

Economic cost of foodgrains

5.48 Economic cost of rice has shown an increasing trend since 1999-2000. The increase in the economic cost of rice during 2004-05 was 6 per cent over 2003-04 (Table 5.19). This increase in the economic cost was despite actual decline of 18.8 per cent in the procurement incidentals (mainly MSP, State levies). The economic cost of

wheat during 2004-05, however, rose by 8.5 per cent over 2003-04. Distribution cost accounted for this increase.

5.49 As the MSP level and the State levies account for more than 50 per cent of procurement incidentals, rationalization in the MSPs must keep in view the implications of high support prices on the economic cost of foodgrains.

Table 5.19 : Economic cost of rice and wheat						
<i>(Rs/quintal)</i>						
Year	2000-01	2001-02	2002-03	2003-04	2004-05(RE)	2005-06(BE)
Rice						
Procurement incidentals	69.9	66.8	61.7	25.6	20.8	27.6
Distribution Cost	189.9	119.6	157.7	215.4	266.7	237.1
Economic Cost \$	1137.1	1097.7	1165	1231.3	1304.6	1286.2
Wheat						
Procurement incidentals	128.2	134.7	137.6	145.5	153.5	149.7
Distribution Cost	166.2	126.7	145.5	165.3	226.3	195.7
Economic Cost \$	883.5	852.9	884	928.7	1007.7	983.0
\$ Weighted average of common and grade-A rice taken together.						
Source : Department of Food and Public Distribution.						