



FOOD CORPORATION OF INDIA

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PRESS RELEASE

HLC discuss issues of procurement of food grains, performance of PDS and financial management of FCI

New Delhi, Sept 27: The High Level Committee (HLC), constituted by the Central Government to improve the overall operations of Food Corporation of India (FCI), held a meeting for the second day today where it discussed the presentations made by the governments of Chhattisgarh and Punjab on a host of issues, especially the decentralised mode of procurement of food grains and performance of Public Distribution System (PDS).

The Committee, headed by former Union Minister Shri Shanta Kumar, Member of Parliament, also discussed an important presentation on financial management of FCI, made by its Executive Director (Finance).

The presentation of the Chhattisgarh government, made by its Food Secretary Dr. Alok Shukla, who is also a member of the HLC, gave details of the system of procurement in the state, including the benefits and drawbacks of decentralised mode of procurement and scope for improvement in the system.

The committee, held in-depth discussions on the positive outcomes of decentralized mode of procurement, such as increased participation of states in the price support scheme, cost-effectiveness for government, farmer-friendliness, sustained growth in procurement, reduction in crisscross movement of food grain by FCI, self-sufficiency of states and improved performance of PDS.

The panel also discussed the challenges faced by the State Governments in procurement, such as their limited capacity to receive Custom Milled Rice (CMR), insufficient storage capacity and transportation.

The presentation of the Punjab government, made by its Food Secretary Shri D.S. Grewal, who is also a member of the HLC, dwelt upon food grain management in the state and how its procurement agencies -- PUNGRAIN, PUNSUP, MARKFED, PSWC and PAFC – were involved in the planning and execution of the procurement of wheat, rice and paddy throughout the year.

The 'mandi' (wholesale market) operations; marketing infrastructure; labour and transportation contracts; payment of MSP to farmers; and storage in CAP, PEG godowns and silos were all laid



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threadbare before the committee. The challenges being faced by the Punjab government were also discussed and optimal solutions were looked at.

The most important presentation on which committee spent a lot of time was on financial management by FCI and an analysis of all costs borne by it so as to find out the potential areas for cost savings.

The HLC Chairman declared that Committee would soon be visiting Chhattisgarh and Punjab for having a closer look at the physical operations there and interact with various stakeholders to arrive at optimal solutions for better food grain management for the country.

The next meetings of the HLC are likely to be held on October 8 and 9, 2014.

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