

## Buffer stock

5.44 In a normal year, higher level of stock buildup leads to higher subsidies through higher carrying costs. Therefore, the buffer stock policy of the government should ensure that the foodgrains stocks do not cross the norms for that year beyond a reasonable margin. Actual stocks of wheat and rice have consistently remained higher than the corresponding buffer norms during 2001-02, 2002-03, 2003-04 and first three quarters of 2004-05. During July 2005, for the first time since 2001-02, the actual stocks of food grains

fell short of the buffer norms by almost 2.4 million tonnes. The shortfall in stocks however came down to only 1.1 million tonnes in October 2005. This shortfall is due to a shortfall of 0.7 million tonnes in wheat and 0.4 million tonnes in rice (Table 5.17). However, the present shortfall in the stocks over the buffer norms is not considered alarming and appears sufficient to meet the requirements under TPDS, welfare schemes and open market sales during the current financial year. This shortfall is expected to lead to a reduction in carrying costs and the subsidies bill of the Government.

**Table 5.17 : Central foodgrains stocks and minimum buffer norms**

(Million tonnes)

Beginning of the month	Wheat		Rice		Total (wheat and rice)	
	Buffer norm	Actual stock	Buffer norm	Actual stock	Buffer 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
July	14.3	19.1	10.0	10.8	24.3	29.9
October	11.6	14.2	6.5	6.1	18.1	20.3
January-2005(P)	8.4	8.9	8.4	12.8	16.8	21.7
April	4.1	4.0	12.2	13.3	16.2	17.4
July	17.1	14.5	9.8	10.1	26.9	24.5
October	11.0	10.3	5.2	4.8	16.2	15.1

P : Figures from 2002 onwards provisional.

Source : Department of Food and Public Distribution.