



FOOD DEPARTMENT

**APPROVAL OF WHEAT RELEASE ORDER,
MILLING POLICY 2023, AND ENHANCEMENT
OF WHEAT GRINDING CHARGES**

WHEAT PROCUREMENT FY 2022-23

- ❖ In FY 2022-23, the Food Department procured 1,410,000 wheat bags (100 kg each)

Procurement Source	No. of Bags
PASSCO Limited	500,000
Punjab	210,000
Naseerabad Division	700,000

- ❖ 500,000 bags procured from PASSCO have already been released.
- ❖ Present Stock stands at 910,000 bags of 100 kg each

COST OF PRESENT STOCK

Local Wheat from Naseerabad Division (700,000 bags @ Rs. 10,000 per 100kg wheat)	Rs. 7,000 m
Wheat from Punjab Food Department (210,000 bags @Rs.7575 per bag):	Rs.1,590.75 m
638,225 EG bags @ 359 per Bag for Wheat Procurement 2023	Rs.229.122 m
H&T Charges of 910,000 bags at avg cost of Rs.850/- each	Rs. 773.50 m
Grand Total	Rs. 9,593.372 m

ENHANCEMENT OF GRINDING CHARGES

- ❖ Grinding charges were last fixed in 2014 @ Rs.550/100 kg bag.
- ❖ Request from Pakistan Flour Mills Association to enhance grinding charges to Rs.2000 per 100kg bag
- ❖ Grinding charges in sister provinces are much higher
- ❖ A committee was formed to assess Grinding Costs
- ❖ The committee recommended revision of Wheat Grinding charges from Rs.550 to Rs. 1150/- per 100kg bag
- ❖ In consultation with Finance Department, Grinding charges are proposed to be fixed @Rs.1200/- per 100 kg bag

PRICING STRUCTURE OF WHEAT FLOUR

- ❖ Actual Release Rate calculated on the basis of actual cost of 910,0000 bags comes to Rs. 10542/-.
- ❖ In consultation with Finance Department Release/ Issue rate was proposed @Rs.10800/- per 100 kg bag to partially meet Mark up cost
- ❖ After inclusion of proposed grinding charges @ Rs.1200/- per 100kg bag, in the Wheat Release Order, 2023, Wheat flour rates will be fixed at:

❖ Ex-mill Prices :

20 Kg Flour Bag: Rs. 2400/-

100 Kg Flour Bag: Rs. 12000/-

❖ Retail Prices :

20 Kg Flour Bag: Rs. 2415/-

100 Kg Flour Bag: Rs. 12075/-

FD'S OBSERVATIONS REGARDING RELEASE RATE

Finance Department's views	Food Department's Remarks
Release Rate be fixed at Rs.11350/- by including Rs.698 million paid as interest on loans by Food Department be incorporated in the release rate	<p>❖ Loans obtained prior to 2017 and remaining outstanding commercial loan 3220 million. Adding interest cost to the actual cost will:</p> <ul style="list-style-type: none">i) Make public wheat more expensive than that of private wheat available in market -11500 local wheat and 10500 imported (Avg. price @Rs.11000/-)ii) cause huge financial loss in damages and mark up as wheat will not be lifted by mills

FD'S OBSERVATIONS REGARDING RELEASE RATE

Finance Department's views

DC Quetta has notified price of 100 kg flour @Rs.13500. By issuing wheat @Rs.11350 and allowing Rs.1200 grinding charges, price of public wheat will still be less than DC notified rate

Food Department's Remarks

The retail price Rs.13500/- notified by DC is inclusive of grinding charges @Rs.2000 per 100kg besides profit margin of the retailer. On the other hand, Food Department has proposed grinding charges of Rs.1200/- per 100 kg. The mill will incur a loss of Rs.800/- in the grinding charges and Rs.350 in wheat cost compared to avg wheat price of Rs.11000/- 100kg in the market.

Govt. wheat more expensive than private wheat.

Ex-mill price Private wheat Flour @ Rs.11000 + 2000= 13000

Ex-mill Price at FD's proposed rate: 11350+2000=13350

MILLING POLICY, 2023

- ❖ Section 3 of the Food Stuff Act 1958
- ❖ Empowers the Government to Control Supply, Distribution, etc. of Food Stuff
- ❖ Milling Policy, 2023 has been drafted containing the Price structure of wheat and wheat flour, enhancement of grinding charges and other necessary guidelines for operational and legal clarity

APPROVALS SOLICITED FROM THE PROVINCIAL CABINET

- ❖ Milling Policy, 2023
- ❖ Wheat Release Price, 2023 @Rs.10,800/- per 100 kg bag or at the actual avg. cost of Rs.10542/- per 100 kg
- ❖ Enhancement of Grinding Charges to Rs.1200/- per 100 kg bag if Release/ Issue rate is approved at Rs.10800/-
 - ❖ OR
 - ❖ Rs.1150/- per 100kg bag if Issue rate is approved at Rs.10542/-
- ❖ Wheat Release Order, 2023 subject to approval of Release/Issue rate and Grinding charges



THANKS