

Buffer stocks

5.33 In addition to the requirements of wheat and rice under the Targeted Public Distribution System (TPDS), the Central Pool is required to have sufficient stocks in order to meet emergencies like drought/failure of crops, and undertake open market sale in case of a sharp rise in market prices. The minimum buffer stock norms as well as actual stocks in the Central Pool at the beginning of the four quarters for 2001-2004(April) are given in Table 5.13. The stocks currently with the FCI are over and above the minimum requirements and the foodgrains situation is comfortable. Foodgrain stocks as on April 1, 2004 were 20

million tonnes (Rice stocks of 13.1 million tonnes and wheat stocks of 6.9 million tonnes) as against 32.8 million tonnes on April 1, 2003.

5.34 Buffer stocks have to reconcile the conflicting needs of ensuring a comfortable availability position with the need to economise on wastage, storage costs and interest on credit availed for food procurement and storage. Thus, there is merit in sticking close to the buffer stock norms. Manageable levels of stocks facilitate better grain management, lesser wastage, reduced carrying cost, lower food credit requirement and a lower food subsidy bill.

Table 5.13 : Central foodgrain stocks and minimum buffer stock norms

(Million tonnes)

Beginning of the month	Wheat		Rice		Total (wheat and rice)	
	Min. norm	Actual stock	Min. norm	Actual stock	Min. norm	Actual stock
January-2001	8.4	25.0	8.4	20.7	16.8	45.7
April	4.0	21.5	11.8	23.2	15.8	44.7
July	14.3	38.9	10.0	22.8	24.3	61.7
October	11.6	36.8	6.5	21.5	18.1	58.3
January-2002(P)	8.4	32.4	8.4	25.6	16.8	58.0
April	4.0	26.0	11.8	24.9	15.8	50.9
July	14.3	41.1	10.0	21.9	24.3	63.0
October	11.6	35.6	6.5	15.8	18.1	51.4
January-2003 (P)	8.4	28.8	8.4	19.4	16.8	48.2
April	4.0	15.6	11.8	17.2	15.8	32.8
July	14.3	24.2	10.0	11.0	24.3	35.2
October	11.6	18.4	6.5	5.2	18.1	23.6
January- 2004(P)	8.4	12.7	8.4	11.7	16.8	24.4
April	4.0	6.9	11.8	13.1	15.8	20.0

(P) Provisional
Source : Department of Food and Public Distribution.