

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

UNSTARRED QUESTION NO:900
ANSWERED ON:06.12.2004
REVISION OF POLICIES OF FCI
Nikhil Kumar Shri ;Sethi Shri Arjun Charan

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

- (a) whether the Union Government is actively considering to review the procurement and distribution policies of Food Corporation of India (FCI);
- (b) if so, the details thereof;
- (c) whether due to implementation of the said FCI policies, the Union Government has been losing crores of rupees per year in form of subsidy on procurement, transportation and distribution;
- (d) if so, the fact in this regard;
- (e) whether various procurement and distribution policies of FCI are likely to be revised and implemented;
- (f) if so, whether the Government is considering to transfer transportation costs to the State Governments; and
- (g) if so, by when the reformed policies are likely to be implemented?

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): No, Sir.

(b): Does not arise.

(c)&(d): The FCI is the main agency of the Government of India for the procurement of wheat and rice at minimum support prices (MSP) to farmers, in order to offer remunerative prices and to check distress sales. The existing policy also envisages encouraging the States to take up procurement under the Decentralised procurement scheme. The food grains procured are distributed amongst the various States for distribution to the targeted population under the Public Distribution System (PDS) and other welfare schemes. Since the issue prices fixed for issue food grains to the targeted population is less than the economic cost of food grains, the difference between the two represents the food subsidy.

(e): No, Sir.

(f)&(g): Measures to encourage decentralized procurement which, inter alia, will reduce transportation costs, are already under implementation.