

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

UNSTARRED QUESTION NO:1788
ANSWERED ON:05.12.2005
INSURANCE AGAINST TRANSIT LOSSES OF FOODGRAINS
Patle Shri Shishupal Natthu;Rawat Shri Ashok Kumar

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

- (a) whether the Government has made any assessment regarding transit losses of Foodgrains incurred by Food Corporation of India (FCI) during the last three years;
- (b) if so, whether a grain insurance scheme has been initiated or proposed to be initiated to cover such losses;
- (c) if so, whether the Government has made any agreement with the insurance companies to implement the said scheme;
- (d) if so, whether an assessment regarding the benefits likely to be accrued from such `insurance` has been made; and
- (e) if so the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a): As per the audited accounts, the rail transit losses sustained by the FCI in the years 2001-02 to 2003-04 has been assessed in terms of quantity and value as indicated below:-

Year	Quantity of loss (in lakh MT)	Value (in Rs./Crores)	%age loss
2001-02	1.42	123.12	0.61
2002-03	1.70	148.52	0.57
2003-04	1.70	150.48	0.50

(b): Looking at the magnitude of the transit losses and the fact that majority of the losses are caused to the foodgrains moved by rail, a decision has been taken with the approval of the Board of Directors of the FCI to provide insurance coverage of the losses caused to the Corporation through movement of foodgrains (Rice and Wheat) by rail. The insurance coverage has commenced from 20th September, 2005.

(c): Yes, Sir. The FCI has engaged M/s. Oriental Insurance Company Ltd., New Delhi to provide insurance coverage to the movement of foodgrains (Rice and Wheat) ex-Punjab and Haryana Regions in the North Zone to other Zones of the FCI.

(d) & (e): Yes, Sir. While examining the proposals for reducing the transit losses caused to the FCI through movement of foodgrains by rail, it was felt that the transit losses would get reduced to a large extent. As per the terms of the Insurance Policy, 0.25% of the losses are to be considered as normal which are not to be paid by the insurer. The rate of premium approved is equal to the amount of 0.25% of the value of foodgrains in transit and under insurance coverage. Based on the figure of approximately Rs. 149 crores of transit losses for the entire FCI reported in the year 2002-03 and the premium outgo of approximately Rs. 50 crores per year, it was estimated that FCI would be able to effect saving of the order of Rs. 49 crores annually, which would mean a reduction by approximately 1/3rd in the losses.