Food Corporation of India, a nodal agency in Food Management, under the Ministry of Consumer Affairs, Food and Public Distribution. This 50 year old organisation was set up under *Food Corporation Act 1964*. FCI was set up against the backdrop of major shortage of grains, especially wheat, in the country.

The major objectives for its establishment includes the following

✷ Effective price support operations for safeguarding the interests of the farmers by providing
with remunerative prices for their food grains.
✷ Distribution of food grains throughout the country for public distribution system.
✷ Maintaining satisfactory level of operational & buffer stocks of food grains to ensure National Food Security.
✷Intervention in the food grains market when required for price stabilisation.

✷ Altogether, FCI was mainly established to handle the shortage of food grains clubbed with black marketing of the food grains by hoarders

Vision of FCI

Ensuring Food Security for citizens of the country.

Mission of FCI

>> Efficient procurement at Market support price,storage & distribution of food grains.

>> Ensuring availability of food grains and sugar through appropriate policy instrument; including maintenance of buffer stocks of food grains.

>> Making food grains accessible at reasonable prices, especially to the weak errand vulnerable sections of the society under PDS.

Here’s what Shanta kumar commiteespeaks on Restructuring of FCI

The major issue before the Committee was how to make the entire food grain management system more efficient by reorienting the role of FCI in MSP operations, procurement, storage and distribution of grains under Targeted Public Distribution System (TPDS).

1. Committee recommended that **FCI hand over all procurement operations**of wheat, paddy and rice **to states** like Andhra pradesh, Haryana, Punjab that have gained sufficient experience in this regard and have created reasonable infrastructure for procurement.

2. Should focus on eastern belt where farmers don't get MSP.

3. **Negotiable warehouse receipt system**(NWRs) should be taken up on priority and scaled up quickly. Under this system, farmers can deposit their produce to the registered warehouses, and get say 80 percent advance from banks against their produce valued at MSP.

4. Stocking should be done on competitive bidding basis to reduce the cost of storage.

5. To curtail leakages in PDS that range from 40 to 50 percent, and in some states go as high as 60 to 70 percent. Hence the committee recommended Government shall implementation of National Food Security Act in states that have not done end to end computerisation.

6. It recommended **gradual introduction of cash transfers in PDS**, starting with large cities with more than 1 million population. And extending it to grain surplus states, also by giving option to deficit states to opt for cash or physical grain distribution.

Important operation of FCI

Open Market Sale Scheme (Domestic)

In addition to maintaining buffer stocks and for making a provision for meeting the requirement of TPDS, FCI sells excess stocks out of Central Pool through OMSS(D) in the open market from time to time at predetermined prices.

Challenges associated with FCI

1. Excess Buffer stocking: FCI has been to carry buffer stocks way in excess of buffer stocking norms. Buffer stocks with FCI have been more than double the buffer stocking norms. This costs the nation thousands of crores of rupees loss.

2. India needs more bulk handling facilities than it currently has. Many of FCI's old conventional storages that have existed for long number of years.

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3. The NSSO's (70th round) data for 2012-13 reveals that only 16.2 percent farmers sold their produce to any procurement agency. This goes against the spirit of FCI functioning.