CHAPTER VIII
CHAPTER-VIII

PROBLEMS OF FOOD CORPORATION OF INDIA

The role of Food Corporation of India in the national life of the country is extremely prominent. The Government of India has entrusted FCI with the responsibility of procurement of foodgrains and to arrange their timely distribution through public distribution system, so that foodgrains at subsidised rates are supplied to all the people in the country, particularly to the economically weaker class and in the villages and farflung areas of the country. This task becomes more difficult because the places where the procurement is done by the FCI are concentrated only in the surplus States. There is shortage of storage and transportation facilities in the country and the FCI is facing enormous problems in order to fulfil its responsibilities. Some of the important problems faced by FCI are as under:

8.1 Problems of Organisation and Management

(i) Most of the godowns and buildings where office of FCI are situated are not owned by the FCI and these are hired at higher rates of rent, resulting in additional financial burden on the Corporation.

(ii) These offices and godowns are also not situated in suitable places causing higher transportation cost
and other difficulties in procuring and supplying various commodities from surplus places to deficiency places.

8.2 Problems of Personnel Management

(i) There is lack of proper training facilities to the staff of FCI.

(ii) Its promotion policy is also very defective. Mostly, staff of the FCI are promoted on seniority basis, in the absence of any written departmental examination or any other rating system. Due to this defective policy, most of the promoted officials are incapable to perform their duties properly.

(iii) There is surplus staff because during 1970-1972, excess staff was recruited.

(iv) Behaviour of staff is also not co-operative with its clients.

* Source: Food Corp (Monthly Journal)
8.3 Problems Relating to Financial Management:

(i) All the capital of the FCI is owned by the Government of India. Working of FCI is carried on through cash credit limits and subsidy from Government of India.

(ii) The cash credit limits are not fixed by the Head Office to its district office according to requirements of district offices. Due to this, these offices face disappointment and financial difficulties.

(iii) The FCI has to pay excess amount due to non arrangement of proper working capacity and proper work distribution among staff such as overtime, telephone bills, excess travelling allowances of offices and staff and having godowns at high rent etc.

8.4 Problems Relating to Working of FCI

(i) The FCI has purchased foodgrains through State Government on commission basis. During purchase of foodgrains, no proper inspections are done by the inspectors of FCI. They accept heavy moistured foodgrains and rice which are less in in weight. Due to these reasons, FCI have incurred heavy losses.
(ii) There is lack of proper arrangement of godowns. Handling of foodgrains is also very defective. Handling by workers are mismanaged. Due to lack of proper arrangement of godowns mostly foodgrains are damaged in rainy season. Full capacity of godowns has not been utilised by making complete stacks, due to which FCI has to hire godowns at higher rent.

(iii) The quality control department does not give proper treatment to the foodgrains in time due to which most of the stocks of foodgrains is damaged/deteriorated. There is also no proper inspection of purchased foodgrains at the time of receipt at the godowns by the quality control staff. Insecticides are also not provided in due time by the authorities of this department.

8.5 Problem of Sale

There are so many problems if the foodgrains are not stored in suitable godowns for distribution to public as per requirements. Due to non-availability of transportation, the foodgrains are not supplied to the public at proper time. The distribution of foodgrains is made through the State Government mediators. There is too much difference in
purchase price and sale price. Foodgrains are not sold at proper time due to which most of the foodgrains is damaged and auctioned at lower prices.

8.6 Problems of Buffer Stock

The FCI has not constructed its own godowns according to its requirement for storage of foodgrains. Due to shortage of godowss, the FCI has stored its foodgrains in S.W.C. and C.W.C. on very high rent, it increases its expenditure.

The theft of foodgrains increases due to lack of proper supervision of small godown. Expenditure on transportation have also exceeded due to the fact that owned godowns are not situated at proper places.

Due to shortage of covered space and arrival of heavy foodgrains, FCI have no alternative but to store foodgrains on open plinth. In the absence of proper arrangement for covering the stock, they are kept in the open and are susceptible to damage.

8.7 Problem on Handling of Sugar and Fertilizer

Due to lack of proper arrangement for storage and handling of sugar and fertilizers, the FCI has incurred heavy losses as damages and spillages.
8.8 Problem of Transportation

The FCI transports most of its foodgrains by railways. The reasons are:

(i) Foodgrain bags are first loaded into trucks/carts at godown and transported to railway goods shed. Then they are loaded in wagons. After reaching at its destination, food grain bags are again loaded into trucks/carts and transported to godown. It becomes more expensive and heavy transit losses are occurred.

(ii) There is theft of foodgrains by the contractors.

(iii) There is heavy spillages of foodgrains in loading, unloading and transportation.

(iv) There is no proper arrangement for transportation facilities for supply of foodgrains from mandis to godowns.

(v) The labours for loading/unloading and stacking are not properly managed due to which work of FCI suffers.

8.9 Problem of Export and Import

Packing and quality of exported foodgrains to other countries are not properly checked and heavy expenses are incurred on transportation from godowns to ports.
8.10 Problem of Movement of Surplus Foodgrains from one Place to Another

Movement plan of FCI is very defective. Under the provision of the Plan, if FCI needs to send foodgrains from Kanpur godown to Calcutta godown through rail or road transport, it will be stored in godown to godown during the transit. This creates heavy losses in transit and more expenses on loading and unloading of foodgrains.

8.11 Labour Problem of FCI

Labour of FCI is the backbone of its successful operation, because loading and unloading of foodgrains depend on labours. In FCI, three types of labour are working, such as, departmental labour, direct payment system labour and labour on contract.

Departmental labour are regular employees of the Corporation. They get regular salary, incentive, overtime allowance, medical allowance, children's education allowance and other benefits according to Government rules. But they are very irregular regarding their duties. They do not perform their duties at their full capacity, within the assigned time. They always create unnecessary delay in
loading and unloading of the wagons in the greed of overtime allowance and incentive. On the other side, D.P.S. labour always try to work at their maximum capacity to earn maximum amount. Due to this, work of FCI is not performed in proper manner.

Labour engaged through the contractors for the FCI are paid directly by the Contractors. Contractors make contracts with the FCI for completion of the task and bargain with the labour at low rate.

8.12 Problem of Transfer:

Transfer policy of FCI is very defective. The Management of FCI may transfer any member of the staff or officers to anywhere in India at its own choice. Due to this, FCI staff/officers and their families face many difficulties during these transfer, such as housing problem, improper education for their children and other family affairs.

8.13 Problem of Tours

The staff and officers of FCI misutilise tour orders. During Rabi procurement, where two staff members are needed, management sent four to six persons on tour. This puts
unnecessary financial burden on FCI. Some staff of FCI produce forged tour bills and get their payment on commission basis, which is quite unjustified for the Corporation.