

Foodgrains Procurement, Stocks and Allocation

5.27 Procurement of foodgrains by the Government serves the dual purpose of providing support prices to the farmers and of building up public stocks of foodgrains. Procurement operations are carried out by the FCI and the state agencies designated by State Governments. Procurement prices are based on support prices recommended by the Commission for Agricultural Costs and Prices.

5.28 Food stocks are maintained by the Central Government to (i) meet the the prescribed Minimum Buffer Stock norms for food security, (ii) for monthly releases of foodgrains for supply through the PDS and (iii) for market intervention to augment supply so as to help moderate the open market prices. One of the problems faced by the FCI

particularly this year is that it is saddled with large volume of stocks, particularly of wheat, much above the stipulated buffer stock norms. This is largely due to higher procurement in April-June 1999 and poor offtake of wheat under TPDS (Table 5.8 & 5.9).

TABLE 5.9
Procurement of Wheat and Rice
(Central Pool)

(Million Tonnes)

Marketing Year	Wheat (April - March)		Rice (Oct - Sept)	
	Qty	%change	Qty	%change
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	11.79	-17.7
1999-2000	14.14	11.8	12.57*	-

* as on 11 February, 2000.

TABLE 5.8

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-1994	7.7	10.8	7.7	11.2	15.4	22.0
April	3.7	7.0	10.8	13.5	14.5	20.5
July	13.1	17.5	9.2	13.3	22.3	30.7
October	10.6	15.6	6.0	10.9	16.6	26.5
January-1995	7.7	12.9	7.7	17.4	15.4	30.3
April	3.7	8.7	10.8	18.1	14.5	26.8
July	13.1	19.2	9.2	16.4	22.3	35.6
October	10.6	16.9	6.0	13.0	16.6	29.9
January-1996	7.7	13.1	7.7	15.4	15.4	28.5
April	3.7	7.8	10.8	13.1	14.5	20.9
July	13.1	14.1	9.2	12.9	22.3	27.0
October	10.6	10.5	6.0	9.3	16.6	19.8
January-1997	7.7	7.1	7.7	12.9	15.4	20.0
April	3.7	3.2	10.8	13.2	14.5	16.4
July	13.1	11.4	9.2	11.0	22.3	22.4
October	10.6	8.3	6.0	7.0	16.6	15.3
January-1998	7.7	6.7	7.7	11.5	15.4	18.2
April	3.7	5.1	10.8	13.0	14.5	18.1
July	13.1	16.5	9.2	12.0	22.3	28.5
October	10.6	15.2	6.0	9.0	16.6	24.2
January-1999	8.4	12.7	8.4	11.7	16.8	24.4
April	4.0	9.9	11.8	11.7	15.8	21.6
July	14.3	21.6	10.0	10.7	24.3	32.3
October	11.6	20.4	6.5	8.8	28.1	29.2
January-2000	8.4	17.3	8.4	14.2	16.8	31.5

5.29 The Minimum Buffer Stock Norms as revised on October 30,1998 are given below:

Buffer Stock Norms

(million tonnes)

	Jan.	Apr.	July	Oct.
Wheat	8.4	4.0	14.3	11.6
Rice	8.4	11.8	10.0	6.5
Total	16.8	15.8	24.3	18.1

5.30 The Government cannot fix any target for procurement of foodgrains as procurement operations are totally voluntary. The producers have the option to sell their produce either to the FCI/State agencies at the Minimum Support

Prices or in the open market whichever is advantageous to them. Recently, the Government has been considering a proposal to decentralize the process of procurement in the states of Uttar Pradesh, Madhya Pradesh, Rajasthan and Bihar. Madhya Pradesh and Uttar Pradesh have already started procurement of wheat under this scheme from the current rabi marketing season. Government of U.P. has started decentralised procurement of paddy/rice during Kharif Marketing Season 1999-2000. The scheme had earlier been adopted by the Government of West Bengal, which has been undertaking procurement of rice from the kharif marketing season 1997-98.