With the announcement of Central Government's policy for wheat procurement for the ensuing year, the State Government fixes the procurement targets and allots the procurement work in consultation with procuring agencies. The names of the mandis and the days in a week on which Hafed is to make procurement operations are also communicated.

The federation, with a team of its trained staff assisted by Managers of Co-operative Marketing Societies/Rail Head Agencies, makes biddings and purchases the stocks. In order to ensure quality of the stocks according to the desired specifications, the staff makes a visual inspection and accordingly grade it in different varieties. The filled bags of wheat (standard weight 100 Kg.) are stencil-marked in red colour* so as to ensure differentiation from wheat stocks of other agencies. The stocks so purchased are now moved to the godowns, stored in a scientific way, and stacked in such a manner that there is separate identification of bags of various varieties in countable form. The godowns are double-locked. One key of the godown is with the godown incharge and the other with the Manager of the Society concerned.

* Blue colour is used by State Food Department while Green colour by the Food Corporation of India.
Simultaneously, purchase bills as prepared by the Marketing Society/Rail Head Agencies are submitted to the respective District offices of Hafed which act as a controlling office for all intents and purposes. The bill includes the amount of the produce as also other direct/indirect charges, e.g., market fee, incidental/service charges, transportation charges, labour charges, and the commission charges. The federation is required to make prompt payment of the bills after verifying these within 48 hours. Sometimes, the financially strong Marketing Societies make immediate payment to the producers/traders pending receipt of the claims from Hafed.

As regards despatches of wheat stocks for the central pool, strenuous efforts are made to dispose of maximum stocks direct from the mandi to the Railway station/Food Corporation of India godowns against the allocation to save double transportation. After this, priority is given to those stocks which are lying in open due to lack of proper storage arrangement. The stocks are delivered in Food Corporation of India godowns or loaded in wagons after inspection by Food Corporation of India inspectors with regard to its quantity and quality. This is technically known as super-inspection of stocks.

Accordingly, the bills are submitted by the federation to the Food Corporation of India latest by the next day to realise the payments. The bill includes the cost of wheat per quintal, incidentals as fixed by the Government, cost of gunny bag, and the Central Sales Tax, if any.