

GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

RAJYA SABHA
UNSTARRED QUESTION NO. 682
TO BE ANSWERED ON 08th FEBRUARY, 2019

RESTRUCTURING OF FCI

682. SHRI M. P. VEERENDRA KUMAR:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) the status of implementaion of the recommendations made by the High Level Committee on Restructuring of Food Corporation of India (FCI); and
- (b) the details of funds allocated, released and utilised for implementation of the Committee's recommendations?

A N S W E R
MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)

(a) to (b): Several recommendations of the High Level Committee (HLC) have been accepted, with minor modifications wherever deemed appropriate. The status of action taken and fund utilized for the implementation of major recommendations is attached as Annexure.

ANNEUXRE REFERRED TO IN REPLY TO PARTS (a) to (b) OF THE UNSTARRED QUESTION NO. 682 DUE FOR ANSWER ON 08.02.2019 IN THE RAJYA SABHA

Major Recommendations of High Level Committee and Action Taken thereon

Sl. No.	Recommendations	Action Taken
1.	FCI to hand over all procurement operations of wheat, paddy and rice to States that have gained sufficient experience in this regard and have created reasonable infrastructure for procurement. These States are Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Odisha and Punjab.	FCI has already handed over procurement operation to State Governments in Andhra Pradesh, Chhattisgarh, Odisha and Madhya Pradesh fully. FCI is also participating in procurement operations in Punjab and Haryana on the request of concerned State Governments.
2.	FCI will accept only the surplus (after deducting the needs of the States under NFSA) from these State govts. (not millers) to be moved to deficit States.	For Decentralized Procurement (DCP) States only surplus food grains are accepted by FCI.
3.	FCI should move on to help those States where farmers suffer from distress sales at prices much below MSP, and which are dominated by small holdings, like Eastern Uttar Pradesh, Bihar, West Bengal, Assam etc.	In KMS 2017-18, 60.59 LMT of rice was procured in Eastern States. During ongoing KMS 2018-19, 31.44 LMT rice has been procured in Eastern States. Rs 1702379.00 lakh and Rs. 919526.48 lakh were incurred by Food Corporation of India (FCI) on procurement of rice in Eastern States during the KMS 2017-18 and KMS 2018-19 respectively.
4.	FCI should outsource its stocking operations to various agencies.	FCI is outsourcing its stocking operations to various agencies. Rs.19102.90 lakh, Rs.26748.75 lakh and Rs.29027.97 lakh were incurred by FCI during 2015-16, 2016-17 and 2017-18 respectively towards storage and warehousing charges.
5.	Covered and plinth (CAP) storage should be gradually phased out with no grain stocks remaining in CAP for more than 3 months. Silo bag technology and conventional storages where ever possible should replace CAP.	As per the recommendations of HLC, the hired CAP capacity of 1.94 LMT was de-hired.

6.	<p>HLC observed huge disparity in wages of various kind of labour force engaged by FCI. This happens because of the incentive system in notified depots, and widely used proxy labour. This must be fixed, either by de-notifying these depots, or handing them over to states or private sector on service contracts, and by fixing a maximum limit on the incentives per person that will not allow him to work for more than say 1.25 times the work agreed with him. These depots should be put on priority for mechanization so that reliance on departmental labour reduces.</p> <p>HLC recommends that the condition of contract labour, which works the hardest and are the largest in number, should be improved by giving them better facilities.</p>	<ul style="list-style-type: none"> Ministry of Labour & Employment however issued notification dated 06.07.2016 exempting 226 FCI depots/ railheads/ godowns from the applicability of earlier notification for a period of 2 years. This has been extended for a further period of 2 years w.e.f. 06.07.2018. Consequent upon Exemption Notification, 9,193 labourers have been repositioned out of 45,009 labourers, thereby vacating 129 departmental depots and 72 railhead and 29, 284 contract labours deployed in vacated depots/ railheads. There is likely annual savings of about Rs.600 crores. The recommendation of capping incentive could not be accepted on grounds that it would lead to delay in unloading at the railheads. However in pursuance to the award passed by CGIT, Karkardooma, Delhi on 05.07.2016, the datum of departmental labour has been revised from 105 Bags per worker per day to 135 Bags per worker per day which has resulted in reduction of incentive to about 30%. Bulk storage & movement of Food grains has been included in the action plan which indirectly emphasizes the mechanical handling of food grains and will thus reduce the labour dependency and requirement. Nodal Officers have been appointed at field level for improving the working conditions of contract labour and to ensure better facilities and adequate welfare provisions like EPF, Minimum Wages, ESI, Workmen Compensation etc. and facilities like canteen/ restrooms, urinals, and drinking water facilities.
7.	To liquidate stocks in OMSS or in export markets, whenever stocks go beyond the buffer stock norms.	Excess stock is disposed through e-auction under Open Market Sale Scheme (Domestic).
8.	India needs more bulk handling facilities a Silo capacity of about 100 LMT (together for wheat and rice) should be created in the next 3-5 years.	Government of India has approved action plan for construction of steel silos in the country for a capacity of 100 LMT in a phased manner. So far, a capacity of 6.25 LMT has been completed.