

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

UNSTARRED QUESTION NO:814
ANSWERED ON:28.11.2005
LOSS ON EXPORT OF FOODGRAINS
Aaron Rashid Shri J.M.;Jha Shri Raghunath

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

- (a) whether the Food Corporation of India (FCI) incurred a loss of Rs. 1600 crore due to short realisation on the export of wheat and rice;
- (b) if so, the details thereof and reasons therefor;
- (c) whether the Government has suffered a loss of Rs. 500 crore by providing unnecessary facilities to the exporters;
- (d) if so, the manner in which the Government proposes to make up the said losses;
- (e) whether the Government purchased foodgrains in excess of the requirement and storage capacity and sold the same abroad at cheaper prices;
- (f) if so, whether the responsibility has since been fixed in this regard; and
- (g) if so, the details regarding the action taken by the Government against the erring officers?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

- (a): There was no short realisation on account of sale of wheat and rice for export purposes by the Food Corporation of India, as the effective export prices were fixed by the Government as per direction of the Cabinet and recommendation of an Inter-Ministerial High Level Committee (HLC) with representatives from Ministries of Finance and Commerce.
- (b): Does not arise in view of (a) above.
- (c): The Government did not provide any unnecessary facility to the exporters. The facilities provided to the exporters such as
 - (i) allowances for broken contents of rice
 - (ii) exemption from submission of bank guarantee and
 - (iii) facility of movement of stocks by road from time to time, were for specific purposes of facilitating exports and making the Indian foodgrains competitive in the world market. These facilities were withdrawn after their purposes were served.
- (d): Does not arise in view of (c) above.
- (e): The Government is duty bound to purchase all the foodgrains offered to it by the farmers at Minimum Support Price (MSP), for the Central Pool. As there was not enough scientific storage capacity to store the stocks, it was decided to sell the foodgrains for export, at prices as mentioned at para (a) above, in order to bring down the high holding costs and to prevent deterioration of the stocks.
- (f) & (g): Do not arise in view of above.