

Govt okays fresh subsidy for Bharat Atta to keep wheat prices stable

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NEW DELHI: An inter-ministerial committee on inflation management has approved cutting the price at which Food Corporation of India (FCI), the Centre's grain handling agency, sells its wheat to state-run food agencies for Bharat Atta, a subsidized state-owned brand of the grain for all consumers, a move aimed at keeping prices of the cereal stable.

Food inflation continues to be sticky and consumer prices rose to 5.55% in November, snapping a downward trend for three straight months.

The committee has set a price of ₹1,715 a quintal (100 kg) of state-owned wheat by "providing a subsidy of ₹435 a quintal on the reserve price of ₹2,150 a quintal for Bharat Atta so that the effective issue price of wheat by FCI to central agencies is ₹1,715 a quintal", an official, who has seen the notification, said.

The Union government last month launched packaged wheat flour at a subsidized



Wheat flour sold through Kendriya Bhandar was earlier priced at ₹29.50. HT

price, called Bharat Atta, that can be bought by all classes of consumers, a move to keep a lid on food prices during the ongoing festive season when demand for various commodities rises.

The plan involves releasing quarter of a million tonne of state-owned wheat to Kendriya Bhandar, a network of state-owned cooperative general stores, and the National Agricultural Cooperative Marketing Federation (NAFED) and the National Cooperative Consum-

ers' Federation (NCCF).

These agencies have been selling wheat flour, branded Bharat Atta, at a price of ₹27.50 a kg, against a market price of ₹32-34 a kg. Wheat flour sold through Kendriya Bhandar was earlier priced at ₹29.50.

It is not immediately known when or if these state agencies will pass on the lower sourcing price of wheat flour to consumers, but the subsidy will surely help them remain viable by improving their margins so that they can keep offering cheap wheat, the official explained.

To ease food prices, the Modi government has kept wheat, onion and rice under an export ban, while imposing an export floor price of \$950 a tonne on premium basmati rice and removing duties on import on pulses.

Despite the ample harvest, the world's second-largest wheat grower is facing high cereal inflation for at least 12 months. A bumper harvest should normally lead to falling prices. Cereal inflation continues to be in the double digits. It was 11% in November.