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

LOK SABHA
UNSTARRED QUESTION NO. 2777
TO BE ANSWERED ON 5TH AUGUST, 2026

FOODGRAIN GODOWNS

2777 SHRI VIJAY KUMAR HANSDAK:

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

(a) whether the Government has constituted any Committee to study the cost effectiveness of hiring godowns versus constructing them through warehousing corporations for the storage of foodgrains;

(b) if so, the details of the Composition and terms of reference of the said Committee;

(c) whether the Committee has submitted its report to the Government; and

(d) if so, the key findings, recommendations of the Committee and the subsequent action taken by the Government thereon?

A N S W E R
MINISTER OF STATE FOR MINISTRY OF CONSUMER AFFAIRS,
FOOD & PUBLIC DISTRIBUTION
(SHRIMATI NIMUBEN JAYANTIBHAI BAMBHANIYA)

(a): The Parliamentary Standing Committee on Consumer Affairs, Food & Public Distribution (2024-25) had recommended conducting a survey/study to assess the expenditure on rental liabilities of hired storage facilities vis-à-vis the costs involved in maintaining owned storage capacity across all States and Union Territories.

Accordingly, a committee of three officers of FCI was constituted for Study on "Comparative Analysis of Expenditure on Rent vis Construction of Godowns by Food Corporation of India". However, later on, it was decided to entrust the reputed institution for the study. After examination of quotations, Delhi Technological University, Delhi was awarded for conducting said study.

(b): Terms of Reference is attached as **Annexure I.**

(c): No.

(d): Does not arise.

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Annexure I

Statement referred to in the reply to Part (b) of Unstarred Question No. 2777 in the Lok Sabha on 05.08.2026.

Terms of Reference for Study on "Comparative Analysis of Expenditure on Rent vis a vis Construction of Godowns by Food Corporation of India"

1. Background

As per the suggestion of eight report on DFG (2025-26) of Standing Committee on Consumer affairs, Food and Public Distribution it has been proposed to conduct study/survey to assess the expenditure on rental liabilities associated with the hired storage facilities as compared to the costs of maintain owned storage capacity by FCI. According to the statistics of year 2024-25, as on 31.03.25 FCI has an owned storage capacity of 147.00 Lakh Metric Tons (LMT) compared to a significantly higher hired storage capacity of 261.09 LMT.

The standing committee has been informed that the reason for FCI's reliance on hired storage is that hiring or constructing godowns through warehousing corporations and private investors is more cost-effective than building and maintaining FCI-owned storage facilities. Despite the substantial disparity between owned and hired storage capacities, there has been no comprehensive assessment or evaluation regarding the total expenditure incurred on rental liabilities compared to the cost of maintaining owned storage capacities across various States and Union Territories (UTs).

This lack of a systematic analysis makes it difficult to fully assess whether the current approach of relying heavily on hired storage is indeed more cost-efficient in the long run, or not. It is therefore proposed that a detailed survey or study be conducted to assess the expenditure on rental liabilities associated with hired storage facilities as compared to the costs of maintaining owned storage capacity in all States and UTs. The study will provide valuable insights into the true cost-effectiveness of FCI's storage strategy and enable informed decision-making regarding future investments in storage infrastructure.

2. Objective and Scope of the Study

The main objective of the study shall be of analysing whether it would be prurient for FCI to establish its own and maintain storage facilities.

The study will assess

- Expenditure incurred on rented (hired) storage facilities.
- Cost of construction/acquisition/or maintaining and operating owned storage facilities.

In order to undertake the said study, following scope of work is proposed:

Data Collection and Analysis

- Undertake the comprehensive analysis of the storage capacity held with FCI owned including Silos and hired by FCI including different agencies such as State Govt, CWC, SWC, PEG Scheme, PWS 2010 and private parties.
- Assess regions based on utilised storage capacity.
- Study the peak and lean season related to the storage and average utilisation.
- Conduct field visits to major depots/region (North and Northeast Region primarily) to interact with key stakeholders (government bodies, warehouse operators etc.)

Assessment of Financial Implications

- Estimation of the total cost paid by FCI in form of rental to different agencies for last 10 years.
- Compare cost trends of hired vs. owned storage on Per unit (per MT) basis.
- Review the financials implications in terms of rental liabilities paid by FCI over last 10 years viz a viz the cost of construction/acquisition/or maintaining the same storage capacity.
- Identification of storage capacity and the expenditure incurred by FCI for storing of strategic reserves round the year and compare it with suitable model of rental versus owned capacity.

Analysis and Recommendation

- Suggest models for future procurement or investment (e.g., acquire, construction, lease etc.)

3. Expected Outcomes:

- Evidence base recommendations for optimizing storage cost.
- Guidelines for future infrstructure strategy (Construction vs Rental).
- Identification of areas where owned infrastructure is more viable.

4. Review Committee:

A review Commitee constituted by FCI shall periodically review the progress and provide necessary inputs during course of the study.

5. Deliverables, Timelines and Payment Schedule

The entire study shall be completed in a span of 04 months as per following schedule:

S.No	Deliverable	Timeline	Payment %
1.	Inception Report	T+ 21 days	10%
2.	Interim Finding Report	T+ 60 days	35%
3.	Draft Final Report	T+ 90 days	45%
4.	Final Report (based on deliberations with FCI)	T+ 120 days	10%

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