

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

STARRED QUESTION NO:100
ANSWERED ON:28.07.2000
EXPENDITURE ON MAINTENANCE OF FOODGRAINS BY FCI
NAWAL KISHORE RAI;ZORA SINGH MANN

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

- (a) the names of various heads included in the economic cost of the Food Corporation of India on which the expenditure is incurred for maintenance of the foodgrains;
- (b) the amount spent on each head during 1997-98, 1998-99 and 1999-2000, separately;
- (c) whether the economic cost of the FCI is likely to go up during 2000-2001 as the foodgrains stock is estimated to touch a new high;
- (d) if so, the likely economic cost of the FCI by the end of current year;
- (e) whether the Government have engaged any institution for reduction in the cost of maintenance of foodgrains;
- (f) if so, the details thereof alongwith the name of the institution and the amount paid to it for discharging such responsibility;
- (g) whether the Government have received any suggestions from the institutions; and
- (h) if so, the details thereof alongwith the scheme formulated to implement the suggestions?

Answer

MINISTER OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (SHRI SHANTA KUMAR)

(a),(b),(c),(d),(e),(f),(g) & (h) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a),(b),(c),(d),(e),(f),(g) & (h) OF THE STARRED QUESTION NO. 100 FOR ANSWER IN THE LOK SABHA ON 28-07-2000.

(a)&(b) : Various components of the Economic Cost of wheat and rice and the break-up of the expenditure (Rs. per qtl.) incurred thereon by Food Corporation of India (FCI) during the years 1997-98, 1998-99 and 1999-2000 are given in Annexures - I & II.

(c)&(d) : The economic cost of wheat and rice during the current year was estimated to be Rs.900/- per qtl.for wheat and Rs.1180/- per qtl. for rice at the beginning of the current financial year. After making adjustments in allocation of expenses between operational and buffer stocks as recommended by the Expenditure Reforms Commission, the Economic Cost forwheat and rice has been modified as Rs.830/- per qtl. and Rs.1130/- per qtl. respectively. These estimates will be revised further at the time of finalization of Revised Estimates for the current year.

(e) : Yes, sir

(f) : Administrative Staff College of India, Hyderabad, has been commissioned to carry out a study of the costs of acquisition and distribution of foodgrains by the Food Corporation of India (FCI),to arrive at ways and means to reduce the Economic Cost of wheat and rice, at a total fee of Rs.30.50 lakhs. Out of this, a sum of Rs.15.00 lakhs has already been paid.

(g)&(h) : The report is expected to be received by the end of September,2000 only.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF STARRED QUESTION NO. 100 FOR ANSWER IN THE LOK SABHA ON 28.07.2000

ECONOMIC COST OF WHEAT FROM 1997-98 TO 1999-2000

(Rs./Qtl.)

Components	1997-98	1998-99	1999-2000 (RE)
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I Pooled cost of grains	484.34	507.12	517.52
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Procurement incidental

II STATUTORY CHARGES (obligatory charges)

Mandi Charges	21.81	22.34	32.04
Purchase Tax	14.75	15.80	20.49
Infrastructure Cess			
Gunny Cost	25.8	25.06	34.73
SUB-TOTAL	62.36	63.20	87.26

III LABOUR & TRANSPORTATION CHARGES

(DECIDED AT TENDER RATE)

Mandi Labour	4.92	4.09	6.06
Forwarding charges	0.82	0.59	0.54
Internal Movement	13.80	13.84	15.94
SUB-TOTAL	19.54	18.52	22.54

IV PAYMENT TO AGENCIES DECIDED BY GOVT. OF INDIA

Storage charges	1.60	1.53	1.93
Interest charges	9.07	11.37	9.38
Administrative charges to State			
Government/agencies	7.31	7.10	10.05
Extra machine stitching 50kg.			
Bagging, difference between			
prov. and final rate due to			
inflationary increase			
SUB-TOTAL	17.98	20.00	21.36
Previous year adjustment	20.98	13.44	7.06
Other/Guarantee fee etc.	0.69	1.43	0.48
SUB-TOTAL	21.67	14.87	7.54
Difference on account of			
lesser port charges on tr	(-)6.82		(-)3.02
PROCUREMENT INCIDENTAL	108.99	110.08	132.10

V CARRY OVER CHARGES

TO STATE GOVERNMENT	13.68	16.87	34.57
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VI ACQUISITION COST 607.01 634.07 684.19

VII DISTRIBUTION COST

Freight	66.31	65.11	46.50
Handling	26.50	23.13	23.06
Storage charges	16.90	14.73	14.68
Interest charges	40.32	31.03	27.06
Transit shortages	10.11	9.78	11.57
Storage shortages	(-)0.38	(-)0.34	(-)0.28
Administrative Charges	19.58	19.65	17.96
Wage revision arrear			
Total distribution cost	179.34	163.09	140.55

VIII ECONOMIC COST 786.35 797.16 824.74

ANNEXURE-II

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF STARRED QUESTION NO. 100 FOR ANSWER IN THE SABHA ON 28.07.2000.

ECONOMIC COST OF RICE BASED ON MSP OF

KHARIF 1997, 1998 AND 1999 Rs./qt1.

COMPONENTS 1997-98 1998-99 1999-2000

I MINIMUM SUPPORT PRICE (WEIGHTED) 439.30 464.30 514.30

II STATUTORY CHARGES	44.34	46.85	54.47
Mandi charges			
Purchase Tax			
III LABOUR AND TRANSPORT	17.20	17.20	17.20
Mandi Labour			
Transportation			
IV STORAGE & INTEREST	39.20	40.22	43.94
Driage			
Custody & Maintenance			
Interest			
V MILLING CHARGES	12.00	12.00	12.00
VI COST OF ONE QTL. OF PADDY	552.04	580.57	641.91
VII COST OF ONE QTL. OF RICE AT 67% OTR	823.94	866.52	959.87
VIII COST OF GUNNY & GUNNY DEPRECIATION (50 KG PACKING)	38.05	38.05	47.46
IX ACQUISITION COST (COST OF 1 QTL. OF RICE)	861.99	904.57	1007.33
X DISTRIBUTION COST			
Freight	61.92	61.92	61.92
Handling	23.36	23.36	23.36
Storage Charges	16.16	16.16	16.16
Interest Charges	44.56	44.56	44.56
Shortages	9.04	9.04	9.04
Administrative overhead	15.84	15.84	15.84
TOTAL DISTRIBUTION COST	170.88	170.88	170.88
IX ESTIMATED ECONOMIC COST	1032.87	1075.45	1178.21