

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

UNSTARRED QUESTION NO:5681

ANSWERED ON:30.04.2013

FUNDS FOR FCI

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

(a) whether the requirement of funds by the Food Corporation of India (FCI) has gone up as there has been a substantial increase in the procurement of foodgrains and the Minimum Support Price payable to farmers;

(b) if so, the details thereof;

(c) whether FCI was provided only a sum of Rs. 71,980 crore for this fiscal as against the outstanding of Rs. 95,000 crore up till March 31, 2013 including arrears;

(d) if so, the details thereof and the reasons therefor; and

(e) whether the FCI has sought the permission from the Government to raise funds for meeting this shortfall and if so, the details thereof and the reaction of the Government thereto?

Answer

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

(a) and (b): The Food Corporation of India (FCI) purchase foodgrains for Central Pool at Minimum Support Price (MSP) fixed by the Government of India and makes it available to the State Governments at the Central Issue Prices for distribution under Targeted Public Distribution System and Other Welfare Schemes. Subsidy is reimbursed to FCI to meet the difference between economic cost of foodgrains (which include MSP and other charges) and the Central Issue Prices of foodgrains and also for Cost incurred for maintaining buffer stocks of foodgrains.

The rise in fund requirement is mainly attributable to increase in economic cost of foodgrains, whereas CIPs of subsidized foodgrains have remained unchanged since 2002.

(c) and (d): A provision of Rs. 71980 crore was made at the Revised Estimate stage for 2012-13 for reimbursement to FCI against projected demand of Rs. 101887 crore.

(e): Following steps have been taken by the Government/FCI to enable the Corporation to meet its financial commitments and run its operation smoothly:-

(i) Government guarantee for FCI was enhanced by Rs.10,000 crore for the period December, 2012 to February, 2013 which enabled FCI to avail higher Cash Credit Limit from the Banks.

(ii) FCI has been permitted to issue Bonds of Rs.5,000 crore which enabled FCI to borrow Rs.5,000 crore through issue of Government Guaranteed Bonds during March, 2013 having tenure of 10- 15 years.

(iii) FCI was also sanctioned Ways and Means Advance (WMA) of Rs.10,000 crore in April, 2012 which was recovered in the month of March, 2013 from the Food Subsidy payable to FCI. A provision for Ways and Means Advance of Rs.10,000 crore has also been made for FCI in Budget 2013-14.

(iv) FCI has also got approval from its Board of Directors and the Consortium of Banks to raise unsecured Short Term Loan upto Rs.20,000 crore as and when there is mismatch in cash flow of the Corporation.