

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

UNSTARRED QUESTION NO:1487

ANSWERED ON:21.08.2012

EXPENDITURE ON FOODGRAINS

Bhagat Shri Sudarshan;Mani Shri Jose K.;Sukur Shri Jadhav Baliram

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

- (a) whether the foodgrains procurement, transportation and storage expenses is very high and has shown an increasing trend recently;
- (b) if so, the details thereof and the reasons therefor indicating the cost incurred on procurement and storage of foodgrains along with the quantum of food stocks held and quantum pilfered during each of the last three years, State-wise;
- (c) the remedial steps taken to cut cost and check pilferage of foodgrains;
- (d) whether the Food Corporation of India is unable to provide even the bags to the States for the wheat procured by them; and
- (e) if so, the details thereof and the corrective steps taken thereon?

**Answer**

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

(a) & (b) The primary cost of procurement is the Minimum Support Price (MSP) payable to the farmers. In addition, various taxes levied by the respective State Governments are also to be paid. Such taxes are payable as a percentage of MSP. The MSP of Wheat and Paddy has increased over the years with consequential impact on the cost of procurement. Transportation of foodgrains by Food Corporation India (FCI) is primarily made through the Indian Railways. The rail freight charged by the railways on foodgrains have increased by 36.75% over the last three years. The storage operations are mainly done by hiring storage capacity from CWC and SWC. The rent payable for such capacity are determined by the Ministry of Finance.

The details of costs incurred by FCI on procurement, storage, transportation and distribution operations per quintal of wheat and rice are at Annexure -I.

Statement showing State-wise and grain-wise stock position of foodgrains in the Central Pool as on 1st April during last three years is at annexure-II.

The year-wise/state-wise details of theft cases is at Annexure-III

(c) With a view to effect savings in procurement of foodgrains, the Government is implementing the scheme of Decentralised Procurement under which State Governments procure, store and distribute foodgrains under Targeted Public Distribution System (TPDS) and Other Welfare Schemes (OWS). States/UTs. have also been requested to reduce the statutory taxes levied on MSP to reduce the procurement costs. In order to check pilferage of foodgrains following steps have been taken by FCI:-

- (i) Installation of barbed wires, fencing of boundary walls, provision of street lights in the godowns/complexes and proper locking of the sheds.
- (ii) Security staff of FCI as well as other agencies like Home Guards, Special Police Officers are deployed for safety of stocks.
- (iii) Deployment of Central Industrial Security Force and State Armed Police has been done at vulnerable depots/godowns in the naxal prone areas.
- (iv) Security Inspection as well as surprise checks of the depots are being conducted from time to time at various levels to detect and plug any security lapses.
- (v) FIRs have also been lodged with the Police. Besides, departmental action including recovery of loss has been resorted to.

(d) & (e) Food Corporation of India does not provide bags to the States/Agencies for procurement operations. State Govt. and its agencies involved in procurement purchase their requirement of gunnies through DGS&D or open market directly.

However, in view of increasing demand for packaging material due to higher level of production, variation in the procurement periods across the States and the limited monthly production capacity of the Jute Industry, the Central Government assist the procuring

States/Agencies by organizing periodical meetings with all concerned for assessing the requirement, advance planning and co-ordinating the supply so that required packaging material becomes available in time.