

# Food Corporation of India (FCI)

The Food Corporation of India (FCI) is a statutory body under the Ministry of Consumer Affairs, Food and Public Distribution.

It was set up in 1965 following the enactment of the Food Corporation Act, 1964 with the objective of fulfilling various aspects of the National Food Policy at the time.

This article will give details about the Food Corporation of India within the context of the IAS Exam

## Overview of the Food Corporation of India

The Food Corporation of India is one of the largest corporations started by the government of India and likely one of the largest supply chain management in India. Initially headquartered in Chennai, it was moved to New Delhi.

Roughly 15 to 20% of India's wheat output is purchased by the FCI along with 12 to 15% of the total rice output. The purchases are made as per the Minimum Support Price and no restriction on procurement is placed as long as the criteria under Fair Average Quality is met.

Food Corporation of India recently ventured into procurement of pulses in various regions from the crop year 2015–16, and pulses are procured at market rate, which is a sharp deviation from its traditional minimum support price-based procurement system.

Further details about the Food Corporation of India is given in the table below:

Facts about Food Corporation of India	
Industry	Food Security
Founded	14 January 1965
Chairman and Managing Director	Shri Sanjiv Kumar, IAS
Products	Mainly Wheat and Rice
Parent Entity	Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution
Services	Ensuring Food security of India

## Objectives of the FCI

The Objectives of the Food Corporation of India is as follows:

- Proper price support for to protect the interests of poor farmers
- Effective distribution of foodgrains through a Public Distribution Systems (PDS)
- Maintenance of operational and buffer stocks of food grains to ensure continued supply of essential food supply.
- Regulation of market price for foodgrains so that the population can get them at an affordable price.

## Organizational Structure of the FCI

The Food Corporation of India is led by a Chairman and it operates through its many depots located across the country. The depot reports to a divisional office, which is headed by an Assistant General Manager.

These managers are in charge of various sections such as sales, contracts, procurement, quality control, operations account,

The Divisional Officer reports to the Regional Office. A General Manager is in charge of the Regional Office and they are usually selected from the ranks of the Indian Administration Services, Indian Police Services or from the All India Services under deputation.

The officers inform the General Manager on the status of their respective sections.

The FCI is divided into the following 5 zones:

1. North
2. South
3. East
4. West
5. North-East

They all have their own zonal offices. Under the Zonal offices are the regional offices which are headed by an Executive Director usually selected from the Indian Administrative Service or Indian Revenue Service.

The flowchart below elaborates the structure of the FCI in a simplistic way



(Source: Food Corporation of India Official

Website:<https://fci.gov.in/organisation-structure.php?view=str>)

## Latest Developments about the Food Corporation of India

Due to many shortfalls of the FCI, a High Level Committee (HLC) under Shanta Kumar made several recommendations on how the corporation could be restructured based on factors of procurement, storage and distribution. They are as follows:

- **Procurement:** The committee recommended that all procurement made by the FCI should be handed over to the states that gained experience in this matter and created the necessary infrastructure for the same
- **Negotiable warehouse receipt system :** A warehouse receipt system should be made negotiable as this can help farmers deposit their produce at the registered warehouses. They can then sell it at a price suitable for them and at the same time reduce the cost of storage for the government.
- **Revision of the MSP Policy:** The HLC recommends that pulses and oilseeds should also be in the MSP category. At present MSP for 23 commodities were announced with wheat and rice given priority, but the MSP was applicable in only selected states. The present arrangement creates a disproportionate price structure that favours wheat and rice.
- HLC had recommended that the government should relook at the coverage (67% of the population) under the NFSA as it's on the 'higher' side.

In the Union Budget 2021 it was proposed that the food subsidy allocated to the Food Corporation of India be revised to Rs 3,44,077 crore from the original subsidy amount of Rs 77,983 crore allocated in the 2020 Union Budget. The revised allocation was made due to the government's decision to pay the FCI's rising loans and return to budgetary transfers to fund the food subsidy bill.

