

Long term Food Management Policy

5.57 The Department of Food & Public Distribution constituted a High Level Committee on November 16, 2000 for formulating a long term Grain Policy for the country. The Committee has submitted its interim report recently and the final report is expected very shortly. Some of the major short-term recommendations of the Committee are summarised in Box 5.5.

BOX 5.5

Food Management Policy- Some recommendations

The Department of Food & Public Distribution constituted a High Level Committee on 16th November 2000 for formulating a long term Grain Policy for the country. The Committee has submitted its interim report recently. Some of the major short-term recommendations of the Committee are as follows:

- (i) Since payments by the FCI as statutory levies to state governments are essentially transfers from the centre to the state governments, these should be eliminated in case of foodgrains. These should be taken care of separately between the Centre and the states without involving the FCI or by including these levies in the economic cost of the FCI.
- (ii) Quality norms should be strictly adhered to while procuring foodgrains for PDS distribution. If relaxation is done, it should be accompanied by appropriate price reduction.
- (iii) MSP for paddy should be fixed only for a single grade instead of Common & Grade A classification being followed at present.
- (iv) Open market Sale Scheme (OMSS) prices should cover not only the acquisition cost but should also reflect the differences in the costs of transportation and storage at different points of sale.
- (v) APL price should be reduced to 80 percent of the economic cost and BPL price to 50 percent of the economic cost excluding statutory levies. This would also help improve the viability of the fair price shops in the distribution network.
- (vi) BPL quota should be fixed according to the number of members in the family at say 5 kg per person at BPL price per month or 20 kg per family whichever is higher.
- (vii) Universal PDS at BPL prices may be introduced for calamity affected areas.
- (viii) Employment generation programmes should be expanded for creating an effective demand for foodgrains.