

Centre approves inclusion of wheat, rice under price stabilization fund

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The government has approved inclusion of wheat and rice under its price stabilization fund (PSF), a government official said, in a bid to tame soaring inflation ahead of general elections.

The fund is used to build up India's buffer stock of key food commodities and strategically release these in the market when prices rise. So far, only onion, potato, and pulses have been part of the PSF.

The new step will see the government give a payout to

the Food Corporation of India (FCI) for supplying Bharat atta and rice to the central procurement agencies National Agricultural Cooperative Marketing Federation of India Ltd (Nafed) and National Cooperative Consumers' Federation of India (NCCF).

The FCI will get a subsidy of ₹435 and ₹200 respectively for every quintal of Bharat wheat and rice it processes and sells to Nafed and NCCF.

The government already sells Bharat atta (flour) and rice at a subsidized price of ₹27.50 and ₹29 per kilogram. However, sales of the Bharat brand have been tepid.



The government is trying to tame soaring inflation ahead of the general election through the move.

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"Inclusion of wheat and rice as PSF commodity will enable subsidy payment from the open market sale scheme operations for wheat and rice," the

official cited above said.

"Inclusion of rice as one of the commodities for PSF operations was done last September, while wheat has been

added recently. The inclusion of wheat means a subsidy of about ₹326 crore, which has been approved by the authorities concerned and will be given to FCI from PSF," the official said.

"FCI may claim the subsidy amount through DFPD (department of food and public distribution) for the quantity of wheat allocated for Bharat atta, and DoCA (department of consumer affairs) will disburse the approved subsidy after examining the reimbursement claim."

PSF was set up in 2014-15 with a corpus of ₹500 crore to maintain a strategic buffer

stock that would discourage hoarding and speculation, protect consumers by supplying commodities at reasonable prices through the calibrated release of stock from the buffer, and incentivize domestic production through direct purchase from farmers and farmers' associations at the farm gate or *mandi*.

Queries sent to the consumer affairs, food, and public distribution ministry and FCI remained unanswered at press time.

Though atta prices have not risen significantly, the rise in rice prices is notable. As of Wednesday, the all-India aver-

age rice price was ₹44.32 a kilo, 13.79% higher than the previous year. It was nearly 4% higher in the case of atta at ₹36.02 a kilo, as per the consumer affairs department.

Retail food inflation rose to 8.66% in February 2024, from 8.3% the previous month and 6% a year ago.

"They did such intervention in rice earlier in some states to bring down market prices, but it didn't work out... We are back to a welfare state, which is a positive sign. I don't disapprove of it. But I think it is linked to the election," said Devinder Sharma, a food and trade policy analyst.