

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

UNSTARRED QUESTION NO:3118
ANSWERED ON:08.12.2009
PROCUREMENT OF FOODGRAINS
Maadam Shri Vikrambhai Arjanbhai

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

(a) whether the Government has decided to procure wheat and rice much in excess of the requirement for the public distribution system and other welfare schemes with a view to sell the same in the open market for controlling hoarding and price rise; and

(b) if so, the details thereof and the steps taken thereon indicating the quantum of the above commodities procured during the current year?

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): Under the existing policy of foodgrains procurement, the Central Government, through Food Corporation of India (FCI) and State agencies, purchases all the foodgrains, conforming to the prescribed specifications, offered for sale by farmers at specified centers at the Minimum Support Price (MSP). However, the farmers have the options to sell their produce to FCI/State agencies at MSP or in the open market, as is advantageous to them. As such, Procurement of foodgrains under MSP operations is open ended and hence all the foodgrains (rice and wheat) offered by farmers at designated centres are purchased by Food Corporation of India/State Agencies. Under Open Market Sale Scheme (domestic), in 2009-10 for October- December period, the Government has allocated 10 lakh tonnes of wheat and 5 lakh tonnes of rice to State Governments for sale to retail consumers/small processors. 5 lakh tonnes of wheat has also been allocated to FCI for tender sale to bulk consumers.

(b): Steps taken by the Government to maximize procurement of wheat and rice in the Central Pool so as to contain the prices are at Annexure.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (b) OF THE UNSTARRED QUESTION NO.3118 DUE FOR ANSWER ON 08.12.2009 IN THE LOK SABHA.

Steps taken by the Government to maximize procurement of wheat and rice so as to contain the prices:

Wheat

(i) Wheat export on private account has been banned from 9.2.2007 till further orders.

(ii) The MSP for wheat was fixed at Rs.1000 per quintal for RMS 2008-09. As a result of this and other measures taken by Government, 226.89 lakh tonnes of wheat was purchased in RMS 2008-09, which has enhanced the availability of wheat. The MSP for wheat in RMS 2009-10 was fixed at Rs.1080 per quintal, which has contributed to procurement of 253.82 lakh tonnes of wheat.

Rice

(i) In KMS 2008-09, the MSP of Rs.850/- and Rs.880/- per quintal was fixed for Common and Grade 'A' varieties of paddy. The Government also allowed a bonus of Rs.50/- per quintal on both varieties of paddy during KMS 2008-09 to maximize the procurement. As a result of this, a record quantity of 333.07 lakh tonnes of rice was procured in KMS 2008-09, which has enhanced the availability of rice in the Central Pool. In KMS 2009-10, the MSP of Rs.950/- and Rs.980/- per quintal was fixed for Common and Grade 'A' varieties of paddy. The Government has also approved a bonus of Rs.50/- per quintal on both varieties of paddy during KMS 2009-10 to maximize rice procurement for Central pool.

(ii) Export of non-basmati rice has been banned w.e.f. 1.4.2008. Export of Basmati Rice is allowed only at Minimum Export Price (MEP) of US\$ 900 per MT.

(iii) To have an assessment of major rice purchases by private trade, a notification titled "Rice (Stock Declaration by Companies or Firms or individuals) Order 2009 has been issued under the Essential Commodities Act 1955 on 11.11.2009.

(iv) State Governments have been requested to maximize the procurement of rice by opening sufficient number of procurement

centres and by making other necessary arrangements for the procurement of paddy and its milling. State Governments have also been requested to enforce a minimum levy of 50% on rice millers.

(v) Commission to societies and Self-Help Groups (SHGs) for KMS 2009-10 has been fixed at 2.5% of MSP to maximize procurement from small and marginal farmers.