

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

UNSTARRED QUESTION NO:371

ANSWERED ON:26.02.2013

EXPENDITURE ON FOODGRAINS

Mahato Shri Narahari; Roy Shri Nripendra Nath; Tirkey Shri Manohar

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

(a) whether the Government has reviewed the expenditure being incurred by the Food Corporation of India (FCI) and other Government agencies on procurement, storage and transportation of foodgrains keeping in view the constant increase during the last three years;

(b) if so, the details and the outcome thereof;

(c) whether the Government has taken any action to implement the decisions taken during the review; and

(d) if so, the details thereof and if not, the reasons therefor?

**Answer**

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

(a) to (d) The expenses incurred by Food Corporation of India (FCI) on procurement, storage and transportation are reviewed by the Board of Directors of FCI in which Govt. of India representatives i.e. Additional Secretary & Financial Adviser and Joint Secretary (Policy) in the Department of Food and Public Distribution also participate while approving the budget proposals of FCI.

The Board of Directors of FCI while approving the budget for the year 2012-13 (RE) and 2013-14 (BE) has directed to constitute a Committee consisting of JS(Policy) and Advisor(Cost) of Department of Food & PD and Executive Director (Finance) of FCI to review the operational expenses of FCI under different heads and to suggest the scope of reducing such expenses.

The Committee constituted by the Board of Directors as mentioned above has met and made preliminary suggestions on the following areas for reduction of cost:-

(i) To reduce the handling cost of FCI, the Committee has suggested implementation of mechanised handling system in FCI depots which is under implementation by FCI.

(ii) Regarding reduction of interest cost, FCI and Govt. of India have already taken up the issue with the consortium of banks. As a result of such action, the interest rate on the Cash Credit Limit of FCI and different State Agencies is being reduced by 25 basic points. This would reduce the interest cost by approximately Rs. 290 crore per year.

(iii) The Committee has suggested that the Govt. of India should provide adequate allocation of food subsidy in the Union Budget to avoid recurring arrear of food subsidy which are financed by the banks and attracts additional interest burden on FCI.

In addition to above the Government is also Encouraging Decentralized Procurement and distribution of Foodgrains for reducing the food subsidy burden.