

**GOVERNMENT OF INDIA  
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION  
LOK SABHA**

UNSTARRED QUESTION NO:1753  
ANSWERED ON:29.11.2002  
C & AG REPORT ON FOODGRAIN PRICES  
GANTA SRINIVASA RAO

**Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:**

- (a) whether the Comptroller and Auditor General of India (C&AG) in its Report 2000-01 has criticised the Centre's policy on prices of foodgrains;
- (b) if so, the details thereof; and
- (c) the action taken to set right the shortcomings pointed out by the C&AG?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION ( S. KRISHNAM RAJU )

(a)&(b): The CAG in its Report for 2000-01 made certain observations on prices of foodgrains. The main observations are the following:

- (i) The price movements show a policy tilt towards producers vis-a-vis purchasers;
- (ii) The inevitable increase in subsidies in the short run and in Central Issue Prices thereafter reduced the margins between the PDS prices and the market prices which led to the decline in offtake of foodgrains in some years;
- (iii) Despite foodgrains availability in the public domain, the aggregate release of foodgrains remained static between 1992-99;
- (iv) The procurement price for wheat was higher, and it is certainly not to the advantage of the consumer;
- (v) The leakages and inefficiencies at the level of Procurement and Release Agencies and also some other costs added at State level increase the prices for consumers as a result of which 60 to 70 per cent ration card holders did not/do not purchase rice or wheat from the fair price shops.

(c): The Central Issue Prices (CIP) of wheat and rice are fixed by the Government mainly to help the poorest and the disadvantaged segments of our population. As such, under the TPDS, wheat and rice are issued to BPL families at subsidized rates. The CIPs fixed for APL families also contain an element of subsidy. Therefore, CIPs are significantly below open market prices. However, the economic costs of wheat and rice are kept in mind while fixing the CIPs.

The offtake of foodgrains under the TPDS has shown remarkable improvement since 2000-01. The offtake of foodgrains under TPDS was 117.1 lakh tonnes during 2000-01, which increased to 138.3 lakh tonnes during 2001-02. The offtake of foodgrains under TPDS has already touched 100 lakh tonnes during the first seven months of the current financial year (April-October 2002-03).