

## Procurement of foodgrains

5.25 Food Corporation of India is the Central Government's nodal agency for foodgrains procurement, whereas National Agricultural Federation (NAFED) is the agency for undertaking price support for pulses, oilseeds and other products. Foodgrain trade is free and farmers are free to sell to private traders in case they receive prices higher than the Minimum Support Price.

5.26 Each year, the Food Corporation procures roughly 15-20 per cent of India's wheat production and 12-15 per cent of rice production. Major contributors to central procurement are Punjab, Andhra Pradesh, Haryana and Uttar Pradesh. Quantity procured under the Central Pool in recent years is listed in Table 5.9.

5.27 One of the problems faced by the FCI, particularly this year, is that it is saddled with large volume of stocks, particularly of wheat, which is much above the stipulated buffer stock norms. This is largely due to higher procurement in three successive years. Poor

<b>TABLE 5.9</b> <b>Procurement of Wheat and Rice</b> <b>(Central Pool)</b> <b>(Million Tonnes)</b>				
<b>Marketing Year</b>	<b>Wheat</b> <b>(April - March)</b>		<b>Rice</b> <b>(Oct - Sept)</b>	
	<b>Qty</b>	<b>%change</b>	<b>Qty</b>	<b>%change</b>
1994-95	11.87	-7.5	13.40	-1.8
1995-96	12.33	3.9	9.95	-25.7
1996-97	8.16	-33.8	12.22	22.8
1997-98	9.30	14.0	14.33	17.3
1998-99	12.65	36.0	11.84	-17.4
1999-00	14.14	11.8	17.27	46.5
2000-01	16.35	15.6	11.43*	

\* as on 11.1. 2001.

offtake of wheat under TPDS has aggravated this situation further, (Table 5.7 & 5.8). The raising of APL prices equal to the economic cost has caused offtake of wheat by APL families to decline further as market prices during 2000-01 were lower than APL prices for wheat supplied through TPDS.