

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

UNSTARRED QUESTION NO:6412
ANSWERED ON:05.05.2015
HANDLING COST
Mahato Shri Bidyut Baran

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

- (a) the expenditure incurred by the Food Corporation of India (FCI) on the purchase, storage and transportation of foodgrains per quintal during the last three years and the current year;
- (b) whether the Food Corporation of India has increased the overhead charges fixed for rice and wheat during the above period;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether huge amount is being spent for preservation of foodgrains in comparison to the actual cost of foodgrains; and
- (e) if so, the reasons therefor and the steps taken by FCI for reducing the said cost?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI RAM VILAS PASWAN)

(a) & (b): The cost of Food grains (Economic Cost) consists of Acquisition Cost (i.e. MSP+ Procurement Incidentals) and Distribution Cost.

The Overheads charges of FCI consists of Freight, Handling, Storage, Interest and Administration expenses. These charges are based on actual expenditure incurred by FCI on these heads.

The expenditure incurred on purchase, storage, transportation and overheads of foodgrains by the FCI during the last three years and the current year are as follows:

Wheat	(Rate Rs/Qtl.)			
Particulars	2012-13	2013-14	2014-15 (RE)	2015-16 (BE)
Pooled MSP Cost	1219.41	1271.11	1346.64	1411.85
Procurement Incidentals	263.35	286.61	339.00	351.99
Acquisition Cost (a)	1482.76	1557.52	1685.64	1763.84
Distribution Cost-	107.30	143.04	127.34	149.17
Freight				
Handling	51.03	68.25	61.31	74.24
Storage	29.01	31.23	46.90	62.45
Interest	57.93	74.37	96.43	97.49
Shortages	2.22	4.04	2.33	2.81
Admin. Overhead	22.32	29.87	27.61	31.70
Distribution Cost (b)	269.81	350.80	361.92	417.86
Economic Cost (a+b)	1752.57	1908.32	2047.56	2181.70

Rice

(Rate Rs/Qtl.)

Particulars	2012-13	2013-14	2014-15 (RE)	2015-16 (BE)
Pooled MSP Cost	1633.83	1762.01	1925.52	2039.01
Procurement Incidentals	383.76	463.53	462.13	499.09
Acquisition Cost (a)	2017.59	2225.54	2387.65	2538.10
Distribution Cost-	91.27	134.19	133.93	155.92
Freight				
Handling	51.03	68.25	61.29	74.26
Storage	29.01	31.23	46.91	62.48
Interest	79.25	106.79	136.59	140.30
Shortages	14.40	19.64	23.96	36.14
Admin. Overhead	22.32	29.87	27.58	31.73
Distribution Cost (b)	287.28	389.97	430.26	500.83
Economic Cost (a+b)	2304.87	2615.51	2817.91	3038.93

Cost(a+b)
Paddy converted in terms of Rice

(c): The details of Overhead Charges are given above along with the reply of part (a) of the question. The reasons for the increase in overhead charges fixed for rice and wheat during the above period are as follows:

1. Freight and handling cost has increased due to hike in rail freight and volume of operation.
2. Storage overhead has increased due to increase in lease/rent under PEG-Scheme.
3. Interest overhead has increased due to insufficient allocation of funds for release of food subsidy to Food Corporation of India.
4. Shortage has increased due to holding excess stock.

(d) & (e): The amount spent on preservation is only around 0.07-0.08% of the cost of Food grain which includes Polythene cover, Dunnage, Pesticides and Chemicals and Other Stores. The expenditure on preservation during the last three years as follows:

(Rs in crores)

Particulars	2012-13 (Actual)	2013-14 (Prov.)	2014-15 (RE)
Preservation Cost	36.91	37.37	36.46
Cost of Foodgrains	51105.38	50839.82	43865.99
Stock as on 31st March			