

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

UNSTARRED QUESTION NO:2934

ANSWERED ON:03.09.2007

IMPORT OF WHEAT AT HIGHER PRICE

Basu Shri Anil;Khan Shri Sunil;Mahajan Smt. Sumitra;Maheshwari Smt. Kiran;Vijay Krishna Shri

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

- (a) whether the Government imported wheat at a higher price as compared to the price paid for procurement in the country;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether there is any proposal to purchase wheat from the open market instead of importing it for welfare schemes;
- (d) if so, the details thereof, indicating the price in the domestic market and the import price;
- (e) whether the tenders received for a lower price were cancelled and later issued at a higher price; and
- (f) if so, the details thereof and the reasons therefor?

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): Yes, Sir.

(b): In order to ensure the food security of the country and make wheat available for Targeted Public Distribution System (TPDS) and other welfare schemes, the Government decided to import upto five million tonnes of wheat during the year 2007-08. Accordingly, the State Trading Corporation (STC) was asked to place orders for import of 5.11 lakh MTs wheat at a weighted average price of US \$ 325.59 per MT C&F (FO).

(c): No, Sir.

(d): Does not arise.

(e) & (f): Wheat is imported in tranches by floating tenders at different intervals. The Government invited a tender on 30.4.2007 for import of one million tonnes of wheat. Offers were received for supply of 3.06 lakh tonnes of wheat at US \$ 263 per MT. No purchase was made against the tender. A second tender was invited on 26.06.2007 for import of one million tonnes of wheat and 5.11 lakh MTs of wheat has been ordered to be imported at a weighted average price of US \$ 325.59 per MT C&F(FO). The main reasons for non-acceptance of offer under the first tender are as follows:

(i) STC, the agency which was entrusted the work of import of wheat by the Government advised that there are possibilities of softening of prices for arrival beyond August 2007 after the harvest in major wheat exporting countries.

(ii) International Grains Council (IGC) Report of April, 2007 reported a good Global crop of 623 million tonnes against last year's crop of 593 million tonnes which could have a softening effect on wheat prices.

(iii) The offers received for delivery in the months of July/August were lower than for June/July, indicating lower prices in coming months.

(iv) Declining price trend in the international market at that time.

(v) Domestic procurement was going on and payment of higher prices for imported wheat could have resulted in traders hoarding wheat stocks in the hope of getting higher prices in future, thereby affecting procurement.