

Centre mulls cutting reserve price of rice in open market auction

Our Bureau
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The Indian Food Ministry is considering a reduction in the reserve price of rice sold through e-auction under the open market sale scheme (OMSS) to boost offtake and reduce market rates of the grain at retailer levels so that common people get the benefit.

The proposal, if approved by the committee of ministers, will be implemented from the auction to be held next week, sources said.

Trade sources said the reserve price may be cut to about ₹2,600/quintal from the current ₹2,900/quintal. The government had last cut the reserve price from ₹3,100/quintal in mid-August to improve offtake. Recently, the bidders were allowed to bid as low as 1 tonne per auction, against 10 tonnes minimum specification earlier. Also, the maximum quantity to be purchased in an auction by one

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trader/miller has been doubled to 2,000 tonnes.

Still, the offtake was 7,000 tonnes on January 10 out of 1.85 lakh tonnes (lt) offered by the Food Corporation of India (FCI). So far, FCI has sold 1.55 lt of rice under OMSS since the weekly e-auction started on July 5.

NO CAUSE FOR CONCERN
FCI's Chairman and Managing Director Ashok Kumar Meena recently said there was no cause for concern about the availability of rice. The rice stock with Central Pool on January 1 this year was 508.47 lt against the buffer norm of 76.10 lt. The annual requirement of rice under all welfare schemes of

the Centre is 400-410 lt.

Rice procurement in the first three months since the season began on October 1 had dropped 14 per cent to 299.3 lt from 347.9 lt in the year ago period. FCI is hopeful of reaching near target of 521 lt.

FCI is the central nodal agency that buys rice and wheat to ensure MSP to the farmers and distributes the grains for free to 81 crore poor via ration shops. It also uses surplus grain through the OMSS scheme to boost domestic availability and check prices. The concern about rice stems from about a 13 per cent rise (y-o-y) in retail inflation in rice whereas it is negative for wheat. The Centre has also been considering a proposal to launch "Bharat" brand rice, similar to Bharat *atta* and Bharat Dal. The government has been selling "Bharat Dal" (gram dal) at ₹60/kg and "Bharat *atta*" at ₹275/10 kg through cooperatives Nafed, NCCF and Kendriya Bhandar.