

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

UNSTARRED QUESTION NO:3899
ANSWERED ON:21.04.2008
REDUCTION IN ECONOMIC COST OF FCI
Siddeswara Shri Gowdar Mallikarjunappa

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

- (a) whether the Government is considering to reduce the economic cost of Food Corporation of India;
- (b) if so, the details thereof and the steps taken or proposed to be taken by the Government in this regard; and
- (c) the extent of benefits likely to accrue from such steps?

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): No, Sir. The economic cost of the Food Corporation of India (FCI) has increased during the last several years due to increase in Minimum Support Price (MSP) of paddy and wheat and consequential increase in procurement incidentals. However, the FCI have taken the following steps to reduce their operational cost:

- (i) Freight: Linear Programming model is being implemented to reduce rail freight charges.
- (ii) Handling Charges: FCI have decided not to bring any further Depots/Units under Departmentalized labour till existing surplus labour force available with them is exhausted.
- (iii) Storage Charges: Efforts have been made to dehire the excess godown capacity and let out the surplus capacity to generate revenue.
- (iv) Interest: The FCI have issued Bonds to reduce the interest cost.
- (v) Shortages: The FCI have made efforts to restrict its losses towards storage and transit.