

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

UNSTARRED QUESTION NO:1370

ANSWERED ON:14.07.2009

REGULATION OF FOODGRAIN PROCUREMENT

Maadam Shri Vikrambhai Arjanbhai;Thakur Shri Anurag Singh

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

- (a) whether the stocks of foodgrains and other cereals of Food Corporation of India (FCI) have shown a declining trend during the last few years on account of excessive procurement by private companies at higher price and also large scale exports of foodgrains at cheaper rates;
- (b) if so, the details thereof and reaction of the Government thereto;
- (c) whether the Government has any proposal to regulate procurement and stocks of foodgrains held by private companies;
- (d) if so, the details thereof and the time by which it is likely to be implemented; and
- (e) the other steps including ban on exports taken or proposed to be taken to prevent recurrence of food crisis in the country?

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): Due to low procurement of wheat in RMS 2006-07 and 2007-08, the stocks of wheat in the Central Pool during the period 1.7.2005 to 1.4.2008 were below the buffer norms. The low level of wheat procurement was attributable to lower than normal production of wheat, low stock of wheat in the Central Pool, higher open market prices and aggressive private participation. However, due to record procurement of wheat in RMS 2008-09 and 2009-10, the stock position has improved substantially. On 1.7.2009, Central pool stocks of wheat are 329.22 lakh tonnes against the buffer norm of 171 lakh tonnes.

(c): No, Madam.

(d): Does not arise.

(e): A statement showing steps taken to increase availability of wheat and rice in the country is enclosed at Annexure.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (e) OF THE UNSTARRED QUESTION NO.1370 DUE FOR ANSWER ON 14.07.2009 IN THE LOK SABHA.

The steps taken to increase availability of wheat and rice in the country is as under:-

Wheat

(1). The Procurement Price (MSP plus incentive bonus) for wheat has been increased substantially during RMS 2007-08 to 2009-10

(Rs. Per quintal)

Marketing Season	MSP	Incentive	Bonus	Total
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2007-08	750	100		850
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2008-09	1000	-		1000
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The increased procurement price has resulted in procurement of 111.28, 226.89 and 250.79(as on 6.7.09) lakh tonnes of wheat in the Central Pool.

(2). State Governments were persuaded to make all out efforts to maximize procurement. As a result of these efforts, procurement in RMS 2008-09 & RMS 2009-10 has reached record high level.

(3). Import of wheat on private account at zero duty has been permitted till further orders.

(4). Wheat exports were banned.

(5). In order to increase procurement, NAFED was permitted to procure wheat on behalf of FCI in M.P., Gujarat and Bihar in RMS 2008-09.

Rice

(1). The Procurement Price (MSP plus incentive bonus) for paddy has been increased substantially during KMS 2006-07 to 2008-09.

(Rs. Per quintal)

Marketing Season	MSP(Common Paddy)	Incentive Bonus	Total
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2006-07	580	40	620
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2007-08	645	100	745
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2008-09	850	50	900
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The increase in procurement price of paddy has resulted in procurement of 251.07, 284.93 and 313.90 (as on 8.7.2009) lakh tonnes of rice in KMS 2006-07, 2007-08 and 2008-09 respectively.

(2). State Governments were persuaded to make all out efforts to maximize procurement. As a result of these efforts, procurement in KMS 2007-08 & KMS 2008-09 has reached record high level.

(3). The export of Non-Basmati rice was restricted and later banned from 1.4.2009.

(4). Import of rice at zero duty was permitted.

(5). The export of Basmati rice has been restricted at MEP of US \$1100 per MT (fob) through six designated ports only.

(6). In order to prevent hoarding, State Governments have been empowered to impose stock limits on paddy and rice.