

# Course Code– ECON(H)221

## Lecture 24: Food Management



# Food Management

## ➤ Food Management

- Management of Food stocks to;
- Meet physical targets of domestic consumption
- Meet the nutritional needs of the people
- Meet any exigencies – natural or otherwise
- to procure food grains for public distributions (PDS)
- participate in world market to reap the benefits of globalization  
(addtl. focus)

# Food Management (production)

## PRODUCTION OF FRUITS AND VEGETABLES (MILLION TONNES)

YEAR	FRUITS	VEGETABLES	TOTAL
2001-02	43	89	132
2007-08	66	128	194
2008-09	68	129	197
2009-10	71	134	205
2010-11	75	147	222
2011-12	76	156	232

Source : Directorate of economics and statistics, Department of Agriculture and cooperation

# Strategies for Food Management

## ➤ **Minimum support price (MSP)**

- a guaranteed price to save farmers from distress sales
- MSPs announced for selected crops (paddy, wheat, barley, jowar, maize, ragi, gram, urd, moong, lentil, groundnut, mustard, soybean, sunflower, raw cotton, raw jute, etc.)
- MSP announced at the beginning of the sowing season on the recommendations of Commission for Agricultural Costs and Prices (CACP)

# Food Management

## ➤ **MSP announced to;**

- Induce more investments by the farmers in the farm sector
- Motivate farmers to adopt improved crop production technologies
- Enhance farm production and thereby farmers' incomes
- Keep a check on food grain prices



# Food Management

## ➤ **Market intervention Scheme (MIS)**

- Scheme similar to MSP, but implemented on the request of state governments for procurement of perishable products and horticultural produce in the event of fall in market prices.
- Scheme is implemented on specific request of the state governments. if the states are willing to bear 50% of the expenditure on this account.

# Food Management

## ➤ Procurement prices

- Procurement prices are announced before the harvesting season
- The purpose is to encourage farmers to sell a bit more and also encourage them to produce more
- But the scheme did not serve the purpose and now MSP also serves the purpose of procurement prices. (It was so because announcement before harvesting did not allow farmers to plan well, they would have planned already on the basis of MSP.

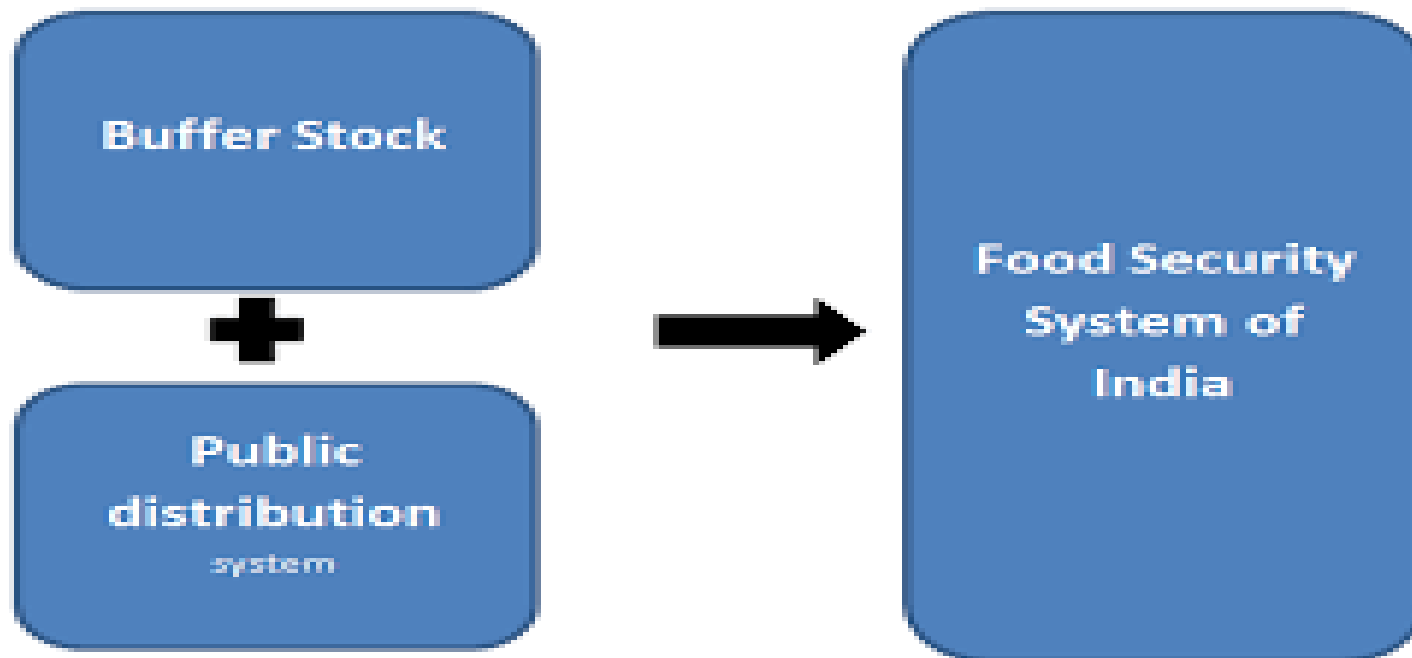
# Food Management

## ➤ Buffer Stock

- A minimum reserve of foodgrains maintained to make available foodgrains at affordable prices throughout the year
- The foodgrains from buffer stock mainly goes for Targeted Public Distribution System since 1997.
- This stock is also released at times to check the market prices of foodgrains through open market sales



# Food Management



# Food Management

## Foodgrain stocks with FCI

Grain consists of rice and wheat only

(As on April 1)

(in MT)		Buffer norm
2011	44.31	21.2
2012	53.39	21.2
2013	59.75	21.2
2014	48.36	21.2
2015	41.03***	21.04**



\*\*Norm revised in Jan 2015, \*\*\*Including rice equivalent of un-milled paddy

Source: FCI



# Food Management – Marketing problems

- Our food marketing system is also not very scientific; there are chances of spoilage of food in this system.



# Food Management – FCI

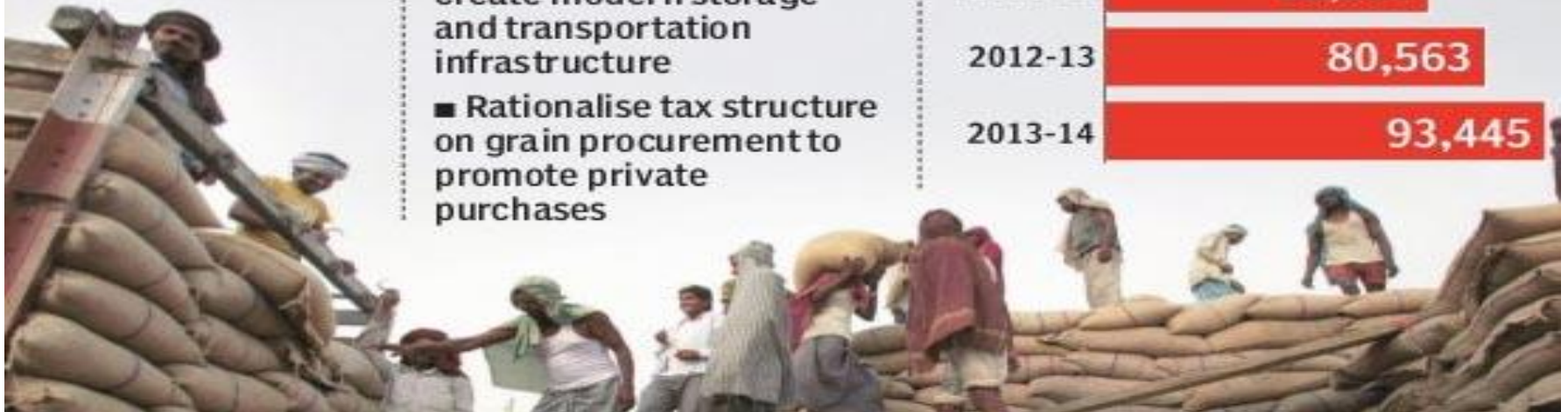
## Food for thought

### Shanta Kumar committee's recommendations

- Let FCI focus on Uttar Pradesh, Bihar where procurement is weak and farmers resort to distress sale
- Roll out direct cash transfer to curb PDS grain diversion; start with big cities, grain-surplus states
- Get private players to create modern storage and transportation infrastructure
- Rationalise tax structure on grain procurement to promote private purchases

### Cost of FCI's operations (₹ crore)

2009-10	42,873
2010-11	56,394
2011-12	68,697
2012-13	80,563
2013-14	93,445





# Food Management – storage capacity

- Total capacity of storage (2014) was 727 lakh metric tonnes (covered godowns = 567 lakh metric tonnes capacity; and cover and plinth (CAP) facilities = 160 lakh MT capacity)
- Very meagre cold storage facility



# Food Management – storage capacity

- No proper warehouses with the public sector agencies for proper storage
- The CAP(cover & plinth) of 160 lakh MT can not be treated as scientific storage

