

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

STARRED QUESTION NO:392
ANSWERED ON:30.08.2011
FINANCIAL ASSISTANCE FOR FCI
Nahata Smt. P. Jaya Prada;Singh Shri Yashvir

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

- (a) the details of direct Food Subsidy Bill and those reimbursed to the States under the Decentralised Procurement by the Food Corporation of India (FCI) during the last one year and the current year, State-wise;
- (b) whether there are reports that FCI is facing a financial crisis at present;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether FCI has sought any assistance from the Union Government to deal with the crisis; and
- (e) if so, the details thereof and the reaction of the Union Government thereto?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (e): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO. 392 DUE FOR ANSWER ON 30.08.2011 IN THE LOK SABHA (a) The Food Corporation of India (FCI) purchases foodgrains for Central Pool at Minimum Support Price (MSP) fixed by the Government of India and makes it available to the State Governments at the Central Issue Prices for distribution under Targeted Public Distribution System and Other Welfare Schemes. The States undertaking de-centralized procurement (DCP) themselves procure, store and distribute foodgrains for Targeted Public Distribution System and Other Welfare Schemes.

The difference between the economic cost of foodgrains and the issue prices of foodgrains is reimbursed to the DCP States and FCI as subsidy by Government of India. FCI is also reimbursed the cost incurred for maintaining buffer stocks of foodgrains. The details of food subsidy released to FCI and DCP States during the last one year and the current year is at Annexure.

(b), (c), (d) & (e) FCI faced some financial stress due to delay in release of advance subsidy for the quarter July-September, 2011 which was restricted to Rs. 4000 crore against approved amount of Rs.11635.84 crore. The matter was taken up with Ministry of Finance and after obtaining their clearance, further amount of Rs.7635.84 crore was released to FCI on 21.7.2011. After receipt of this amount, financial stress in FCI has been resolved. This Department has so far released Rs. 24000 crore to FCI during the financial year 2011-12 against allotment of Rs.47239.80 crore for the year 2011-12.