

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

UNSTARRED QUESTION NO:4387
ANSWERED ON:07.12.2010
OPEN MARKET SALES SCHEMES
Kurup Shri N.Peethambara

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

- (a) whether foodgrains are provided to the States with subsidy under the Open Market Sales scheme;
- (b) if so, the details thereof;
- (c) whether the Government of Kerala has submitted any proposal for allocation of foodgrains including gram under the said scheme;
- (d) if so, the details thereof indicating the quantum of foodgrains demanded and allocated;
- (e) whether the Government has stipulated any terms and conditions for distribution of the said foodgrains;
- (f) if so, whether the State has abided with the said rules;
- (g) if so, the details thereof; and
- (h) if not, the reasons therefor and the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a)&(b) Yes, madam. Rates for allocation of foodgrains to State/Union Territory Governments for distribution to retail consumers under the Open Market Sale Scheme (OMSS) being undertaken since October 2009 are fixed as per the following formula-

Wheat- Minimum Support Price of wheat for Rabbi Marketing Season 2009-10 (Rs. 1080 per quintal) plus railway freight cost from Ludhiana to State capital plus road freight from rail head to State capital wherever applicable

Rice- Minimum Support Price plus bonus declared for paddy for the KMS 2009-10 plus the average freight incurred by FCI as part of its distribution cost for rice.

Government of India is providing subsidy for these allocations under the scheme as the rates so fixed are less than the economic costs of wheat and rice.

(c)&(d): No such proposal has been received from Government of Kerala. However, to check inflationary trend in food economy, Government has released 20 lakh tons wheat and 10 lakh tons rice to State/Union Territory Governments, including 81320 tons wheat 51350 tons rice to Government of Kerala, under OMSS for distribution to retail consumers during the period October' 2009 – March 2011. In addition to above, 10 lakh MTs wheat has also been allocated for tender sale to bulk consumers & 5 lakh tons wheat has been allocated for sale to small processors in various States/UTs.

(e): State/UT Governments are required to lift the allocated quantity of wheat and rice from the godowns of Food Corporation of India (FCI) and distribute it to retail consumers through their own Corporations/cooperatives/federation/self-help groups or any other Government or Semi-Government Organization. The State/UT governments are also allowed to convert the allocated wheat into flour for distribution to retail consumers. State Governments are required to ensure that not more than Rs. 200 per quintal is added in the end retail prices of wheat/rice on account of handling, transportation etc.

(f),(g) &(h): 40,660 tons wheat was allocated to Government of Kerala for distribution to retail consumers and small processors for October 2009 to December 2009 quarter. Kerala State Civil Supplies Corporation Limited, authorized by Government of Kerala to lift the allocated quantity of wheat, sold the lifted quantity meant for retail consumers under the scheme to bulk consumers in violation of the scheme guidelines. Further release of wheat to the Corporation was therefore stopped by FCI. The cost of already released quantity of wheat to the Corporation has been realised from it at the rate of the reserve price prescribed for tender sale to bulk consumers under the scheme.