

# Food Corporation of India

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**In news :** While addressing the 57th foundation day of Food Corporation of India(FCI), Food and Consumer Affairs Minister said that FCI will be strengthened and modernised in the next 12 months

## **About the Food Corporation of India(FCI)**

FCI is Public Sector Undertaking , under the Deptt. of Food & Public Distribution, set up in 1965 under the Food Corporations Act, 1964 against the backdrop of major shortage of grains especially, wheat with the primary duty to undertake purchase, store, move/transport, distribute and sell food grains and other foodstuffs. Simultaneously, Agricultural Prices Commission was created in 1965 to recommend remunerative prices to farmers.

The Food Corporation of India was setup under the Food Corporation's Act 1964 , in order to fulfill following objectives of the Food Policy:

- Effective price support operations for safeguarding the interests of the farmers.
- Distribution of foodgrains throughout the country for public distribution system.
- Maintaining satisfactory level of operational and buffer stocks of foodgrains to ensure National Food Security

## **Objectives**

### **FCI's Objectives are:**

- To provide farmers remunerative prices
- To make food grains available at reasonable prices, particularly to vulnerable section of the society
- To maintain buffer stocks as measure of Food Security
- To intervene in market for price stabilization

## **Organizational Set-Up of FCI**

Food Corporation of India coordinates its functions through a country-wide network of offices with Headquarters at New Delhi with five Zonal Offices, twenty-five Regional Offices and 170 District Offices under its control.

## **Major Activities undertaken by FCI**

### **Procurement:**

The Central Government extends price support for procurement of wheat, paddy and coarse grains through the FCI and State Agencies. All the food grains conforming to the prescribed specifications are procured by the public procurement agencies at the Minimum Support Price (MSP) plus incentive bonus announced, if any. Procurement is undertaken both in DCP & Non-DCP mode.

- **Under the Decentralized Procurement Scheme (DCP), introduced in 1997-98**, food grains are procured and distributed by the State Governments themselves.
  - The designated States procure, store and issue food grains under TPDS and other welfare schemes of the Government of India.
  - The decentralized system of procurement was introduced to enhance the efficiency of procurement for PDS and to encourage procurement in non-traditional States as well as to save on transit losses and costs.

Before the start of each procurement season, Govt. of India announces uniform specification for quality of wheat, paddy, rice and coarse grains.

**Quality Control Division of FCI ensures procurement of food grains from procurement centres strictly in accordance with Govt. of India's uniform quality specifications.** As decided by the CCEA, FCI has also been nominated as an **additional nodal**

**Agency for procurement of Pulses and Oilseeds.** The Department of Agriculture and Cooperation is drawing up guidelines /MoU for FCI to procure the said items

### **Targeted Public Distribution:**

- System FCI meets the requirements of TPDS through grains procured which are issued at Central Issue Price fixed by GOI to fulfill the objective of helping the economically vulnerable sections of society.
- FCI delivers food grains to State Govt./ State Agencies from its base depots for distribution by the latter through Fair Price Shops.
- The role of FCI becomes even more important in the backdrop of National Food Security Act, 2013, that commits to distribute more than 61 MMT through targeted public distribution system (TPDS) and other welfare schemes (OWS), at highly subsidized prices.

### **Stocking Norms:**

The buffer stocks are required to meet the food grain requirement for allocations made by Government of India for TPDS and OWS; ensure food security during the periods when production is short of normal demand during bad agricultural years; and stabilize prices during period of production shortfall through open market sales.

### **Storage Management:**

- Existing storage capacity with FCI and State agencies for central pool stocks as on 30.06.2016 is 816.24 LMT, of which 164.81 LMT is under Cover and Plinth (CAP).
- To reduce the dependence on CAP storage and to harness the benefits of private participation, the Government has introduced "Private Entrepreneur Guarantee Scheme" (PEG).
- Out of this 134.83 lakh MT has been constructed upto 30.06.2016.

## **Movement:**

In order to ensure availability of foodgrains for TPDS and OWS, and to maintain reasonable levels of buffer stocks at various strategic locations throughout the country, **FCI undertakes transportation of foodgrain (wheat and rice) from surplus States to the deficit States and also within the States by rail, road and riverine modes.** About 90% of all India movement is undertaken by railways and rest by road and waterways. On an average of 25 lakh bags (50 KG) of foodgrains are transported every day from the procuring areas to the consuming areas, covering an average distance of 1500 Kilometre.

## **What is Food Security?**

Food security, widely defined by FAO, has basically four pillars:

1. **Availability:** food should be available in sufficient quantity at all times and at all places
2. **Affordability:** food should be affordable, i.e., people should have economic access (ample income) to buy food
3. **Absorption:** food should be safe and nutritious that body can absorb for a healthy life; and

**Stability:** food system should be reasonably stable, as high volatility in food systems impacts adversely not only the poor but also endangers the stability of political and social systems.