

Rs.465 crore FOOD SUBSIDY SAVED BY FCI

The Food Corporation of India saved its interest cost by Rs. 136.24 crore p.a. by negotiating the interest rate with the consortium of banks. This saving is caused by reducing the interest rate by 25 basis points. This has also reduced the interest cost of procuring states by Rs. 329.45 crore p.a. which is reimbursed by Govt. of India as a part of food subsidy. Thus the total interest cost saved is Rs.465.69 crore.

Food Corporation of India meets its working capital requirement through a Cash Credit Limit (CCL) arrangement with consortium of 62 Banks led by SBI. This CCL is secured by stock held by FCI and GoI guarantee. This consortium is regulated by RBI as regard to the participating member banks and their individual shares. However the interest cost on CCL is decided by a Standing Committee consisting of five major banks in the consortium namely SBI, PNB, Canara Bank, Bank of India and Bank of Baroda. Present Cash Credit Limit of FCI is Rs. 54,495 crore which has been raised from Rs.44,495 crore w.e.f. 20.12.2012. Besides FCI, the same consortium also extends cash credit to major procuring states like, Punjab, Haryana, U.P., Rajasthan, M.P. etc. at a rate 100 basis points more than the FCI interest rate. The food credit sanctioned to States is Rs. 1,31,778 crore. After reduction the effective interest rate for FCI is 10.79% p.a. and for states it is 11.79% p.a.