

Govt cuts its wheat sale target under open market sale scheme

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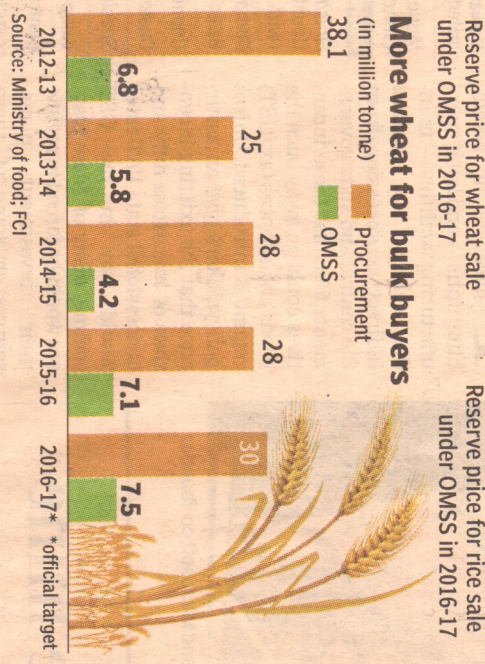
New Delhi, May 2: The government has trimmed its target to sell wheat from its reserves under the open market sale scheme (OMSS) to 6.5-7.5 million tonnes for 2016-17, having failed to achieve its target of 10 million tonnes in the last fiscal.

Still, state-run Food Corporation of India (FCI) managed to sell a record 7.1 million tonnes of wheat under the OMSS in the last fiscal. According to an office memorandum of the ministry of food and consumer affairs, the benchmark price for the sale of wheat to private bulk buyers and traders has been fixed at ₹1,640 per quintal, higher than the minimum support price of ₹1,525 per quintal at which the government is procuring from farmers now. A review of the target will be done in July, if required.

For wheat sales from an FCI depot outside "surplus-procuring states" like Punjab, Haryana and Madhya Pradesh, freight or transport charges up to the relevant FCI depot from Ludhiana will be added to the benchmark reserve price, according to the

₹1,640/quintal Reserve price for wheat sale under OMSS in 2016-17

₹2,400/quintal Reserve price for rice sale under OMSS in 2016-17



memorandum. While bulk buyers feel the price is high, government officials say the grain is being sold at concessional rates as the economic cost of procuring and storing wheat is around ₹2,267 per quintal.

Similarly, the government has fixed rice (grade A) sales target at two million tonnes for 2016-17. The overall reserve price for such rice sales has been fixed at

has been conducting weekly auction to sell wheat in the open market using the platform of commodity bourse NCDEX. Under OMSS, the state governments are also allowed to participate in the e-auction for OMSS if they require wheat for other social sector programme other than Targetted Public Distribution System (TPDS).

However, despite selling record quantity of wheat to private purchasers, the FCI still had more stocks than required under the buffer stocks norms as of April 1, when the grain procurement started for the new rabi market season (2016-17). Although against the norm of 7.6 million tonnes as of April 1, 2016, the FCI's central pool stocks had 14.5 million tonnes. Still, the stocks were lower than 17.22 million tonnes a year earlier (April 1, 2015).

The food ministry has set a 30 million tonne target for wheat procurement for rabi marketing season (April-June) for 2016-17. Wheat output in India, the world's second biggest grower, is estimated at 93.82 million tonnes in the current crop year through June, up 8.4% from a year earlier.

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