

FCI to build 3-MT wheat silos by Nov

Target is to create 9-MT capacity in 3 years with ₹9k-cr investment

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New Delhi, September 28

TO BOOST MODERN grain storage capacity, the Food Corporation of India (FCI) is aiming to complete construction of 3 million tonne (MT) capacity wheat silos located across the country by November under public private partnership (PPP) model, a senior official said.

The official said the corporation would also approve of construction of an additional 3 MT silos to be built over the next two-three years for which bids from the private entities have been received.

“Construction of 2 MT of silos is already completed and is being used, while 1 MT capacity silos are expected to be handed over to us in next couple of months,” the official told *FE*. In addition, construction of 3.4 MT of silos was sanctioned six months ago, whose construction is expected to commence soon, the official said.

Estimated cost of construction of 1 MT silos is around ₹1,000 crore.

This is part of a ₹9,000-crore project to build wheat silos with 9.4 MT of capacity during the next three-four years under the PPP mode. These silos will be spread over 196 locations across Punjab, Haryana, Madhya Pradesh, Uttar Pradesh, Rajasthan, Gujarat, Maharashtra, Bihar, West Bengal, Jammu, Uttarakhand and Kerala.

Sources said that private

entities including Adani Agri Logistics and KCC Infrastructure have been awarded the contracts.

Silos are sub-mandi yards, which could bring ease of procurement of grains for farmers and lead to significant reduction in logistical costs.

Currently, silos are being built under the design, build, fund, own and transfer (DBFOT) mode, under which the land is owned by the FCI and via the design, build, fund, own and operate (DBFOO) model, under which land belongs to private entities.

The corporation will use these for storage of wheat through a lease of 30 years with private entities. Fixed storage charges to be paid by the FCI to private entities, based on a per-tonne, per-year basis, are the bidding parameters.

This fixed charge escalates by 70% of the wholesale price

index and 30% of the consumer price index.

In 2005, under a pilot project to modernise storage infrastructure, construction of 0.5 MT of storage capacity under the build, own and operate (BOO) model was carried out by Adani Agri Logistics. Subsequently, on recommendation of a high-level committee chaired by former food minister Shanta Kumar in 2015, construction of silos with railway sidings commenced.

Then the food ministry approved a ‘hub and spoke’ model because of challenges faced in land acquisition for railway sidings. Food ministry officials say that if food grains are stored in silos and transported in bulk, losses due to theft, pilferage and transportation would be negligible compared to the food grains stored in warehouses.