

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

UNSTARRED QUESTION NO:901
ANSWERED ON:06.12.2004
ECONOMIC COST OF FOODGRAIN
Chinta Mohan Dr. ;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) whether the Government provides subsidy due to the increase in the economic cost of wheat and rice;
- (b) if so, the details thereof;
- (c) the economic cost of wheat and rice during the last three years and the current year, year-wise;
- (d) the details of the heads of expenditure taken into consideration for calculating the economic costs; and
- (e) the amount spent on these heads during the above period?

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), (b) & (c): Government provides the difference between the economic cost and central issue price of foodgrains as subsidy. The details of economic cost of wheat and rice and the total subsidy released during the last three years and in the current year are given in the statement at Annex 1.

(d) & (e): Details of the heads of expenditure taken into consideration for calculating economic cost and the amount spent on these heads during the last three years and the amount likely to be spent in the current year are given in the statement at Annex 2.

ANNEXURE-I

STATEMENT REFERRED TO IN REPLY TO PARTS (a), (b) & (c) OF UNSTARRED QUESTION NO. 901 DUE FOR ANSWER ON 6.12.2004 IN THE LOK SABHA

A. Details of economic cost of wheat and rice for the last three years and the current year are as under:-

Year Commodity Economic Cost [Rs./Qt1]

2001-02 Wheat 852.94
 Rice 1097.96

2002-03 Wheat 884.00

 Rice 1165.03

2003-04 (RE) Wheat 952.51
 Rice 1253.04

2004-05 (BE) Wheat 924.82
 Rice 1262.51

B. Total Subsidy released during the last three years and the current year is as under: -

Year	Subsidy (Rs. in crores)
2001-02	17494
2002-03	24176
2003-04	25160
2004-2005 (As on 1.12.2004)	17662

ANNEXURE-II

STATEMENT REFERRED TO IN REPLY TO PARTS (d) & (e) OF UNSTARRED QUESTION NO. 901 DUE FOR ANSWER ON 6.12.2004 IN THE LOK SABHA.

Details of the heads of expenditure taken into consideration for calculating economic cost and the amount spent on these heads during the last three years and the amount likely to be spent during the current year, in respect of FCI's operations, are as under:-

[Rs. in crores]

Sl. No. Head 2001-02 2002-03 2003-04 2004-05 (BE)

Wheat Rice Wheat Rice Wheat Rice Wheat Rice

1. Pooled cost of grains 9641 14373 15379 23766 13678 22423 10986 20560

2. Procurement Incidentals:

A. Statutory Charges

i) Mandi Charges 556 82 874 135 850 170 675 158
ii) Purchase Tax 374 117 616 191 550 175 433 164
iii) Gunny Cost 576 601 913 1003 864 978 687 920

Sub-Total 1506 800 2403 1329 2264 1323 1796 1242

B. Labour & Transportation Charges

i) Mandi Labour 124 11 181 23 218 21 174 21
ii) Forwarding Charges 15 73 21 68 12 55 9 7
iii) Internal Movement 184 67 292 91 246 124 196 121

Sub-Total 323 151 494 182 476 200 379 148

C. Storage and Interest Charges

i)	Storage	24	0	39	0	58	0	50	0
ii)	Interest	129	0	248	0	225	0	162	0
iii)	Arrears	7	57	-11	-2	61	171	75	157

Sub-Total 160 57 276 -2 345 171 287 157

D. Administrative Charges 196 45 336 41 341 34 271 34

E. Others (Guarantee Fees) 10 0 14 0 14 0 10 0

Total Procurement Incidentals 2195 1053 3523 1550 3440 1729 2743 1581

3.Acquisition Cost 11836 15426 18902 25316 17117 24152 13729 22141

4.Distribution Cost

i)	Freight	675	293	1313	1046	1393	1121	535	1131
ii)	Handling	354	343	578	568	669	741	550	650
iii)	Storage	210	203	425	418	453	599	356	421
iv)	Interest	606	790	1113	1488	928	1648	674	1087
v)	Shortages	18	62	9	163	63	316	35	343
vi)	Administrative Charges	201	195	286	280	332	368	305	361

Total Distribution Cost 2064 1886 3724 3963 3838 4793 2455 3993

5.Economic Cost 13900 17312 22626 29279 20955 28945 16184 26134

In addition, subsidy released to the States undertaking decentralised procurement operations during the last three years and subsidy estimated to be released in the current year is as under:-

[Rs. in crores]

Year	2001-02	2002-03	2003-04	2004-05
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Subsidy	770	1503	1286	2466
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