the market.

### Open Market Sale Scheme Challenges

- **Impact on farmers:** The sale of excess food grains in the open market could potentially lower the prices of food grains, which could negatively impact farmers who rely on income from the sale of their crops.
- **Quality control:** The quality of the excess stock may not always be up to the required standards, which could lead to issues with spoilage and wastage.
- **Administrative issues:** The process of conducting e-auctions and other sales can be complex and time-consuming, which could lead to delays and administrative issues.

### Food Corporation of India (FCI)

- The Food Corporation of India (FCI) is a government-owned corporation that was established in 1965 under the Food Corporations Act. The FCI is responsible for the procurement, storage, and distribution of food grains across the country to ensure food security for the population.
- **The key objectives of the FCI are:**
  - To maintain the buffer stock of food grains to meet any emergency requirements or shortfall in production.
  - To ensure the availability of food grains at reasonable prices to the public through the Public Distribution System (PDS).
  - To provide price support to farmers for their produce and to ensure remunerative prices for their crops.
  - To maintain a strategic reserve of food grains for use in times of war or other emergencies.

Read more on the [Food Corporation of India](#) in the linked article.

### Conclusion

OMSS has the potential to reduce wastage, generate revenue, and stabilize prices, but it also has potential drawbacks such as impacts on farmers, quality control issues, and administrative challenges. It is important for the government to carefully manage the implementation of the scheme to ensure that the benefits outweigh the drawbacks.

