

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

UNSTARRED QUESTION NO:3308  
ANSWERED ON:23.08.2011  
EFFICIENCY OF FCI  
Singh Shri Ravneet

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

- (a) the steps taken by the Government to enhance the efficiency of the Food Corporation of India (FCI), in view of the fact that foodgrains worth crores of rupees are either rotting in the godowns or are getting destroyed in rains and floods;
- (b) whether the Government proposes to dismantle the FCI into several companies or put in place a system of zones to bring in competition amongst them for improved efficiency;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

**Answer**

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

(a): With a view to enhance the efficiency of the Food Corporation of India (FCI), Government of India had engaged Mckinsey & Co. to undertake a study of FCI.

The salient recommendations given by M/s Mckinsey & Co. are at Annexure.

A number of these recommendations have been accepted and implemented by FCI.

(b), (c) & (d): No, Madam. The Government does not propose to dismantle the FCI into several companies. The various operations of FCI like procurement, storage, transportation etc. need an integrated centralized strategy as these functions are inter-related and interdependent. Dismantling FCI into several companies will disrupt operational efficiencies and result in un-coordinated foodgrain management affecting the Public Distribution System. However, for operational and administrative convenience at the field level, FCI already has five geographical zones.

**ANNEXURE**

ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE UNSTARRED QUESTION NO.3308 DUE FOR ANSWER ON 23.08.2011 IN THE LOK SABHA.

Major improvement initiatives recommended by M/s Mckinsey & Co. for FCI

- (i) Financial restructuring through multi-tiered debt structure to reduce the interest burden;
- (ii) Network optimization through linear programming of Rail Movement (Grain Flow Management);
- (iii) Consolidation of Handling & Transport Contracts;
- (iv) Changes in use and sourcing pattern of gunny bags;
- (v) Cost reduction by direct procurement of foodgrains and exclusion of intermediates;
- (vi) Exploring avenues for revenue generation by optimum utilization of all existing assets like godowns;

(vii) More cost effective and efficient utilization of human resources through rationalization, automation and better Performance Management System (People Management System);

(viii) Smart Trading approach for global trading in foodgrains;

(ix) Creation of Price Monitoring Cell;

(x) Management of operational costs;

(xi) Management of idle Assets;

(xii) Vigilance Administration and;

(xiii) Performance review through defined parameters and fixation of accountability.