

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

STARRED QUESTION NO:139

ANSWERED ON:21.08.2012

EXPORT OF WHEAT

Dharmshi Shri Babar Gajanan;Yadav Shri Dharmendra

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

- (a) whether the proposal of the Ministry to export wheat at a subsidised rate to deal with the storage crisis has been approved;
- (b) if so, the details thereof indicating the buffer norms, current stocks, stocks stored in open, quantum and price of the proposed exports along with the objection raised thereon and the response of the Ministry thereto;
- (c) whether the said exports at a subsidised rate is violative of WTO norms;
- (d) if so, the details thereof and the reaction of the Government thereto; and
- (e) the amount of the subsidy involved therein?

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 LOK SABHA STARRED QUESTION NO. 139 DUE FOR ANSWER ON 21.8.2012

(a) & (b) : Yes, Madam, in view of the comfortable stock of foodgrains in the Central Pool stocks, export of 2 million tons of wheat in the financial year 2012-13 through State Trading Corporation (STC), Minerals and Metals Trading Corporation (MMTC) and Projects and Equipments Corporation (PEC), at the cost determined by individual tenders subject to floor price of US\$ 228 per metric ton, was approved by Cabinet Committee on Economic Affairs (CCEA) on 3.7.2012.

There has been record production of wheat during the crop years 2010-11 and 2011-12. It was 86.87 million tons and 93.90 million tons in these two years respectively leading to record procurement of wheat during Rabi Marketing season (RMS) 2012-13. As on 1.7.2012, the wheat stock was 49.8 million tons against the buffer norms and strategic reserve of 17.1 million tons and 3 million tons respectively. Further, the estimated opening balance as on 1.4.2013 is 27.66 million tons against the buffer norms of 4 million tons and strategic reserve of 3 million tons totaling to 7 million tons. As on 1.8.2012, a quantity of 23.87 million tons of wheat is stored in cover and plinth (CAP).

(c) & (d) The Agreement on agriculture of the WTO and ongoing trade negotiations aim to reduce and eventually eliminate export subsidies. Article 9.4 of the WTO Agreement on Agriculture provides exemption to developing country Members from undertaking any reduction commitments in respect of the export subsidies listed in subparagraphs (d) and (e) of Article 9.1 during the implementation period, namely, the provision of subsidies to reduce the costs of marketing exports of agricultural products (other than widely available export promotion and advisory services) including handling, upgrading and other processing costs, and the costs of international transport and freight; and internal transport and freight charges on export shipments, provided or mandated by governments, on terms more favourable than for domestic shipments.

(e): The cost incurred by FCI at the time of procurement at Minimum Support Price (MSP) is a sunk cost and the price being realised by exports at the current rates is way above MSP.