

**ANNUAL REPORT  
2009-2010**

**DEPARTMENT OF FOOD AND PUBLIC  
DISTRIBUTION**

**(Ministry of Consumer Affairs,  
Food and Public Distribution)**



सत्यमेव जयते

**GOVERNMENT OF INDIA  
NEW DELHI**



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# Chapter-I

## An Overview



## AN OVERVIEW

The primary Policy objective of the Department of Food & Public Distribution is to ensure food security for the country through timely and efficient procurement and distribution of foodgrains. This involves procurement of various foodgrains, building up and maintenance of food stocks, their storage, movement and delivery to the distributing agencies and monitoring of production, stock and price levels of foodgrains. The focus is on incentivizing farmers through fair value of their produce by way of Minimum Support Price mechanism, Distribution of foodgrains to Below Poverty Line (BPL) families and covering poor households at the risk of hunger under Antodaya Anna Yojna (AAY), establishing grain banks in food scarce areas and involvement of Panchayati Raj Institutions in Public Distribution System (PDS). The Department is also responsible for formulation of policies concerning the sugar sector such as fixing of Fair and Remunerative Price (FRP) of sugarcane payable by Sugar factories, development and regulation of sugar industry (including training in sugar technology), fixation of levy price of sugar and its supply for PDS and regulation of supply of free sale sugar. The department also formulates policies on export and import of foodgrains, sugar and edible oils.

### (A) PROCUREMENT OF FOODGRAINS

- (i) During Kharif Marketing Season (KMS) 2008-09 (October, 2008 to September, 2009) a record 336.85 lakh tonnes of rice

### Procurement of Wheat, Rice and Coarsegrains during last 5 years

(in Lakh Tons)

Marketing Year	Wheat	Rice	Coarse grains	Total
2005-06	147.85	276.56	11.54	435.95
2006-07	92.26	251.07	0.002	343.332
2007-08	111.27	284.91	2.03	398.21
2008-09	226.82	336.83	13.75	577.40
2009-10	253.82	236.87*	3.20*	493.89*

\*As on 08.03.2010.

(including paddy in terms of rice) was procured against the previous all time record of 284.93 lakh tonnes procured in KMS 2007-08.

- (ii) Procurement of coarsegrains in KMS 2008-09 was a record 13.75 lakh tonnes against the previous all time record of 11.51 lakh tonnes procured in KMS 2005-06.
- (iii) Till 31st December, 2009, 153.62 lakh tonnes of rice has been procured in KMS 2009-10 (October, 2009 to September, 2010) compared to 152.00 lakh tonnes in the same period in KMS 2008-09.
- (iv) A record 253.82 lakh tonnes of wheat was procured for the Central Pool during the Rabi Marketing Season (RMS) 2009-10 (April, 2009 to March, 2010) against 226.89 lakh tonnes procured during RMS 2008-09.



- (v) The scheme of Decentralized Procurement (DCP) of Foodgrains was introduced by the Government in 1997-98 with a view to encourage local procurement to the maximum extent and thereby extend the benefits of minimum support price (MSP) to local farmers, to enhance efficiency of procurement and PDS, to provide foodgrains more suited to local taste under the PDS and also to effect savings in transportation and handling costs of the FCI. A total of eleven States are implementing this scheme.

#### **(B) VILLAGE GRAIN BANK SCHEME**

- (i) A Centrally Sponsored Scheme to establish 4845 Grain Banks in Tribal Villages was launched during 1996-97 by the Ministry of Tribal Affairs in 11 States, providing Rs. 10.26 crores till 2004-05 with the objective to provide safeguard against starvation during the period of natural calamity or during lean season.
- (ii) W.e.f. 24.11.2004, the scheme stood transferred to this Department and the Ministry of Finance approved establishment of Village Grain Banks (VGB) in chronically food scarce areas under the revised Village Grain Bank Scheme for the year 2005-06 and 2006-07, subject to its evaluation in the 11th Plan.
- (iii) The sanction of Rs.19.76 crores was approved in 2005-2006 for establishing 3282 VGBs which was enhanced to Rs. 51.79 crores in 2006-07 to establish 8191

VGBs. However, an amount of Rs. 17.44 crores was approved by Ministry of Finance for establishment of 2598 Grain Banks during 2007-08. During the year 2008-09, 2407 VGBs were sanctioned & an expenditure of Rs.16.81 crore was incurred. During the year 2009-10, 2214 VGBs were sanctioned and an expenditure of Rs. 17.23 crore has been incurred upto Dec.2009.

#### **(C) ALLOCATION AND OFFTAKE OF FOODGRAINS**

- (i) The offtake of foodgrains (wheat and rice) from the Central Pool under Targeted Public Distribution System (TPDS) during the financial year 2009-10 (upto December, 09) was 322.17 lakh tonnes. This comprised of 124.44 lakh tonnes under Below Poverty Line (BPL), 74.09 lakh tonnes under Antyodaya Anna Yojana (AAY) and 123.64 lakh tonnes under Above Poverty Line (APL).
- (ii) The offtake under various Welfare Schemes was 25.98 lakh tonnes during 2009-10 (upto December, 09). In addition, there has been an off take of 1.75 lakh tonnes under Defence etc., 0.17 lakh tonnes under WFP, 3.50 lakh tonnes under Relief and 4.78 lakh tonnes under Open/Tender Sale and Export.
- (iii) During the financial year 2009-10 (upto December, 09), the total offtake of foodgrains from the Central Pool was 358.36 lakh tonnes (204.55 lakh tonnes of Rice and 153.81 lakh tonnes of Wheat) as against the offtake of 286.48 lakh tonnes of foodgrains (184.96 lakh

tonnes of Rice and 101.52 lakh tonnes of Wheat) during the corresponding period of year 2008-09.

**(D) ANTYODAYA ANNA YOJANA (AAY)**

- (i) The Antyodaya Anna Yojana (AAY) was launched in December, 2000 for one crore poorest of the poor families. AAY contemplates identification of poorest of the poor families from amongst the BPL families covered under TPDS within the States and providing them foodgrains at a highly subsidized rate of Rs.2 per kg. for wheat and Rs. 3 per kg for rice. The scale of issue, which was initially 25 kg per family per month, has been increased to 35 kg per family per month with effect from 1st April, 2002.
- (ii) The AAY Scheme has been expanded thrice by addition of 50 Lakh BPL households at the risk of hunger - first in 2003-2004, second w.e.f 3rd August, 2004 and third in 2005-06, thus increasing its coverage to estimated 2.5 crore households.



Foodgrains being loaded for Distribution

- (iii) With these expansions, as against 2.5 crore families (i.e. 38% of BPL) to be covered, 2.43 crore families have already been covered under the AAY.

**(E) SUGAR**

**MEASURES TAKEN TO AUGMENT AVAILABILITY OF SUGAR AND TO MODERATE PRICES OF SUGAR IN THE COUNTRY**

Sugar production in India is cyclic in nature. High production of sugar in 2006-07 and 2007-08 sugar seasons (October-September) gave way to low production in 2008-09 sugar season and also in the current sugar season 2009-10. The decline in sugar production has put pressure on prices of sugar in the open market. Hence, the Central Government has taken a slew of measures to augment domestic stocks of sugar and also to moderate prices of sugar as indicated below-

- Allowed import of raw sugar under Advance Authorization Scheme by sugar mills at zero duty with effect from 17.02.2009 upto 30.09.2009 on ton-to-ton basis.
- Allowed duty-free import of raw sugar under Open General License (OGL) from 17.04.2009. This is presently in force upto 31.12.2010.
- Import of duty-free raw sugar was subsequently opened to private trade on 31.07.2009, for being processed by domestic factories on job basis. This is presently in force upto 31.12.2010.
- Allowed duty free import of white / refined sugar by STC/MMTC/PEC and



Sugarcane being unloaded in the Sugar Mill

## CH-I

NAFED upto 1 million tons on 17.04.2009. Further, duty free import of white / refined sugar under OGL has also been opened to other Central / State Government agencies and to private trade in addition to existing designated agencies on 31.07.2009. This is presently in force upto 31.12.2010 without any cap on quantity.

- Levy obligation has been removed in respect of all imported raw sugar and white / refined sugar. The white / refined sugar has been also allowed to be sold at the discretion of the importing organizations while sugar processed from imported raw

sugar is subject to accelerated releases.

- The levy obligation on sugar factories has been enhanced from 10% to 20% of production w.e.f 01.10.2010 for 2009-10 sugar season only.

Besides augmenting the sugar stocks by permitting import of raw and white / refined sugar in 2008-09 sugar season, the Central Government has taken the following steps to moderate prices of sugar:-

- Stockholding and turnover limits on sugar dealers were imposed vide notification dated 12.03.2009 for a period of four months, and thereafter for another period of six months vide

notification dated 16.07.2009. Further, khandsari sugar has been brought under the ambit of stockholding and turnover limits on 16.07.09. The period of stockholding and turnover limits has been further extended till 30.09.2010.

- An order has been issued vide notification dated 22.08.2009 imposing stockholding limit on bulk consumers of sugar who are using or consuming more than ten quintals of sugar per month as a raw material for production or consumption or use, stipulating that such bulk consumers shall not hold stock of sugar produced domestically to an extent exceeding fifteen days of their requirement. The notification has come into effect from 19.09.2009. Vide subsequent notification dated 05.02.10 stock limits for bulk consumes have been reduced to ten days of requirement.
- Futures trade in sugar in domestic exchanges has been suspended w.e.f. 27.05.2009 till June, 2010.

#### **IMPOSITION OF STOCKHOLDING AND TURNOVER LIMITS ON DEALERS OF SUGAR AND KHANDSARI -**

Government had withdrawn the stockholding and turnover limits on wholesale dealers of sugar with effect from July 7, 2000 and August 20, 2001 respectively. However, in view of the low production of sugar in 2008-09 sugar season, the Central Government reintroduced the stock-holding and turnover limits through notifications dated 9th March,2009 and 12th March,2009 for a period of four months initially and subsequently, vide notifications dated 2nd

July,2009 and 16th July, 2009, for another period of six months. The dealers of khandsari have also been brought under the ambit of stockholding and turnover limits with effect from 16.07.09. The duration of stockholding and turnover limits has been further extended till 30.09.2010 vide notifications dated 18.12.2009 and 11.01.2010. The notifications have laid down a stockholding limit of 2000 quintals or 200 MT for all recognized dealers and a higher limit of 10000 quintals or 1000 MT for those recognized dealers in Kolkata and its extended area who import sugar from outside the state. It also laid down a turnover period limit of 30 days from date of receipt of stock. For khandsari sugar, the stockholding and turnover limits are 200 tons and 30 days respectively. Sugar held on Govt. account or its authorized agencies or the F.C.I. for PDS distribution or by importers of sugar under OGL has been exempted from the purview of this notification. The State Governments / UT Administrations have been authorized to fix higher stock-holding and turnover limits in their respective States/UTs.

#### **STOCKHOLDING LIMIT ON BULK CONSUMERS OF SUGAR**

In order to discourage non-house hold sector consumers from stockpiling sugar and to ensure adequate availability of sugar in the open market for household consumers, the Central Government has issued notification dated 22.08.2009 imposing stockholding limit on bulk consumers, whose average consumption of sugar are in excess of 10 quintals per month, to the effect that they shall not keep in stock, at any time, sugar exceeding fifteen days of such use or consumption. The

notification has come into effect from 19.09.2009 and is valid for a period of six months. Since the sugar situation is still not comfortable in the country, it has been decided to further reduce the stockholding limit on large consumers to ten days of requirement with effect from 20.02.2010

### **AMENDMENT OF ESSENTIAL COMMODITIES ACT, 1955**

The Essential Commodities Act, 1955 has been amended by issuing an Ordinance under the title 'The Essential Commodities (Amendment and Validation) Ordinance, 2009' on 21.10.2009. The Act has been amended with a view to remove the defects and ambiguity in the existing law and to clarify the provisions pertaining to the determination of price of levy sugar and also to validate actions taken by the Central Government for fixation of price of levy sugar under the specified orders effective from 01.10.1974. A bill was introduced in the last winter session of the Parliament to replace the Ordinance and the Bill has since been passed in both Houses of Parliament. The relevant Act i.e. 'The Essential Commodities (Amendment and Validation) Act, 2009' has been notified on 22.12.2009.

### **AMENDMENT OF THE SUGARCANE (CONTROL) ORDER, 1966**

The Sugarcane (Control) Order, 1966 has been amended on 22.10.2009 and the words "Minimum Price" have been substituted by the words "Fair and Remunerative Price" (FRP). The amendment has been made to provide reasonable margin to sugarcane farmers on account of 'risk' and 'profit', a concept included for the first time,

which is to be uniformly applicable to all States. With the introduction of FRP of sugarcane, clause 5A of the Sugarcane (Control) Order, 1966 has been omitted. For 2009-10 sugar season, the Central Government has fixed the FRP of Rs.129.84 per quintal linked to basic recovery rate of 9.5% subject to a premium of Rs.1.37 for every 0.1 percentage increase in recovery rate above that level.

### **REINTRODUCTION OF RELEASE ORDER SYSTEM FOR EXPORT OF SUGAR**

2006-07 and 2007-08 sugar seasons saw high production of sugar. Hence, in order to promote export of sugar, the Government had done away with the requirement of release order for export of sugar vide notification dated 31.07.2007. However, sugar production scenario changed drastically in 2008-09 sugar season. Keeping in view the estimated lower production of sugar in 2008-09 sugar season, the Central Government has reintroduced the requirement of obtaining release order for export of sugar with effect from 01.01.2009 under OGL and from 13.02.2009 in respect of export under advance authorization scheme.

### **INCREASE IN LEVY OBLIGATION**

In view of the drop in sugar production in 2008-09 to about 147 lakh tonnes which has resulted in low accrual of levy sugar at rate of 10% of production to cater to the annual requirement of levy sugar for PDS and keeping in view also the fact that 2009-10 sugar production is again likely to be about 160 lakh tonnes or thereabout, the levy obligation on sugar factories has been enhanced from 10% to 20% of production for

2009-10 sugar season only. This would ensure adequate availability of levy sugar for distribution under the PDS.

### **SPECIAL ADDITIONAL FESTIVAL ALLOCATION**

Special additional festival allocation of 2 kg of levy sugar for the month of September or October, 2009 to all families below the poverty line (BPL) in the country except in the special category states, viz., all North-eastern states (Assam, Arunachal Pradesh, Meghalaya, Mizoram, Manipur, Nagaland, Sikkim, Tripura), hill states (Himachal Pradesh, Jammu & Kashmir and Uttarakhand) and Island territories (Andaman & Nicobar and Lakshadweep Islands) where additional special festival allocation has been made to both below poverty line and above poverty line families, who are presently being covered.

### **Amendment of the Sugar Development Fund Rules, 1983**

There was appreciable decline in the market prices of free sale sugar, which constrained the capacity of the sugar mills to pay the cane price to sugarcane growers. In order to mitigate the hardship of the sugarcane growers, the Government had created the buffer stock of 20 lakh tonnes of sugar for the period of one year w.e.f. 18.12.2002 to 17.12.2003, which was extended for one more year i.e. up to 17.12.2004. Buffer subsidy claims of a large number of sugar mills could not be settled due to maintenance of multiple accounts for buffer subsidy, submission of complete documents beyond the stipulated time limit of 31.12.2004 and situations where buffer subsidy was to be

paid but there were no sale under free sale quota during the relevant quarter. The amendment to the Sugar Development Fund Rules, 1983 was made vide notification dated 28.05.2009. The above amendment has facilitated settlement of buffer subsidy claims of a large number of those sugar mills, whose claims were withheld earlier due to technical reasons.

### **(F) EDIBLE OILS**

The Department seeks to coordinate management of edible oils in the country through a multi-prolonged strategy, namely, (i) assessment of the shortfall in the demand for and domestic availability of edible oils through imports so as to maintain their prices at reasonable levels (ii) close monitoring of the prices and availability of edible oils both in the domestic and international markets, etc.

The Regulatory functions are performed through the following Orders administered by the Directorate of Vanaspati, Vegetable oils and Fats:-

- (i) Edible Oils Packaging (Regulation) Order, 1998;
- (ii) Vegetable Oil Products (Regulation) Order, 1988 and
- (iii) Solvent Extracted Oil, De-Oiled Meal and Edible Flour (Control) Order, 1967.

### **(G) WAREHOUSING**

The Warehousing (Development and Regulation) Act 2007 has been enacted and notified in September 2007. The Act will ensure that the farmers are able to keep their goods in certified warehouses and use warehouses receipt as a negotiable

instrument. With the full implementation of this Act, farmers would find it easy to take loans from commercial banks against negotiable warehouse receipts and not resort to distress sales to take care of their urgent cash needs. A regulatory Authority namely warehousing Development & Regulatory authority (WDRA) is being set up to register and regulate warehouses issuing negotiable warehouse receipts and to implement other Provisions of the Act.

#### (I) INDIAN GRAIN STORAGE MANAGEMENT & RESEARCH INSTITUTE (IGMRI)

Indian Grain Storage Management & Research Institute (IGMRI), functioning under the direct control of Department of Food & Public Distribution, is engaged in Research & Development activities in the field of Post Harvest Management of foodgrains at farm and commercial level. The institute is also organising training programmes on scientific storage and inspection of foodgrains.

#### (J) QUALITY CONTROL CELLS

Quality Control Cells are monitoring the quality of foodgrains at the time of procurement, storage and distribution. These cells also ensure that guidelines/instructions issued by the Government from time to time about scientific storage and preservation of foodgrains are followed by the FCI, CWC, SWCs and State agencies. These Quality Control Cells are located at Bangalore, Bhopal, Bhubaneshwer, Delhi, Kolkatta, Hyderabad, Lucknow and Pune.



Disinfestation work at warehouse





# Chapter-II

## Organisation and Administration



## ORGANISATION AND ADMINISTRATION

The Ministry of Consumer Affairs, Food and Public Distribution has two Departments, namely, the Department of Food and Public Distribution and the Department of Consumer Affairs.

2.1 The Department of Food & Public Distribution continued to be under the Charge of Shri Sharad Pawar Hon'ble Union Minister of Agriculture, Consumer Affairs, Food and Public Distribution, assisted by Prof. K.V.Thomas, Minister of State during the year 2009-10.

2.2 Smt. Alka Sirohi has been working as Secretary in the Department of Food & Public Distribution with effect from 01.09.2008.

2.3 The sanctioned staff strength of the Department is indicated at Annexure-I. The organizational chart of the Department is at Annexure-II.

### FUNCTIONS

2.4 The main functions of the Department of Food and Public Distribution are:-

- (i) Formulation and implementation of national policies relating to procurement, movement, storage and distribution of foodgrains;
- (ii) Implementation of the Public Distribution System with special focus on the poor;
- (iii) Provision of storage facilities for the maintenance of central

reserves of food grains and promotion of scientific storage;

- (iv) Formulation of national policies relating to export and import, buffer stocking, quality control and specifications of foodgrains;
- (v) Administration of food subsidies relating to rice, wheat and coarsegrains;
- (vi) Fixation of Fair and Remunerative Price of sugarcane payable by sugar factories, development and regulation of sugar industry (including training in the field of sugar technology), fixation of price of levy sugar and its supply for PDS and regulation of supply of free sale sugar;
- (vii) Supporting industries, the control of which by the Union is declared by Parliament by law to be expedient in public interest, as far as these relate to Vanaspati, Oilseeds, Vegetable Oils, Cakes and Fats; and
- (viii) Price control of, and inter-state trade and commerce in, and supply and distribution of Vanaspati, Oilseeds, Vegetable Oils, Cakes and Fats.

2.5 In carrying out its various functions, the Department of Food and Public Distribution is assisted by its two attached offices, namely, Directorate of Sugar and

Directorate of Vanaspati, Vegetable Oils and Fats, and two subordinate offices, namely, National Sugar Institute, Kanpur and Indian Grain Management Research Institute, Hapur with its two Field Stations and three Public Sector Undertakings namely, Food Corporation of India (FCI), Central Warehousing Corporation (CWC) and Hindustan Vegetable Oils Corporation Limited (HVOC).

### REDRESSAL OF PUBLIC AND STAFF GRIEVANCES

- 2.6 The complaints made by members of the public are promptly acknowledged and appropriate action is taken.
- 2.7 In order to provide the latest information to the public on matters of functioning of the Department of Food & public Distribution, the department's website <http://fcamin.nic.in> can be accessed.
- 2.8 A Joint Secretary of the Department supervises the work relating to Public & Staff Grievances in the Department. A Grievance box is placed at Gate No. 6 of Krishi Bhawan for receiving complaints.
- 2.9 The information and Facilitation Counter at Gate No. 6 of the Krishi Bhawan provides information to Public on various activities of the department such as Public Distribution System, Welfare schemes, import of foodgrains, sugar prices, subsidies and storage etc.

### WOMEN EMPOWERMENT

- 2.10 All necessary steps have been taken by the Department and its attached offices

to provide a healthy work environment to its Women employees. Based on the guidelines issued by the National Commission for Women, a Women Cell was set up in the Department in 1997. The main functions of this Cell are to coordinate the action for improvement of working conditions of the women, to attend to the complaints received from women employees and to implement the policies and guidelines issued by the Department of Women and Child Development/National Commission for Women from time to time.

- 2.11 Based on the guidelines issued by National Commission for Women, a Complaint Committee has also been set up in the Department to redress the grievances of women employees.
- 2.12 Instructions in this regard have also been issued to the two Public Sector Undertakings of this Department-Food Corporation of India (FCI) and Central Warehousing Corporation (CWC). FCI has also set up a Women Cell and Complaint Committee for its women workforce for redressal of their grievances. Central Warehousing Corporation has obtained life Membership of the Forum for Women in Public Sector, which provides the women employees of the corporation the required platform for redressing their grievances.
- 2.13 The FCI and the CWC have also initiated necessary action to make requisite amendments to their Rules pursuant to the directions of the Supreme Court

regarding prevention of sexual harassment of women employees at work-place. The CWC has also constituted Complaints Committee to redress the sexual harassment of working women employees at work place.

**Welfare of Scheduled Castes/Scheduled Tribes**

2.14 The instructions issued by the Department of Personnel & Training from time to time regarding representation of Scheduled Castes/ Scheduled Tribes in direct recruitment

and promotion to various grades and services are followed.

2.15 The total number of Government Servants vis-a vis the number of persons belonging to the Scheduled Castes, Scheduled Tribes, other backward classes, Physically Handicapped and Ex-Servicemen amongst them employed in the Department of Food & Public Distribution, including its attached and subordinate offices as on 01.01.2010 are given below :

GROUPS	Total No. of employees	SC	ST	OBC	NO. OF PHYSICALLY HANDICAPPED				Ex-servicemen
					VH	HH	OH	TOTAL	
GR A	177	25	8	3	0	0	0	0	0
GR B	338	52	9	3	0	0	2	2	0
GR C	492	90	29	50	2	1	10	13	8
GR D	455	137	35	54	9	9	6	24	10
GR D (INCL. SWPR)	25	23	2	0	0	0	0	0	0
<b>TOTAL</b>	<b>1487</b>	<b>327</b>	<b>83</b>	<b>110</b>	<b>11</b>	<b>10</b>	<b>18</b>	<b>39</b>	<b>18</b>

**DEVELOPMENT OF SCHEDULED TRIBES**

2.16 Under Village Grain Bank (VGB) Scheme, funds are provided to set up Village Grain Banks to safeguard against starvation during the period of natural calamity or during lean season. The grain banks are to be set up in food scarce areas like the drought prone areas, the hot and cold desert areas,

tribal areas and the inaccessible hilly areas which remain cut off because of natural calamities like floods, etc.

2.17 Under Village Grain Bank Scheme separate budget sub-heads have been opened for the benefit of Scheduled Tribes. The annual plan allocation for the scheme for 2009-10 is 17.33 crores, out of which 10% outlay earmarked for NE region is 1.73 crore. 50% of the

allocation for NE region viz. Rs. 0.865 crore has been provided for the benefit of STs and 10% of the allocation of Rs. 15.60 crores for areas other than NE region viz. 1.56 crores, has been provided for the exclusive benefit of STs. Thus the total amount provided for the benefit of STs under the scheme is Rs. 2.395 crores (Rs. 0.865 crore + 1.530 crores). Any Village Grain Bank having more than 50% of members as STs will qualify for financial assistance from budget allocation for exclusive benefit of STs in NE and in areas other than NE region.

2.18 During 2009-10, 2028 Village Grain Banks VGBs were sanctioned for West Bengal and Andhra Pradesh and 186 VGBs for Nagaland. As per the guidelines 10% of VGBs in Non NER States and 50% of VGBs in NER States are to be earmarked for the benefit of ST population.

2.19 The actual expenditure during 2009-10 (upto December 2009) is 17.23 crore. The annual Plan outlay (BE) for 2010-11 for this scheme is Rs. 17.00 crores.

2.20 Release of Grants-in-aid to States/UTs in NE region during first & second year of 11th Plan i.e. 2007-08 , 2008-09 and 2009-10 was as under:

(During 2007-08)

State/UT	No. of VGBs	Amount released (in Rs.)
Nagaland	150	1,04,99,340
Manipur	99	69,29,564
Total	249	1,74,28,904

(During 2008-09)

State/UT	No. of VGBs	Amount released (in Rs.)
Tripura	26	20,79,256
Manipur	101	80,95,756
Total	127	1,01,75,012

During 2009-10 186 VGBs have been sanctioned in NE region to Nagaland State with total grant of Rs. 1,63,58,402/-.

## DEVELOPMENT OF NORTH EASTERN REGION.

2.21 Under 'construction of godowns by FCI/State Government of NE Region' equity released to FCI for projects for creation of storage capacity in NE Region during 2008-09 was Rs. 15.45 crores. The expenditure incurred for construction of godowns for creating storage capacity in NE Region by FCI in 2008-09 was as under:-

Sl. No.	Projects with storage capacity (MTs)	Expenditure during 2008-09 (Rs. In lakhs)
1.	Bualpui/Mizoram/4590	22.42
2.	Badarpurghat/Assam/5000	14.85
3.	Chaulkhowa/Assam/4170	0.51
4.	Kohima/Nagaland/5000	1365.69
5.	Nandannagar/Tripura/2500	64.46
6.	Lawngtlei/Mizoram/3340	1.83
	Total	1469.76

2.22 Further, a capacity of 2,500 MT at Nandannagar/Tripura was realized in NE Region during 2008.

2.23 The budget provision for the scheme during 2009-10 is Rs. 8 crore (BE) for NE Region However, this has been revised to Rs. 17.68 crore (RE). The expenditure incurred during 2009-10 is Rs. 2.07 crores for NE region upto November 2009.

2.24 The annual plan for 2010-11 for the scheme of Construction of godowns by FCI is Rs. 35 crores( Rs. 10 crores for NE and Rs. 25 crores for other than NE) with a physical capacity of 42,920 ( 25,000 MT for NE Region including Sikkim and 17,920 MT for the areas other than NE)

#### **Integrated Information System For Foodgrains Management (IISFM)**

2.25 In North Eastern region, computer hardware & software were supplied at 54 Depots. 15 district Offices, 3 Regional Offices and 1 Zonal Office under IISFM Project. VPN connectivity has been provided to 19 locations- District Office upwards, Internet connectivity through various Internet Service Providers modes viz. Broadband, WLL, V-Sat, Dial-up etc. is available at 33 depots locations, Stock data from 53 depots are being transmitted to Central server.

#### **CWC ACTIVITIES IN NORTH-EASTERN REGION**

2.26 The Central Warehousing Corporation (CWC) started functioning in the North East Region in early sixties and is having a capacity of 1.02 lakh MT with occupancy of 76% as on 31.12.2009. The Centre wise/ State wise capacity being

operated by the CWC in the North Eastern Region is detailed below:

<b>ASSAM</b>	
Amingaon	20833 MT
Dhubri	10100 MT
Guwahati	8600 MT
Jorhat-I	10500 MT
Jorhat-II	5000 MT
Sorbhog	10000 MT
<b>Total</b>	<b>65033 MT</b>
<b>NAGALAND</b>	
Dimapur	13000 MT
<b>TRIPURA</b>	
Agartala	19583 MT
Agartala C.S.	4750 MT
<b>Total</b>	<b>24333 MT</b>
<b>Grand Total</b>	<b>102366 MT</b>

2.27 During the last three years, CWC could not undertake any additional construction of capacity in view of the low occupancy of its warehouses and in the absence of any assured business. Moreover, Guwahati Region has been incurring losses during last few years.

#### **PROGRESSIVE USE OF HINDI**

2.28 In keeping with the Official Language policy of Government of India to promote the use of Hindi in day-to-day official work and to achieve the targets prescribed by the Department of Official Language in their annual programme of 2009-2010, multipronged

efforts were made to increase use of Hindi in official work. For this purpose, upto 31st December, 2009 three workshops were organised, in which 98 officers and employees were acquainted with the requirement of Official Language Act and the rules framed there under. Besides these measures, officers and employees were also trained to work in Hindi on computers. A meeting of the Hindi Salahakar Samiti under the chairmanship of Prof. K.V. Thomas, Minister of State for Consumer Affairs, Food & Public Distribution was organised on 13.11.2009 in which the

progress made in the progressive use of Hindi in the Ministry was reviewed and various measures were considered to encourage the use of Hindi.

- 2.29 The progress made in the use of Hindi in the Department, its attached and subordinate offices and Public Sector Undertakings under its administrative control was also reviewed in the quarterly meetings of the Official Language Implementation Committee of the Department. As far as possible, publicity material brought out by the department is being issued in bilingual form (both in Hindi and English), besides being issued in regional



Prof. K.V. Thomas, Hon'ble Minister of State for Consumer Affairs, Food & Public Distribution, lighting the lamp on the occasion of the meeting of Hindi Salahakar Smiti



Meeting of Hindi Salahakar Samiti Ministry of Consumer Affairs Food and Public Distribution held on 13th November, 2009 under the chairmanship of Prof. K.V. Thomas, Hon'ble Minister of State for Consumer Affairs Food and Public Distribution

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languages as and when required. All the forms and standard drafts being used in the Department are available both in Hindi and English.

2.30 During the year 2009-10 the Parliamentary Committee on Official Language inspected 6 offices of FCI and CWC to review the progressive use of Hindi.

2.31 To review the progressive use of Hindi, 37 offices of Food Corporation of India and Central Warehousing Corporation and 11 sections of the department were inspected by the officers of Hindi Division during the year 2009-10.

2.32 Hindi Fortnight was organized from 1st September 2009 to 15th September 2009 and on this occasion various Hindi competitions were organized. 42 winner officers/employees of the

competitions were given cash prizes. Besides this, 7 officials of the department were awarded cash prize under the Hindi Noting/Drafting Prize Scheme of the Department of Official Language.

2.33 5 Stenographers were nominated during the year for training in Hindi stenography. At present all officers/staffs in the Department possess working knowledge of Hindi.

2.34 Under the Running Shield Scheme introduced for various sections of the department to encourage the officers/staff of the department to do their maximum work in Hindi, Establishment-2 Section was awarded Running Shield for the year 2008-09. Similarly, under Shield/Trophy Scheme introduced for the offices working under this Department, Central Warehousing Corporation



Headquarters, New Delhi, Quality Control Cell, Bhuvaneshwar and Pay & Accounts Office, Mumbai were awarded shields as First, Second and Third prizes respectively for the year 2008-09.

- 2.35 The Department was awarded 2nd prize under Indira Gandhi Rajbhasha Puraskar Yojana by the Department of Official Language for doing excellent work in the field of implementation of Official Language policy of Govt. of India for the year 2007-08. This prize was distributed by Her Excellency the President of India Smt. Pratibha Devi Singh Patil on 14.09.09 on the occasion of Hindi Day in a function held at Vigyan Bhavan, New Delhi which was received by Smt. Alka Sirohi, Secretary of the Department.

#### TRAINING OF OFFICERS OF THE DEPARTMENT

- 2.36 The officials of this Department have been attending training programmes organized by various institutes/ organizations like ISTM, NIC, NPC, IIPA etc. for in-service training & skill enhancement courses.

The details of the officials of this Department, who attended various training programmes during 2008-09 and 2009-10 (upto December, 09) are as under:-

No. of Officers/ officials	2008-09	2009-10 (Jan.2009 to 31-12-2009)
Gazetted	21	14
Non-Gazetted	07	13

#### SOFTWARE APPLICATIONS DEVELOPED AND IMPLEMENTED IN THE D/O F&PD

- 2.37 The Department has been playing pioneering role in propagating IT led development facilitating rapid growth and transformation in the ICT culture for efficient and effective delivery of services. NIC has been our technical consultants for almost all IT related initiatives. The Department is also constantly in the pursuit of developing state of-the-art application software related to various areas of importance. It has also undertaken various projects related to capacity building and also follows Central Government e-Governance action plan.
- 2.38 Some of the Internet and Intranet based application software developed and implemented in the Department are:

##### I. NATIONAL LEVEL PROJECTS

Integrated Information System for Food Grains Management (IISFM) is an e-Governance Project taken up under the G2G and G2B category. This project has been developed for Food Corporation of India which has a country-wide presence through its 5 Zonal Offices, 23 Regional Offices in almost all the State Capitals, 166 district offices and more than 1400 Food Storage Depots.

The Business benefits delivered by the IISFM project in brief are;

- Stock information of food grains stored by FCI over the web

- Efficient and Effective Stock Management
- Standardization of data collection procedures
- Optimization of the reporting methodologies of various food grains in Stock from the Depots
- Assessment of Stocks in Transit through Rail
- Improved reconciliation procedures
- IT infrastructure including capacity building for the HQ, Zonal Offices, Regional Offices and District Offices and depots of Food Corporation of India
- Integrating information among various Divisions and Departments in Food Corporation of India

A project titled 'Implementation of Pilot scheme on Introduction of Smart Card based delivery of essential commodities under TPDS in the State of Haryana and Chandigarh (UT)' has been assigned to NIC by the M/o CAFPD, where NIC provided various standards related to the project like Smart cards, Finger prints, Smart Card Transaction Terminal/ Point of Sale Terminal & demographic data and PDS related parameters. NIC made detailed System Study, Preparation of SRS, Design & Development of the application software and above all, the complete Project Management activities like reviewing RFP, DPR. The solution is designed to minimize the paper work and built as a work flow at various level of hierarchy like Central Govt. to State, State Head Quarter department to District,

District to Taluk/Tehsil. The solution is generic in nature so that it can be replicated to other states with minimum customization.

The commodity distribution to the beneficiary will be based on the beneficiary Smart Card and the 1:1 biometric authentication at FPS. FPS owner's card will carry the month's transaction; the same will be uploaded to the Taluk/Tehsil in turn to the central server. A major part of this system focuses on reconciliation part where all transactions can be reconciled to figure out the exact allocation of commodity and its lifting at actual beneficiary level.

The application will cater for Smart Ration card preparation & issuance both online and offline. As the SRC preparation is through work flow, this may reduce the effort and the paper work, where the status of the SRC preparation can be monitored online.

The System is targeted for UIDAI compliance and de-duplication by capturing all ten finger prints and individual photographs of the family members.

## **II. Software for MIS Applications of the Department**

Monthly Food grain bulletin is a collection of various reports relating to Food grains giving information regarding activities for production, procurement, stocks, allocation and off take etc. The Department publish these reports every month, in the form of a booklet. Web based software has been developed to computerize the said Bulletin. The Software maintains centralized database and consists of various modules

which facilitated the distributed Data entry from various concerned sections. Section wise secured login and password has been provided for data entry into individual modules and reports can be generated from any node on LAN. Various reports generated by the software have direct access from the Department's website ' www.fcamin.nic.in'.

### III. SUGAR DIRECTORATE APPLICATIONS

Production data from all sugar factories are collected and various kinds of production reports are prepared to monitor and control the sugar stocks management. A software has been developed to facilitate data entry of the collected data and generation of various types of reports required for monitoring the sugar stocks management. The production data entry module is also available through internet. Using this software a sugar factory can send the data electronically through internet from their factory itself. The Directorate of sugar is also able to access state-wise/plant wise consolidated reports.

**Sugarcane Price Arrears:** Web based software has been developed to monitor the arrears accumulated by the sugar factories to the farmers. Cane purchased, cost paid and cost due by each factory is entered fortnightly.

**Statutory Minimum Price (SMP) (now FRP) for Sugarcane:** A web based application has been developed to calculate the statutory minimum price of sugarcane for each factory. Previous year data of cane crushed, sugar made and crushed in hours is entered month wise and factory-wise. Basic price and 1% increase in price of sugarcane is entered. Peak

seasonal recovery percentage is calculated. From peak seasonal recovery of each Sugar factory the SMP is being calculated. The SMP calculated is printed in Gazette by the Directorate of Sugar.

### IV. E-GOVERNANCE INITIATIVES

Various initiatives undertaken in E-Governance are as follows:

#### **Diary Management Information System:**

Web-based software has been developed and installed in the central server to track the files/ letters/receipts. Section-wise, Officer-wise login and password is created to enter the details of the receipts/letters/files of the sections. Necessary training has been provided to the officials of the Department from Directors to Section Officers.

**Payroll Software:** The payroll software for the Department of Food and Public Distribution and Directorate of Sugar has been developed and fully implemented. The ECS software is linked to payroll information and employee's salary is credited to different branches of different banks through Reserve Bank of India.



Staff working on Computers

**Personnel Information System:** A web based application has been implemented which provides employee their bilingual Pay Slip, Annual Income Statement Sheet, Income Tax Calculation Sheet and GPF Statement. Any employee can download his/her personnel profile, birthday and superannuation messages, etc.

**Bulletin Board Services:** A web application has been developed and implemented to display section-wise messages, notices and circulars, posted by each section of the Department to all officials of the Department.

**E-Granthalaya'** the Library Management System: Web based comprehensive software to manage the library activities has been implemented. This software maintains a database of all the books and journals in the Department Library and supports various searches, queries, availability status, pending status and information about new books and journals.

**Court Cases Monitoring System:** Web based software has been developed and implemented to monitor the court cases of the D/o Food and Directorate of sugar. This software generates alerts reports, contempt cases, and decided/closed cases, pending cases, starred cases, advocate address and summary reports.

**Parliament Matters Management System:** Web based software has been developed and implemented for maintaining various parliament related matters like parliament questions-answers, assurances, urgent matters etc. User can search any

matter related to the parliament and various administrative level reports are generated through the software.

**RTI Request and Appeal Management Information System:** Web based software has been developed and installed in the central server to track RTI requests and appeals. The software generates reports required to be submitted to Central information Commission.

**PGRMS :** A web based software to maintain public grievances. The software facilitates efficient redressal of the grievances received from the public and various authorities. The software also provides various statistical reports to reflect and monitor the causes for grievance. This is used by the public grievance cell of Department.

**Anti Virus / Patch management:** The Help Desk activities have been continued during the current financial year in connection with the computerizations and development of software packages. Also anti-virus/patch management was done for each of the PC nodes connected through LAN in the Department.

## V. CAPACITY BUILDING

The Department has conducted number of trainings for employees to equip the skills required to work under ICT environment and to use the various software applications. Accordingly, apart from general trainings for the use of Internet and Word Processing software, specific trainings has been organized for staff and officers for use of NIC developed software.

## INTERNATIONAL COOPERATION

### INTERNATIONAL GRAINS COUNCIL (IGC)

2.39 India is a member of the International Grains Council (IGC) which was previously known as International Wheat Council up to 1995 & is an intergovernmental forum of exporting and importing countries for co-operation in wheat and coarse grain matters. It administers the Grains Trade Convention 1995. The IGC Secretariat, based in London since 1949, also services the Food Aid Committee, established under the Food Aid Convention. International Grains Agreement comprises of Grains Trade Convention (GTC) and Food Aid Convention (FAC). India is a signatory to the International Grains Agreement (IGA) 1995 and its Grain Trade Convention (GTC) 1995 which is effective from 1st July 1995. IGC have two types of members-Importing Members and Exporting Members. India has been included in the category of Exporting members in July, 2003 and is represented in the meetings/session of the Council held from time to time. The Department of Food & P.D. has represented India in the 30th Council Session of IGC held on 10th December, 2009 in London. Besides, this Department also participates in other meetings of IGC like Market Conditions Committee meeting held on 2nd October, 2009, Executive Committee meeting held on 20th October, 2009 and 101st Session of Food Aid Committee meeting held on 9th December, 2009

through representative of High Commission of India in London.

2.40 India being a member of the International Grains Council, this Department pays the annual membership contribution to International Grains Council. For the fiscal year 2009-10, a sum of ₹17997.49 has been paid towards India's membership contribution to IGC.

### WORLD FOOD PROGRAMME

2.41 Government of India is allocating food grains at BPL rates to the beneficiaries belonging to BPL category under the development Schemes administered by International Organisations like World Food Programme. For the financial year 2009-2010, an allocation of 48512 MT of foodgrains (Wheat: 40,986 MTs & Rice: 7,526 MTs) has been made at BPL rates to World Food Programme for their developmental schemes in the country for the various WFP supported/assisted projects under the New Country Programme 2008 -2012. Through Country Programme (CP) of WFP, Government of India is moving forward to attain the Millennium Development Goals by improving the implementation of existing food-security programmes by focusing on developing institutional capacity to manage them. The WFP's food delivery components projects are currently in the States of Orissa, Chattisgarh, Madhya Pradesh, Jharkhand and Rajasthan. Capacity developments for food security are also being implemented through CP of WFP in the aforesaid states and also in

Gujarat, Uttarakhand, Uttar Pradesh, Bihar and Tamil Nadu.

### **SAARC FOOD BANK**

2.42 In pursuance to the decision taken in the 14th SAARC Summit held in New Delhi on April 3-4, 2007, the Heads of States of SAARC countries have signed the Agreement on establishing the SAARC Food Bank. The Food Bank will supplement national efforts to provide food security to the people of the region. The agreement on Establishing the SAARC Food Bank has since been ratified by the President of India on 17th April, 2007. As per agreement, India's assessed share of Food Grains for the SAARC Food Bank is 1,53,200 MTs out of total share of 2,43,000 MTs of the reserve. Joint Secretary(IC) participated in the First meeting of the SAARC Food Bank Board held on 15th -16th October, 2008, Second meeting of SAARC Food Bank Board during 12th -13th February, 2009 held in Colombo, Sri Lanka and 3rd meeting of SAARC Food Bank during 8th -9th November, 2009 held in Kabul, Afghanistan.

### **FOOD AND AGRICULTURAL ORGANISATION (FAO)**

2.43 FAO is one of the largest specialized agency in the UN System founded in 1945 with a mandate to raise levels of nutrition and standard of living to improve agricultural productivity and to better the conditions of rural population. The Committee on World Food Security (CFS) serves as a forum in the United Nations System for

review and follow-up of policies concerning world food security, including food production, physical and economic access to food. India is a member to both FAO and CFS. Committee on World Food Security (CFS) monitors the progress on implementation of the WFS Plan of Action

### **TRAINING PROGRAMME ETC.**

2.44 Officials of the Department have been nominated from time to time to attend training programmes under domestic & foreign funding schemes of Department of Personnel & Training conducted in various institutes/universities abroad. During 2008-09 a total number of 7 Senior. officers of the level of Directors and above were sent abroad for short-term training programme under domestic funding schemes of foreign training. Besides, officers/delegation of the level of Under Secretary and above of this Department have also been deputed abroad 19 times for undertaking official study tour and to attend International Conferences/Seminar/meetings of International organizations like Food & Agriculture Organisation(FAO), International Grains Council(IGC), International Sugar Organisation(ISO) & SAARC.

### **INTEGRATED FINANCE DIVISION**

2.45 The Integrated Finance Division of the Ministry of Consumer Affairs, Food & Public Distribution (Department of Food & Public Distribution) is headed by an Additional Secretary & Financial

Adviser, who is overall in-charge of the Budget & Accounts Section in addition to the Integrated Finance Section.

2.46 It is his duty:-

- (i) to ensure that the schedule for preparation of the Budget is adhered to by the Ministry and the Budget is drawn up according to the instructions issued by Finance Ministry from time to time;
- (ii) to scrutinize Budget proposals thoroughly before sending these to Ministry of Finance;
- (iii) to see that complete departmental accounts are maintained in accordance with the prescribed codal provisions;
- (iv) to watch and review the progress of expenditure against sanctioned grants through maintenance of necessary Control Registers and to issue timely warnings to Controlling authorities where the progress of expenditure is not even;
- (v) to screen the proposals for supplementary demands for grants;
- (vi) to advise the Administrative Ministry on all matters falling within the ambit of delegated powers
- (vii) to scrutinize proposals for re-delegation of powers to subordinate authorities;
- (viii) to keep himself closely associated with the formulation of schemes and important expenditure proposals from the initial stages;
- (ix) to associate himself with the evaluation of progress/performance in the case of projects and other continuing schemes, and to see that the results of such evaluation studies are taken into account in the Budget formulation;
- (x) to ensure that release of funds to State Governments/Other Agencies is linked to the scheme-wise/project-wise utilization certificate and audited expenditure of previous years.
- (xi) to ensure high quality appraisal and evaluation with requisite rigor.
- (xii) to ensure prompt action on Audit Reports and Appropriations Accounts, Reports of Public Accounts Committee, Estimates Committee and Committee on Public Undertakings;
- (xiii) to review the progress of internal audit and action taken thereon, so as to make it an important tool for financial management;
- (xiv) to be involved in, and coordinate in the preparation of Outcome Budgets for their respective Administrative Ministries.
- (xv) to screen all expenditure proposals referred to Finance

Ministry for concurrence/  
comments;

(xvi) to ensure regular and timely submission to the Finance Ministry of the prescribed statement, reports and returns.

(xvii) to be responsible for expenditure management and cash management;

(xviii) to periodically review the various non-tax receipts under control of the Ministry Department, in the context of market trends and other sectoral developments.

## SUMMARY OF AUDIT OBSERVATIONS

**Position of ATNs in respect of Audit observations pertaining to the Department of Food & Public Distribution (as on 31.1.2010).**

S.No.	Year	No. of Paras/ PA reports on which ATNs have been submitted to PAC/ COPU after vetting by Audit	Details of Paras/ PA reports on which ATNs are pending			
			No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and awaiting their resubmission by the Ministry	No. of ATNs sent to Audit for vetting	No. of ATNs which have been finally vetted by audit but have not been submitted by the Ministry to PAC/ COPU
1	2004	6	0	3	1	0
2	2005	7	1	4	1	1
3	2006	5	1	4	1	1
4	2007	1	0	7	0	0
5	2008	0	2	4	2	0
6	2009	0	6	3	2	1

2.47 A summary of important audit observations on the Department, included in the C&AG's Reports of 2009-10 (Commercial) and action taken by the Department thereon as on 31st January, 2010, are given below: -

### 1. Audit Observation

Central Warehousing Corporation waived off 90 per cent storage charges of the imported stock kept in its Public Bonded Warehouse without proper

justification. It resulted in loss of Rs. 7.88 crore.

(Para 5.1.1 of Report No.CA 24 of 2009-10)

### Action taken by the Department

Action taken note sent to Office of C&AG for vetting on 28.01.2010.

### 2. Audit Observation

The Central Warehousing Corporation decided to purchase and operate own



tractor trailers without proper planning and suffered a loss of Rs. 2.83 crore in their operation.

(Para 5.1.2 of Report No.CA 24 of 2009-10)

### **Action taken by the Department**

Action taken note sent to Office of C&AG for vetting on 11.12.2009.

### **3. Audit Observation**

The Central Warehousing Corporation had not verified the business credentials of the party and delayed in taking legal action which resulted in non-recovery of warehousing charges amounting to Rs. 1.81 crore.

(Para 5.1.3 of Report No.CA 24 of 2009-10)

### **Action taken by the Department**

Vetted remarks received from Office of C&AG on 5.01.2010.

### **4. Audit Observation**

Release of food grain in contravention of Government of India instructions resulted in undue benefit of Rs. 10.52 crore to the Roller Flour mills and Atta Chakkies.

(Para 5.2.1 of Report No.CA 24 of 2009-10)

### **Action taken by the Department**

Comments of Food Corporation of India (FCI) and Government of Delhi on the para obtained and drafting of action taken note under process.

### **5. Audit Observation**

The transportation charges for delivery of rice beyond eight kilometres were

paid at higher rates in Punjab and Haryana regions of the Food Corporation of India in violation of the Government of India instructions resulting in excess reimbursement of Rs. 7.65 crore during 2004-05 and 2005-06.

(Para 5.2.2 of Report No.CA 24 of 2009-10)

### **Action taken by the Department**

Action taken note drafted on the basis of information furnished by FCI.

### **6. Audit Observation**

Non-deployment of 'Mandal' as handling labour resulted in unjustified payment of Rs. 7.11 crore to the Direct Payment System labour during the years 2005-06 and 2006-07 in Punjab region.

(Para 5.2.3 of Report No.CA 24 of 2009-10)

### **Action taken by the Department**

Comments of FCI on the para obtained and drafting of action taken note under process. Further clarification sought from FCI.

### **7. Audit Observation**

Due to storage of foodgrain at Zira centre, Food Corporation of India had to incur avoidable expenditure of Rs. 6.76 crore in transportation.

(Para 5.2.4 of Report No.CA 24 of 2009-10)

### **Action taken by the Department**

Comments / action taken note sought from FCI.

## 8. Audit Observation

Due to non-maintenance of records for claims of short/damaged gunny bales Food Corporation of India could not recover Rs. 5.54 crore towards the value of short/damaged gunny bales for the period September 1998 to June 2005.

(Para 5.2.5 of Report No.CA 24 of 2009-10)

### Action taken by the Department

Comments sought from FCI and reply received. Action taken note is being drafted.

## 9. Audit Observation

Release of advertisements through private advertisement agencies, instead of Directorate of Advertising & Visual Publicity, resulted in extra expenditure of Rs. 3.02 crore by the Food Corporation of India.

(Para 5.2.6 of Report No.CA 24 of 2009-10)

### Action taken by the Department

C&AG's vetted remarks have been received and sent to FCI on 3.1.2010 for reply/ comments thereon.

## 10. Audit Observation

On the cash credit availed by the Food Corporation of India, the State Bank of India charged interest at higher rates than the prevailing rates during September, 2005 to March 2006. Excess amount charged could not be recovered resulting in loss of Rs. 2.03 crore to the Corporation.

(Para 5.2.7 of Report No.CA 24 of 2009-10)

### Action taken by the Department

Action taken note vetted by Audit and drafted for sending the same to COPU.

## 11. Audit Observation

Food Corporation of India incurred wasteful expenditure of Rs. 1.66 crore due to hiring of private godown when sufficient space was available in their own godown.

(Para 5.2.8 of Report No.CA 24 of 2009-10)

### Action taken by the Department

FCI requested on 18.8.2009 to furnish action taken note.

## 12. Audit Observation

Purchase of new vehicles by the Food Corporation of India in violation of instructions of the Government of India resulted in irregular expenditure of Rs. 1.10 crore

(Para 5.2.9 of Report No.CA 24 of 2009-10)

### Action taken by the Department

C&AG's vetted remarks have been received and sent to FCI on 2.12.2009 for reply/ comments thereon.

## DEPARTMENTALISED PAYMENT AND ACCOUNTING ORGANISATION

### ORGANISATIONAL SET UP

2.48 The Organization functions under overall cadre control of the Controller General of Accounts, Ministry of Finance, and Department of Expenditure in respect of Gr. "A" & "B" officers. The Secretary of Department of Food and

Public Distribution is the Chief Accounting Authority who discharges his duties through and with the help of AS & FA and Chief Controller Accounts of the Department of Food & Public Distribution.

2.49 The departmentalized payment and accounting organization of the Department of Food and Public Distribution has four Pay and Accounts Offices located at New Delhi, Mumbai, Chennai and Kolkata besides one Principal Accounts Office located at New Delhi. The Chief Controller of Accounts is the Head of the payment and accounting organization in respect of Department of Food and Public Distribution as well as Department of Consumer Affairs, which too has 4 Pay and Accounts Offices located at New Delhi, Mumbai, Chennai and Kolkata.

#### FUNCTIONS & RESPONSIBILITY:-

2.50 The Payment and Accounting Organisation (PAO) under the Chief Controller of Accounts is responsible for:-

- (i) Arranging payments, through Pay and Accounts Offices and cheque drawing and disbursing officers of pay and allowances, provident fund claims, office contingencies, miscellaneous payments, loans and advances to Government Servants and others as well as grants-in-aid. There are 8 PAO's, 2 CDDO & 40 Non-CDDO's in the Ministry of Consumer Affairs, Food and Public Distribution. The Non-

CDDO's present their claims/bills to the accredited PAO's who issue cheques after scrutiny of the bills. The CDDO's are authorised to make payments for salaries and contingent claims after observing the relevant checks. The CDDOs issue cheques on the basis of Letter of Credit (LOC) issued in their favour by the concerned PAO's to the accredited bank branches.

- (ii) Issuance of Pension Payment Orders (PPO) in respect of retiring Government servants and payment of retirement benefits
- (iii) Supervision & Monitoring of Utilization Certificates.
- (iv) Maintenance of Loans and Grants in Aid to State Govt/PSU/Autonomous Bodies
- (v) Submission of information under FRBM Act-2003
- (vi) Technical Advices to Ministry/Department/PSU/Autonomous Bodies
- (vii) Review of Expenditure under Modified Cash Management System
- (viii) The Internal Audit Unit is responsible for conducting the Inspection and internal audit of office of all the DDOs and other auditable units of the Departments of the Ministry. During the financial year 2009-10,

Internal Audit Wing has conducted studies on the schemes viz. "Edible oil" & "Integrated project on consumer protection" for Risk Based Audit.

2.51 The Principal Accounts Office of this Ministry generates periodical reports like the monthly accounts, Expenditure Statements, Plan Expenditure Review, Annual Accounts etc. The monthly accounts fulfill the need of day-to-day administration besides giving an overall picture of Receipts & Payments, Head-wise Accounting Control besides, the annual accounts represent an accurate view of the financial stewardship of the Ministry during the year. The Principal Accounts Office compiles the monthly accounts submitted to it by the various PAOs through another software called "CONTACT". The consolidated account of the Ministry is sent to the Ministry of Finance, Controller General of Accounts for further consolidation of accounts of the Union of India. Several important reports are generated by using 'CONTACT'

2.52 In the PAO's Offices, COMPACT software covers the major accounting tasks of the PAO's and supplies input to the CONTACT software working at the Principal Accounts Office. It is designed and developed with an attempt to address all the Software System Attributes such as availability, portability, security and maintainability. The features of the software are:

- (i) It is at the lowest level of accounting and it provides information to the higher levels of accounting system for further processing.
- (ii) It covers all the major accounting and payment functions i.e. Pre Check, Budget, Compilation, GPF and Pension.
- (iii) It aims at generation of Monthly Consolidated Accounts data in the electronic format for incorporation of the Principal Accounts Offices in the CONTACT Software database.
- (iv) It provides various managerial reports for expenditure analysis like Expenditure Control Register, Receipts versus Expenditure comparison, Date wise Monthly Statement (DMS) etc.
- (v) It would help in preparation/ printing of cheques to be issued by the PAOs.

2.53 E-Lekha is G2G e-governance initiatives. The scope of the COMPACT software is now extended to generate a daily closing accounting and administrative data sub set, which can be exported to a central data base server at the end of each day from each PAO. As and when the data from each of the 300 odd PAOs are received at the Database server, this web-based application will facilitate an ONLINE Financial Information System for fact based fiscal management.

- 2.54 The Internal Audit is managed by three Audit Parties, two at Kolkata and one at Headquarters New Delhi under the overall control of Chief Controller of Accounts. The Internal Audit helps to decision maker in management of records, implementation of various financial & accounting manuals, pointing out financial irregularities & procedural lapses.
- 2.55 During the financial year 2009-10, 22 units came under the preview of Audit. Out of this 16 units were audited upto December, 2009 and balance 06 units are being taken up for the conduction of audit inspection during the last quarter of the year 2009-10. In addition, 9 units covered under scheme audit and conducted successfully.
- 2.56 A number of paras raised by audit resulted in recovery of over payment, non-recoveries of Government dues from various auditees/authorities/institution and infructuous/irregular expenditures.
- 2.57 Besides the above, the Internal Audit Wing has conducted studies on the Schemes viz. 'Edible oil' and 'Integrated Project on Consumer Protection' for Risk Based Audit.
- (i) The original outlay of the Department of Food & Public Distribution is 54773.33 Crore under Grant No.17 during 2009-10.
- (ii) Payment of Subsidy to FCI is Rs.38832.18 Crores & State Government is Rs.8074.50 Crore respectively upto December, 2009.
- (iii) A list of defaulters in respect of SDF Act, 1982 is available on Ministry's website.
- (iv) Details of release to Sugar Mills under SDF Act, 1982 is available on Ministry's website.
- (v) The Pay & Accounts Office of the Deptt. Of Food & Public Distribution received total 37 pension cases out of which 32 cases were settled and 5 cases are outstanding.
- (vi) An amount of Rs.68,69,850/- from 04/09 to 12/09 has been received from F.C.I. on account of capitalized value of Pension.
- (vii) Pay & Accounts office of Deptt. Of Food & Public Distribution maintains 400 live G.P.F. accounts and have settled 14 GPF final payment cases from 04/09 to 12/09.
- (viii) During the financial year 2009-10, 22 units came under the purview of audit. Out of this 16 units were audited upto December, 2009 and balance 06 units are being taken up for the conduction of audit inspection during the last quarter of the year 2009-10. In addition, 9 units covered under scheme audit and conducted successfully.
- (ix) The audits of Non Government Organisation are also being under taken by IA wing.

#### ACHIEVEMENTS (UP TO 31st December, 2009):

- (x) The payment to sugar mills under the SDF act 1982 is being made through Electronic Clearance System arranged by Reserve Bank of India in 15 stations only. Further efforts are on to make it available at all places where the payee demands.
- (xi) 64 Employees got trained under INGAF and 2 employees under training at NIFM upto December, 2009.

### VIGILANCE ORGANISATION

2.58 The Vigilance Division of the Department of Food & Public Distribution, its attached and subordinate offices and the Public Sector Undertakings (PSUs) is looked after by a Chief Vigilance Officer in the rank of Joint Secretary to the Government of India. At the Department, a Director, an Under Secretary and a Desk Officer, besides three ministerial staff, assist him.

2.59 At the two major PSUs i.e. FCI and CWC, under the Department, the vigilance function is headed by full time Chief Vigilance Officers (CVOs), both of whom are senior officers. There is an elaborate vigilance set up at different levels of these Corporations. For the attached and subordinate offices, where direct monitoring by the CVO is not feasible, a senior officer/ Head of the Office is entrusted with the responsibilities of vigilance officer.

2.60 In keeping with the changing focus of vigilance function, from punitive to preventive, it has been the endeavor of the CVO and his team, to address

the faulty systems and procedural flaws, which permit acts of omission and commission. The cues for preventive vigilance activities are taken from the Annual Action Plan on Anti Corruption Measures of the DOP&T and guidelines being issued by the CVC from time to time.

2.61 Importance of some of the standard tools of preventive vigilance, such as review of Annual Property Returns, rotational transfers, timely response and surprise inspection are being reemphasized at all levels in the Department, its attached and subordinate offices and the Public Sector Undertakings. Regular meetings are held with the CVOs of the PSUs by CVO of the Department to review their performance. Secretary (F&PD) reviewed the progress of vigilance work in the Department and the PSUs periodically and issued instructions to streamline the work. As a result, last year, there had been considerable progress in disposal of long pending disciplinary cases on vigilance account at both the PSUs and the Department.

2.62 Besides highlighting awareness about effective preventive measures undertaken through system improvements and use of Information Technology to fight corruption, leveraging of technology by all officers in the Deptt. of Food & Public Distribution, in all areas of work is being stressed. Towards this objective, all systems and processes in place of deliverance of services are being synchronized through use of

technology like effecting e-payments to vendors, suppliers etc, publishing complete details of tenders on websites, e procurement, reverse auction and providing information and status of applications to citizen/public etc.

Above initiatives helped to improve overall Vigilance Administration in the Department.

### IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

- 2.63 The Right to Information Act, 2005 came into force w.e.f. 12th October, 2005. In order to promote transparency and accountability in the working of every public authority, the Act provides for setting out a practical regime for citizens to secure access to information under the control of public authorities.
- 2.64 In keeping with the provisions of the Act for designating Central Public Information Officers (CPIOs) to deal with request for information, officers of the level of Directors/ Deputy Secretaries have been designated as CPIOs for the respective Divisions in the Department. The Joint Secretaries in the Department have been designated as Appellate Authorities. To file appeal, the details of the Appellate Authorities, CPIOs and Central Assistant Public Information Officers (CAPIOs), are available on the website of the department [www.fcamin.nic.in](http://www.fcamin.nic.in) which is updated from time to time.
- 2.65 The Department has also complied with the provisions of the Act for publication of information relating to the Organization within the prescribed time frame and duly compiled manuals are available on the Department's website [www.fcamin.nic.in/RTI/indec.htm](http://www.fcamin.nic.in/RTI/indec.htm) for information of the public and are being updated regularly. Similarly, information in respect of Food Corporation of India (FCI), Central Warehousing Corporation (CWC), Directorate of Sugar and Directorate of Vanaspati, Vegetable Oils and Fats (VVOF) can also be accessed at <http://fciweb.nic.in/RTI/inde.htm>, [www.fieo.com/cwc/](http://www.fieo.com/cwc/) and <http://fcamin.nic.in/righttoinformationact.htm> respectively.
- 2.66 During the period from 1st April, 2009 to 31st December, 2009, 131 requests were received and all have been disposed off within the prescribed time limit.
- 2.67 Under the RTI Act, 2005, the Public Authorities are required to provide as much information as possible suo moto to the Public. Towards this end, the Department has refurbished its website to make it more citizen-centric. It is also being ensured that the contents available on the website are regularly updated through Content Management Software to make information management more meaningful. Seven utility softwares relating to Government to Government (G-2-G) interface are also operational on the Department's intranet.

2.68 For pro-active disclosure of information under RTI Act, 2005 and to monitor the disposal of RTI requests on line, a web based Centralized RTI Management Information System (RTIMIS) has been developed by NIC, DOPT in consultation with Central information

Commission (CIC). The system is designed to monitor the disposal of RTI requests on line. Accordingly, entry of all requests received in the Department under RTI Act, 2005 are being made through the RTIMIS software.



# Chapter-III

## Food Management



## FOOD MANAGEMENT

### FOOD MANAGEMENT

3.1 The main elements of the Government's food management policy are procurement, storage and movement of foodgrains; public distribution and maintenance of buffer stocks.

### FOODGRAINS PRODUCTION DURING 2008-09

3.2 The foodgrains production during 2008-09 is estimated at 234.47 million tonnes which is 3.69 million tonnes or 1.60% more than 230.78 million tonnes of foodgrains production in 2007-08. The kharif foodgrains production estimated at 118.14 million tonnes in 2008-09 is 2.81 million tonnes or 2.32% less than 120.95 million tonnes of kharif production in 2007-08. The rabi foodgrains production estimated at 116.33 million tonnes is 6.50 million tonnes or 5.92% more than 109.83 million tonnes of rabi foodgrains production in 2007-08.

### FOODGRAINS PRODUCTION PROSPECTS DURING 2009-10

3.3 The cumulative rainfall from 1st June to 30th September 2009 was excess to normal in 13 meteorological sub-divisions and deficient/scanty in 23 out of the 36 meteorological sub-divisions in the country. For the country as a whole, the rainfall from the south-west monsoon in 2009 was 23% below the long period average.

3.4 As per the 2nd Advance Estimates released on 12.02.2010, the food grains production is estimated at 216.85 million tonnes during 2009-10 which is 7.51% less than the last year's food production. The Production of total rice is estimated at 87.56 million tonnes while production of total coarse cereals is estimated at 34.27 million tonnes. Production of total pulses is estimated at 14.74 million tonnes which is 1.17% more than last year production of 14.57 million tonnes.

3.5 The details of final estimates of production of 2008-09 and 2nd advance estimates for 2009-10 are given in Annexure-III.

### PRICE POSITION OF FOODGRAINS

3.6 A statement giving the Monthly Average of Wholesale Price Index (WPI) of Foodgrains (Average) (Base: 1993-94=100) is given in the Annexure-IV.

3.7 The WPI of Foodgrains which stood at 242.2 in January, 2009 began to rise gradually and was 280.0 in December, 2009 (provisional).

3.8 The index for Cereals began with 239.2 in January, 2009 and stood at 267.0 in December, 2009(provisional).

3.9 The WPI of rice which stood at 225.2 in January, 2009 rose to 249.6 in December, 2009 (provisional).

3.10 The WPI of wheat stood at 269.9 in December, 2009 (provisional) as compared to 243.6 in January, 2009.

Government undertakes to purchase all wheat and paddy of prescribed specifications offered on sale by the framers at the notified Minimum Support Price, thereby ensuring them a stable market for their produce. Non-basmati rice is procured for the Central Pool under the statutory levy system imposed by the State Governments in exercise of powers conferred on them under the Essential Commodities Act, 1955. The levy percentage prevailing in various States/UTs as on 04.12.2009 for the Kharif Marketing Season 2008-09 at Annexure V.

## PROCUREMENT

3.11 Foodgrains are procured at the Minimum Support Price (MSP) fixed by the Government. The MSP for Common and Grade 'A' paddy was fixed at Rs. 950 and Rs. 980 per quintal



respectively for the Kharif Marketing Season 2009-2010 (October, 2009-September, 2010). An incentive bonus of Rs. 50 per quintal over and above the MSP has also been given during the entire KMS 2009-10. The MSP of wheat was fixed at Rs. 1080 per quintal for the Rabi Marketing Season 2009-2010. The comparative MSP of wheat and paddy since 2004-2005 to 2010-2011 (marketing seasons) is given below:

(Rs. per quintal)

Year	Wheat	Paddy	
		Common	Grade-A
2004-05	630	560	590
2005-06	640	570	600
2006-07	650#	580&	610&
2007-08	750\$	645%	675%
2008-09	1000	850 *	880 *
2009-10	1080	950**	980**
2010-11	1100		

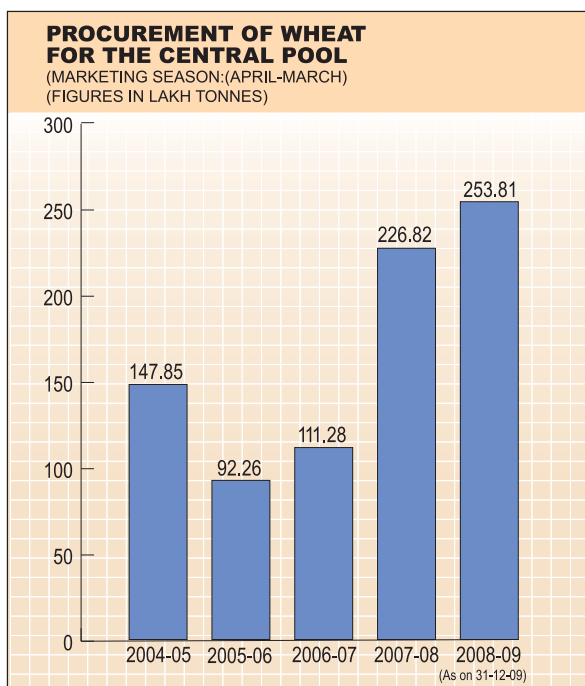
# An incentive bonus of Rs. 50 per quintal approved for wheat procured during the period 20.3.06 to 30.6.06.

& An incentive bonus of Rs.40 per quintal approved for paddy procured till 31.3.2007. Later the applicability of bonus extended upto 30.9.2007 for the States of Andhra Pradesh, Tamil Nadu, Orissa, West Bengal and Chhattisgarh and for Bihar and Kerala upto 31.5.2007.

\$ An incentive bonus of Rs. 100 per quintal over and above the MSP was also given during the entire RMS 2007-08  
% An incentive bonus of Rs. 100 per quintal over and above the MSP was also given during the entire KMS 2007-08. In KMS 2007-08, MSP was further increased to Rs. 850 and Rs. 880 per quintal for common and Grade 'A' varieties of paddy w.e.f. 24.6.2008.

\* An incentive bonus of Rs. 50 per quintal over and above the MSP was also given during the entire KMS 2008-09.

\*\* An incentive bonus of Rs. 50 per quintal over and above the MSP was also given during the entire KMS 2009-10.

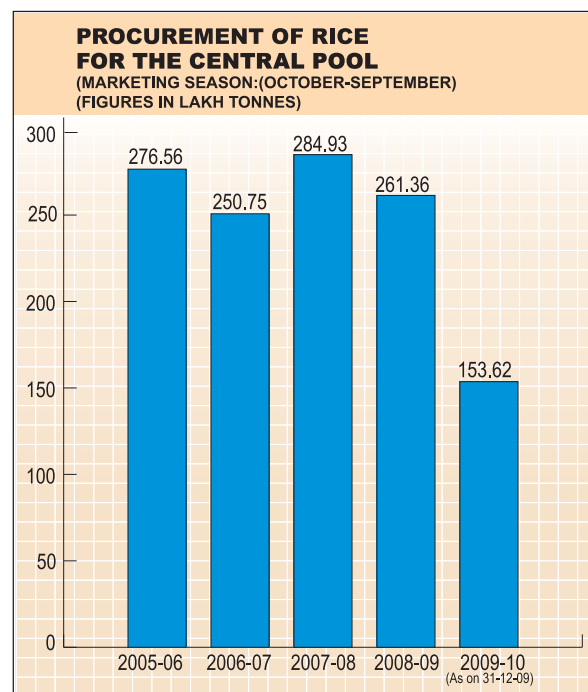


3.12 The scheme of Decentralized Procurement of foodgrains was introduced by the Government in 1997-98 with a view to effecting savings in the form of reduction in the outgo of food subsidy, enhancing the efficiency of procurement and PDS and encouraging local procurement to the maximum extent thereby extending the benefits of MSP to local farmers. Under the decentralized procurement scheme, the State Government itself undertakes direct purchase of paddy and wheat and procurement of levy rice on behalf of Government of India. Purchase centres are opened by the State Governments and their agencies as per their requirements. The State Governments procure, store and distribute foodgrains under TPDS and other welfare schemes.

3.13 The Central Government undertakes to meet the entire expenditure incurred by the State Governments on the

procurement operations as per the approved costing. The Central Government also monitors the quality of foodgrains procured under the scheme and reviews the arrangements made to ensure that the procurement operations are carried on smoothly. The State Governments presently undertaking Decentralised Procurement are West Bengal, Uttar Pradesh, Madhya Pradesh, Chattisgarh, Uttarakhand, Andaman & Nicobar Islands, Orissa, Tamilnadu, Gujarat, Karnataka and Kerala.

3.14 The total procurement of rice in the States which have adopted decentralized procurement was 40 lakh tonnes in KMS 2002-03. This went up sharply to 78 lakh tonnes during KMS 2003-04, 94 lakh tonnes during KMS 2004-05 and 109 lakh tonnes during KMS 2005-06. During KMS 2008-09, 128.84 lakh tonnes of



rice has been procured. A record 60.70 lakh tonnes of wheat was procured by DCP States in RMS 2009-10 against 60.57 lakh tonnes procured in RMS 2008-09.

## PROCUREMENT OF RICE

3.15 Besides extending price support to

farmers for wheat and paddy, rice was also procured under levy from rice millers/dealers at prices announced separately for each State. The procurement of rice for the Central Pool (including paddy in terms of rice) since KMS 2005-2006 is given below:

### PROCUREMENT OF RICE FOR CENTRAL POOL

(Marketing Season: October-September)

(Figures in lakh tonnes)

Year	Procurement		
	FCI	State Agencies	Total
2005-06	109.77	166.80	276.56
2006-07	168.85	81.90	250.75
2007-08	124.28	160.65	284.93
2008-09	27.63	309.22	336.85
2009-10*	10.55	143.07	153.62

\*Position as on 31.12.2009

3.16 For the year 2009-10 procurement of rice is in progress and is estimated at 260 lakh tonnes. The State-wise percentage of the procurement of rice to the Central Pool during 2009-10 and 2008-09 is given below:

PROCUREMENT OF RICE (INCLUDING PADDY IN TERMS OF RICE) DURING KMS 2009-10 AND CORRESPONDING POSITION DURING KMS 2008-09 FOR THE CENTRAL POOL				
Total Procurement during KMS 2009-10 = 153.62				
Total Procurement during KMS 2008-09 = 152.00				
2009-10			2008-09	
State	Quantity Procured(in lakh tonnes)	% of Quantity Procured to Total Procurement	Quantity Procured(in lakh tonnes)	% of Quantity Procured to Total Procurement
Andhra Pradesh	9.01	5.87	14.8	9.74
Chhattisgarh	11.28	7.34	10.21	6.72
Haryana	18.03	11.74	13.75	9.05
Madhya Pradesh	0.4	0.26	0.61	0.40

Maharashtra	0.62	0.40	0.54	0.36
Orissa	3.61	2.35	5.27	3.47
Punjab	92.51	60.22	81	53.29
Tamilnadu	0.24	0.16	2.02	1.33
Uttar Pradesh	13.48	8.77	16.78	11.04
Uttarakhand	1.48	0.96	1.29	0.85
Total	150.66	98.07	146.27	96.23
Others	2.96	1.93	5.73	3.77
Grand Total	153.62	100.00	152	100.00

Position as on 31.12.09

**Procurement of Rice (Including Paddy in terms of rice) During KMS 2008-09  
for the Central Pool Total procurement = 336.85 lakh tonnes**

State	Quantity Procured (in lakh tonnes)	% of Quantity Procured to Total Procurement
Andhra Pradesh	90.61	26.90
Chhatisgarh	28.48	8.45
Haryana	14.25	4.23
Madhya Pradesh	2.45	0.73
Maharashtra	2.61	0.77
Orissa	27.9	8.28
Punjab	85.53	25.39
Tamilnadu	11.99	3.56
Uttar Pradesh	36.87	10.95
Uttarakhand	3.49	1.04
Total	304.18	90.30
Others	32.67	9.70
Grand Total	336.85	100.00

3.17 The share of procurement of paddy by State Agencies out of the total procurement during KMS 2009-10(31.12.09) and 2008-09 in major States has been as under: -

**Total Paddy procured during KMS 2009-10**  
(As on 31.12.2009)

State	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured by State Agencies to Total Procurement made by the State
	FCI	State Agencies	Total	
Andhra Pradesh	0.18	0.19	0.37	51.35
Chhatisgarh		3.48	3.48	100.00
Haryana	0.42	25.82	26.24	98.40
Madhya Pradesh		0.12	0.12	100.00
Maharashtra		0.29	0.29	100.00
Orissa	0.06	0	0.06	0.00
Punjab	6.69	131.15	137.84	95.15
Tamilnadu		0.33	0.33	100.00
Uttar Pradesh		1.44	1.44	100.00
Uttarakhand	NEG	0.05	0.05	100.00
Total	7.35	162.82	170.22	95.65
Others	0.21	1.09	1.30	83.85
Grand Total	7.56	163.96	171.52	95.59

Position as on 31.12.09

### PROCUREMENT OF WHEAT

3.18 The State-wise procurement of wheat and the share of different States during the last 5 years is given below:-

State	2005-06	2006-07	2007-08	2008-09	2009-10
Haryana	45.29	22.29	33.50	52.36	69.24
M.P.	4.84	Neg	0.57	24.09	19.68
Punjab	90.10	69.46	67.81	99.40	107.25
Rajasthan	1.59	0.02	3.83	9.35	11.50
U.P.	5.60	0.49	5.46	31.37	38.80
Others	0.43	0.00	0.11	10.32	7.35
All India	147.85	92.26	111.28	226.89	253.82

3.19 The State-wise percentage of procurement of wheat during 2009-10 is given below:

**Total Wheat procured during RMS 2009-10**

State	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured by State Agencies to Total Procurement
	FCI	State Agencies	Total	
Haryana	9.31	59.93	69.24	86.55
Madhya Pradesh	3.07	16.61	19.68	84.40
Punjab	17.17	90.08	107.25	83.99
Rajasthan	11.52	0	11.52	0.00
Uttar Pradesh	4.69	34.13	38.82	87.92
Total	45.76	200.75	246.51	81.44
Others	2.11	5.19	7.3	71.10
Grand Total	47.87	205.94	253.81	81.14

## CH-III

### CENTRAL ISSUE PRICE

3.20 Wheat and rice are issued from the Central Pool to State Govts./UTs at uniform Central Issue Prices (CIP) for distribution under the TPDS. The CIPs of foodgrains issued under the TPDS has not been revised since 2002. The Central Government bears a huge subsidy burden on this account, especially for making foodgrains available at highly subsidized rates to poor families covered under BPL & AAY.

3.21 After streamlining and restructuring of the Public Distribution System (PDS) with focus on the poor (Targeted PDS), two different CIPs have been fixed, one for families Below the Poverty Line (BPL) and the

other for families Above the Poverty Line (APL).

3.22 The CIPs of rice under TPDS from 1.6.97 to 1.12.97 were as under:-

Rice	Category	Rs. per qtl.	Effective from
Fine	APL	650	1.6.97
Super fine	APL	750	1.6.97
Common	BPL	350	1.6.97
Fine	BPL	350	1.6.97

3.23 CIPs of Common rice to APL families is applicable to J&K, H.P., North Eastern States, Sikkim and Uttaranchal. The CIPs w.e.f. 1.12.97 were as follows: -



**CIP OF RICE (COMMON & GRADE'A')**

(Rs. per quintal)

Rice	APL	BPL	With effect from
Common Grade'A'	550 700	350 350	1.12.97 1.12.97
Common Grade'A'	700 905	350 350	29.01.99 29.01.99
Common Grade'A'	1135 1180	590 590	1.04.2000 1.04.2000
Common Grade 'A'	1087 1130	565 565	25.07.2000 25.07.2000
Common Grade 'A'	795 830	565	12.07.2001 12.07.2001
Common Grade 'A'	695 730	565	1.4.2002
Common Grade 'A'	795 830	565	1.7.2002 till date

**CIPs OF WHEAT UNDER TPDS (BPL & APL)**

(Rs. per quintal)

BPL	APL	Effective from
250	450	1.6.97
250	650	29.1.99
250	682	1.4.99
450	900	1.4.2000
415	830	25.7.2000
415	610	12.7.2001
415	510	1.4.2002
415	610	1.7.2002 till date

**CIP OF ANTYODAYA ANNA YOJANA (AAY)**

3.24 The CIP of AAY has been kept constant at Rs. 3 per kg. for rice and Rs 2 per kg. for wheat since the introduction of this scheme in December, 2000.

**BUFFER STOCKING POLICY OF FOODGRAINS**

The main objectives of the Buffer Stocking Policy are: -

- (i) To meet the prescribed Minimum Buffer Stock norms for food security,
- (ii) For monthly releases of foodgrains for supply through the TPDS/Other Welfare Schemes,
- (iii) To meet emergency situations arising out of unexpected crop failure, natural disasters etc. and
- (iv) For market intervention to augment supply so as to help moderate the open market prices.

**EXISTING BUFFER NORMS**

3.25 The minimum buffer norms for stocking of foodgrains in the Central Pool with effect from April 2005 are as follows:-

(Figures in lakh tonnes)

	Wheat	Rice	Total
1st April	40	122	162
1st July	171	98	269
1st October	110	52	162
1st January	82	118	200

In addition, Government has also decided to maintain a strategic reserve of 30 lakh tonnes of wheat and 20 lakh tonnes of rice.

### BUFFER NORMS FOR 11th PLAN

3.26 In order to review and recommend revised buffer norms, a Technical Group under the Chairmanship of Secretary (F&PD) has been constituted. The Technical Group has entrusted to the National Center for Agricultural Economics and Policy Research (NCAP), a study for revision of Buffer Norms of foodgrains. NCAP submitted its report which has been examined in the Department. The recommendations of the NCAP and the observations thereon have been submitted to the Technical Group for finalizing its report. The Technical Group has examined the recommendations of NCAP and based on its findings and recommendations is in the process of finalisation of its report. Pending finalization of revised buffer stocking

norms, the existing buffer stocking norms are being continued.

### STOCK POSITION IN CENTRAL POOL

3.27 The stock of foodgrains in the Central Pool as on 01.01.2010 was 476.95 lakh tonnes which comprised of 243.53 lakh tonnes of Rice and 230.92 lakh tonnes of Wheat and 2.50 lakh tonnes of coarse grains. The total stock of foodgrains in the Central Pool including coarse grains as on 1st January during the last seven years was as follows:-

(Figures in lakh tonnes)

Year	Stock
1st Jan, 2004	250.16
1st Jan, 2005	216.97
1st Jan, 2006	192.60
1st Jan, 2007	174.92
1st Jan, 2008	191.87
1st Jan, 2009	361.89
1st Jan, 2010	476.95

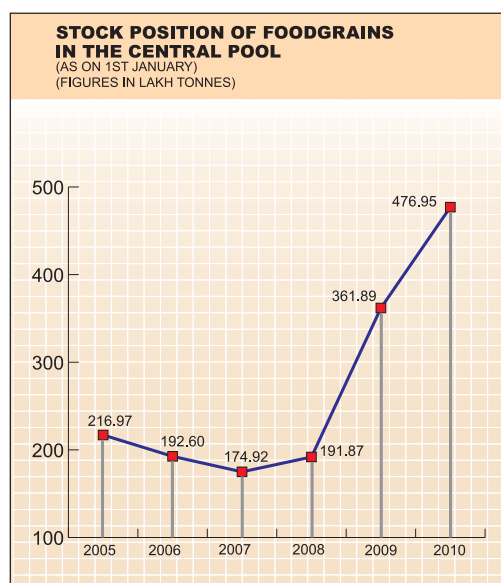
3.28 The following table gives stock position of Wheat & Rice in the Central Pool vis-a-vis minimum buffer norms: -

(Figures in lakh tonnes)

AS ON	W H E A T		R I C E		T O T A L	
	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms
1.1.2003	288.3	84	193.72	84	482.02	168
1.4.2003	156.45	40	171.57	118	328.02	158
1.7.2003	241.94	143	109.74	100	351.68	243
1.10.2003	184.27	116	52.41	65	236.68	181
1.1.2004	126.87	84	117.27	84	244.14	168
1.4.2004	69.31	40	130.69	118	200	158
1.7.2004	191.52	143	107.63	100	299.15	243
1.10.2004	142.23	116	60.92	65	203.15	181

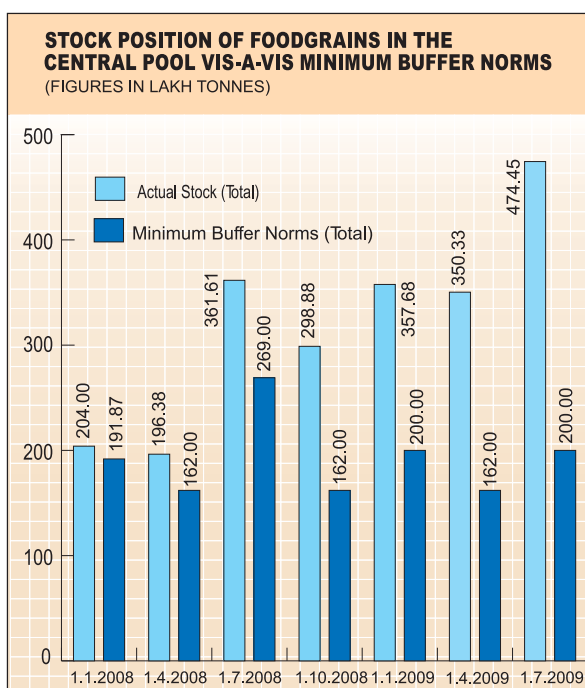
1.1.2005	89.31	84	127.63	84	216.94	168
1.4.2005	40.66	40	133.41	122	174.07	162
1.7.2005	144.54	171	100.71	98	245.25	269
1.10.2005	102.9	110	48.49	52	151.39	162
1.1.2006	61.88	82	126.41	118	188.29	200
1.4.2006	20.09	40	136.75	122	156.84	162
1.7.2006	82.07	171	111.43	98	193.5	269
1.10.2006	64.12	110	59.7	52	123.82	162
1.1.2007	54.28	82	119.77	118	174.05	200
1.4.2007	47.03	40	131.72	122	178.75	162
1.7.2007	129.26	171	109.77	98	239.03	269
1.10.2007	101.21	110	54.89	52	156.1	162
1.1.2008	77.12	82	114.75	118	191.87	200
1.4.2008	58.03	40	138.35	122	196.38	162
1.7.2008	249.12	171	112.49	98	361.61	269
1.10.2008	220.25	110	78.63	52	298.88	162
1.1.2009	182.12	82	175.76	118	357.88	200
1.4.2009	134.29	40	216.04	122	350.33	162
1.7.2009	329.22	171	196.16	98	525.38	269
1.10.2009	284.57	110	153.49	52	438.06	162
1.01.2010	230.92	82	243.53	118	474.45	200

## CH-III



3.29 The Government reviews, on monthly basis, the position of foodgrain stocks held in the Central Pool by FCI and the State Governments and their agencies.





The stock of rice and wheat in the Central Pool was sufficient to meet the requirement under Targeted Public Distribution System (TPDS) and Welfare Schemes during 2009-10 at existing level of allocations.

## PUBLIC DISTRIBUTION SYSTEM (PDS)

### INTRODUCTION

3.30 The Public Distribution System (PDS) evolved as a system of management of scarcity and for distribution of food grains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country. PDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society.

3.31 PDS is operated under the joint responsibility of the Central and the State Governments. The Central government, through FCI, has assumed the responsibility for procurement, storage, transportation and bulk allocation of food grains to the State Governments. The operational responsibility including allocation within State, identification of families below the poverty line, issue of Ration Cards and supervision of the functioning of FPS, rest with the State Governments. Under the PDS, presently the commodities namely wheat, rice, sugar and kerosene, are being allocated to the States/UTs for distribution. Some States/UTs also distribute additional items of mass consumption through the PDS outlets such as cloth, exercise books, pulses, salt, baby food, butter, palmolein, milk and milk products, edible oils, soaps, toothpaste and tea, etc.

## EVOLUTION OF PUBLIC DISTRIBUTION SYSTEM

3.32 Public Distribution of essential commodities had been in existence in India during the inter-war period. PDS, with its focus on distribution of food grains in urban scarcity areas, had emanated from the critical food shortages of 1960. PDS had substantially contributed to the containment of rise in food grains prices and ensured access of food to urban consumers. As the national agricultural production had grown in the aftermath of Green Revolution, the outreach of PDS was extended to tribal

blocks and areas of high incidence of poverty in the 1970s and 1980s.

- 3.33 PDS, till 1992, was a general entitlement scheme for all consumers without any specific target. Revamped Public Distribution System (RPDS) was launched in June 1992 in 1775 blocks throughout the country.
- 3.34 The Targeted Public Distribution System (TPDS) was introduced with effect from June 1997.

### REVAMPED PUBLIC DISTRIBUTION SYSTEM (RPDS)

- 3.35 The Revamped Public Distribution System (RPDS) was launched in June, 1992 with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas where a substantial section of the poor live. It covered 1775 blocks wherein area specific programmes such as the Drought Prone Area Programme (DPAP), Integrated Tribal Development Projects (ITDP), Desert Development Programme (DDP) and certain Designated Hill Areas (DHA) identified in consultation with State Governments for special focus, with respect to improvement of the PDS infrastructure. Food grains for distribution in RPDS areas were issued to the States at 50 paise below the Central Issue Price. The scale of issue was up to 20 kg per card.
- 3.36 The RPDS included area approach for ensuring effective reach of the PDS commodities, their delivery by State

Governments at the doorstep of FPSs in the identified areas, additional ration cards to the left out families, infrastructure requirements like additional Fair Price Shops, storage capacity etc. and additional commodities such as tea, salt, pulses, soap etc. for distribution through PDS outlets.

### TARGETTED PUBLIC DISTRIBUTION SYSTEM (TPDS)

- 3.37 In June 1997, the Government of India launched the Targeted Public Distribution System (TPDS) with focus on the poor. Under the TPDS, States are required to formulate and implement foolproof arrangements for identification of the poor for delivery of food grains and for its distribution in a transparent and accountable manner at the FPS level.
- 3.38 The scheme, when introduced, was intended to benefit about 6 crore poor families for whom a quantity of about 72 lakh tonnes of food grains was earmarked annually. The identification of the poor under the scheme is done



Foodgrain being delivered to Ration Card holder by Fair Price Shop

by the States as per State-wise poverty estimates of the Planning Commission for 1993-94 based on the methodology of the "Expert Group on estimation of proportion and number of poor" chaired by Late Prof Lakdawala. The allocation of food grains to the States/UTs was made on the basis of average consumption in the past i.e. average annual off-take of food grains under the PDS during the past ten years at the time of introduction of TPDS.

- 3.39 The quantum of food grains in excess of the requirement of BPL families was provided to the State as 'transitory allocation' for which a quantum of 103 lakh tonnes of food grains was earmarked annually. Over and above the TPDS allocation, additional allocation to States was also given. The transitory allocation was intended for continuation of benefit of subsidized food grains to the population Above the Poverty Line (APL) as any sudden withdrawal of benefits existing under PDS from them was not considered desirable. The transitory allocation was issued at prices, which were subsidized but were higher than the prices for the BPL quota of food grains.
- 3.40 Keeping in view the consensus on increasing the allocation of food grains to BPL families, and to better target the food subsidy, Government of India increased the allocation to BPL families from 10 kg. to 20 kg of food grains per family per month at 50% of the economic cost and allocation to APL families at economic cost w.e.f. 1.4.2000. The allocation of APL families

was retained at the same level as at the time of introduction of TPDS but the Central Issue Prices (CIP) for APL were fixed at 100% of economic cost from that date so that the entire consumer subsidy could be directed to the benefit of the BPL population.

- 3.41 The number of BPL families has been increased w.e.f. 1.12.2000 by shifting the base to the population projections of the Registrar General as on 1.3.2000 instead of the earlier population projections of 1995. With this increase, the total number of BPL families is 652.03 lakh as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997.
- 3.42 The end retail price is fixed by the States/UTs after taking into account margins for wholesalers/retailers, transportation charges, levies, local taxes etc. Under the TPDS, the States were requested to issue food-grains at a difference of not more than 50 paise per kg over and above the CIP for BPL families. Flexibility to States/UTs. has been given in the matter of fixing the retail issue prices by removing the restriction of 50 paise per kg over and above the CIP for distribution of food grains under TPDS except with respect to Antyodaya Anna Yojana where the end retail price is to be retained at Rs. 2/ a Kg. for wheat and Rs. 3/ a Kg. for rice.

#### **IDENTIFICATION OF BPL FAMILIES UNDER TPDS**

- 3.43 To work out the population below the poverty line under the TPDS, there was

a general consensus at the Food Minister's conference held in August 1996, for adopting the methodology used by the expert groups set up by the Planning Commission under the Chairmanship of Late Prof. Lakadawala. The BPL households were determined on the basis of population projections of the Registrar General of India for 1995 and the State wise poverty estimates of the Planning Commission for 1993-94. The total number of BPL households so determined was 596.23 lakh. Guidelines for implementing the TPDS were issued in which the State Governments had been advised to identify the BPL families by involving the Gram Panchayats and Nagar Palikas. While doing so, the thrust was to include the really poor and vulnerable sections of the society such as landless agricultural labourers, marginal farmers, rural artisans/craftsmen such as potters, tappers, weavers, black-smith, carpenters etc. in the rural areas and slum dwellers and persons earning their livelihood on daily basis in the informal sector like porters, rickshaw-pullers, cart-pullers, fruit and flower sellers on the pavement etc. in urban areas. The Gram Panchayats and Gram-Sabhas were also to be involved in the identification of eligible families. The number of BPL families has been increased w.e.f. 1.12.2000 by shifting the base to the population projections of the Registrar General as on 1.3.2000 instead of the earlier population projections of 1995. With this increase, the total number of

BPL families is 652.03 lakh as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997.

#### IDENTIFICATION OF ANTYODAYA FAMILIES AND ALLOCATION OF FOODGRAINS:

- 3.44 The identification of the Antyodaya families and issuing of distinctive Ration Cards to these families is the responsibility of the concerned State Governments. Detailed guidelines were issued to the States/UTs for identification of the Antyodaya families under the AAY and additional Antyodaya families under the expanded AAY. Allocation of food grains under the scheme is being released to the States/UTs on the basis of issue of distinctive AAY Ration Cards to the identified Antyodaya families. The present monthly allocation of food grains under AAY is around 8.496 lakh tonnes per month as on 30.09.09.
- 3.45 AAY is a step in the direction of making TPDS aim at reducing hunger among the poorest segments of the BPL population. A National Sample Survey Exercise points towards the fact that



about 5 % of the total population in the country sleeps without two square meals a day. This section of the population can be called as "hungry". In order to make TPDS more focused and targeted towards this category of population, the "Antyodaya Anna Yojana" (AAY) was launched in December, 2000 for one crore poorest of the poor families.

3.46 AAY contemplates identification of one crore poorest of the poor families from amongst the number of BPL families covered under TPDS within the States and providing them food grains at a highly subsidized rate of Rs.2/ per kg. for wheat and Rs. 3/ per kg for rice. The States/UTs are required to bear the distribution cost, including margin to dealers and retailers as well as the transportation cost. Thus the entire food subsidy is being passed on to the consumers under the scheme.

3.47 The scale of issue that was initially 25 kg per family per month has been increased to 35 kg per family per month with effect from 1st April 2002.

#### FIRST EXPANSION OF AAY

3.48 The AAY Scheme has been expanded in 2003-2004 by adding another 50 lakh BPL households headed by widows or terminally ill persons or disabled persons or persons aged 60 years or more with no assured means of subsistence or societal support. With this increase, 1.5 crore (i.e. 23% of BPL) families have been covered under the AAY. Orders to this effect have been issued on 5th June, 2003.

#### SECOND EXPANSION OF AAY

3.49 As announced in the Union Budget 2004-05, the AAY has been further expanded by another 50 lakh BPL families by including, inter alia, all households at the risk of hunger. Orders to this effect have been issued on 3rd August 2004. In order to identify these households, the guidelines stipulate the following criteria: --

- Landless agriculture labourers, marginal farmers, rural artisans, /craftsmen, such as potters, tanners, weavers, blacksmiths, carpenters, slum dwellers, and persons earning their livelihood, on daily basis in the informal sector like porters, coolies, rickshaw pullers, hand cart pullers, fruit and flower sellers, snake charmers, rag pickers, cobblers, destitutes and other similar categories irrespective of rural or urban areas.
- Households headed by widows or terminally ill persons or disabled persons or persons aged 60 years or more with no assured means of subsistence or societal support.
- Widows or terminally ill persons or disabled persons or persons aged 60 years or more or single women or single men with no family or societal support or assured means of subsistence.
- All primitive tribal households.



With this increase, the number of AAY families has been increased to 2 crore (i.e. 30.66% of BPL families.)

### THIRD EXPANSION OF AAY

3.50 As announced in the Union Budget 2005-06, the AAY has further been expanded to cover another 50 lakh BPL households thus increasing its coverage to 2.5 crore households.(i.e. 38% of BPL). Orders to this effect have been issued on 12th May, 2005.

3.51 The status of identification of households under AAY (Initial, 1st expansion, 2nd expansion and 3rd expansion) is given in Annex VI.

3.52 The above guidelines have further been amended vide letter dated 3rd June, 2009 to include all eligible BPL families of HIV positive persons in the AAY list on priority, against the criteria mentioned in para 2(b) and 2(c) of the guidelines for identification of AAY families under Antyodaya Anna Yojana, circulated vide letter dated 12.05.2005, within respective ceilings on numbers of AAY families communicated by this Department.

### ALLOCATION OF FOODGRAINS UNDER TPDS:

3.53 Allocation of foodgrains under the Targeted Public Distribution System (TPDS) is made for BPL, AAY and APL families on the basis of 1993-94 poverty estimates of the Planning Commission projected on the population estimates of Registrar General of India as on 1.3.2000 or the number of families

actually identified and ration cards issued by State Government, whichever is less.

3.54 Accordingly, allocations of foodgrains for AAY and BPL categories are made @ 35 kg per family per month to all accepted number of 6.52 crore families in the country. However, allocation for APL category are made depending upon the availability of stocks of foodgrains in the Central Pool.

### SCALE OF ISSUE OF FOOD-GRAINS UNDER TPDS

3.55 Since 1997, the Scale of issue of the BPL families has been gradually increased from 10 kg. to 35 kg. per family per month. The scale of issue was increased from 10 kg. to 20 kg. per family per month with effect from 1.4.2000. The allocation for APL families has been retained at the same level as at the time of introduction of TPDS (i.e. 10 kg. per family per month). The allocation of food grains for the BPL families has been further increased from 20 kg to 25 kg. per family per month with effect from July, 2001. Initially, the Antyodaya families were provided 25 kg. of food grains per family per month at the time of launching of the scheme. The scale of issue under APL, BPL and AAY has been revised to 35 kg per family per month with effect from 1.4.2002 with a view to enhancing the food security at the household level and liquidating surplus stocks of foodgrains in the Central Pool.

However allocation for APL category are being made on the basis of availability & stocks in the central pool. Presently, the APL allocation range between 10 and 35 Kg. per family per month in various states.

### VIGILANCE COMMITTEES

3.56 Vigilance Committees have been in existence since the inception of the rationing system. The Central Government has been requesting the State Governments from time to time to activate these Committees and reconstitute them, if not done so already, by associating members from amongst the card holders, consumer activists as well as people's representatives.

3.57 In the Model Citizens' Charter, constitution of Vigilance Committees by State Governments at the level of Panchayat /Ward, Taluk, District and State/UT have also been emphasized. In the guidelines issued in June, 1999 for the involvement of the Panchayati Raj Institutions in the implementation of TPDS, it is mentioned that the Gram Panchayat/Gram Sabha should be encouraged to form FPS committees. The main functions of Vigilance Committee are to ensure smooth functioning of PDS and redressal of problems related with it. In the guidelines issued during 2005, the States/UTs were requested to actually involve the Members of the Panchayati Raj Institutes (PRIs) in the Vigilance Committee.

### INVOLVEMENT OF PANCHAYATI RAJ INSTITUTIONS (PRIs) & URBAN LOCAL BODIES

3.58 Detailed guidelines were issued by this Department in June, 1999 for greater involvement of Panchayati Raj Institutions (PRIs) in the functioning of TPDS and to bring in a more transparent and accountable system of distribution as a measure of social audit. This included:-

- Consumers right to information regarding Fair Price Shops (FPSs), entitlement, price, number of cards attached to shop etc.
- Display of stock position at FPS.
- List of BPL beneficiaries to be displayed at FPS and office of Gram Panchayat for public scrutiny.
- Formation of FPS Committee by Gram Panchayat for inspecting the FPS records and to keep a watch on functioning of FPS. FPS Committee's report to be placed before larger body i.e. Gram Sabha for onward transmission to State Government for taking necessary action.
- Responsibility of the Gram Panchayats in checking of ration cards occasionally for its genuineness and correct entries of units in occasionally for its genuineness and correct entries of units in them.
- Redressal of grievances.

3.59 With the objective of revamping and strengthening the PDS and to ensure that the intended benefit reach the poor, the Minister of Consumer Affairs, Food and Public Distribution addressed a letter on January 13, 2000 to all Chief Ministers and Administrators of UTs, calling for active participation by Panchayati Raj Institutions in PDS and a better Computerised monitoring mechanism.

3.60 It was impressed upon the State Governments to issue licenses under Section 3 of the Essential Commodities Act, 1955 whereby the rights, duties, responsibilities, obligations and liabilities of the FPS owners may be defined. Some of the responsibilities would be:-

- (i) Display of information, such as beneficiary's entitlement of various essential commodities, the issue prices, name of fair price shop-keeper, timing of opening and closing of FPS, weekly closing days, stock position etc.
- (ii) Display of procedure for lodging the complaints with reference to quality and quantity of ration and other problems being faced by the beneficiaries.
- (iii) Maintenance of records of ration card-holders, stock position, issue register, issue prices etc.
- (iv) Furnishing of copies of certain documents like ration card, register, stock register and sales register concerning PDS to the interested groups.

- (v) Display of samples of foodgrains being supplied through Fair Price Shops.

The huge PDS network can play a more meaningful role only if the system ensures availability of food for the poor households.

### **PDS (CONTROL) ORDER, 2001**

3.61 In order to maintain supplies and securing availability and distribution of essential commodities, Public Distribution System (Control) Order, 2001 has been notified on August 31, 2001. The Order mainly contains provisions with regard to the following issues:-

- (i) Identification of families below the poverty line;
- (ii) Ration cards;
- (iii) Scale and Issue price;
- (iv) Distribution of foodgrains;
- (v) Licensing;
- (vi) Monitoring.

3.62 The Order requires all State Governments/UTs to ensure that the BPL and Antyodaya families identified are really the poorest of the poor. It also requires the State Governments/UTs to get the lists of BPL and Antyodaya families reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families. It further devolves on the State Governments/UTs to conduct periodical checking of ration cards to weed out ineligible and bogus ration

cards. The State Governments/UTs are also to ensure issue of Utilization Certificates confirming that the foodgrains have been lifted and distributed to the intended beneficiaries under the TPDS. An offence committed in violation of the provisions of this Order shall invoke criminal liability under the Essential Commodities Act, 1955.

### MEASURES TAKEN TO STRENGTHEN TPDS

3.63 To eliminate the leakages and to reduce cost as well as burden on subsidy under TPDS the following measures have been taken by this department.

#### (i) Implementation of the Nine Point Action Plan

As per evaluation reports on TPDS submitted by PEO, Planning Commission & ORG MARG in 2005, there were high levels of diversion/leakages of food grains under TPDS, there were exclusion and inclusion errors in identification of BPL and AAY families, and operations of fair price shops were financially not viable. These reports were shared with all State & UT Governments during five regional and one national level conference of State & UT Food Ministers and Food Secretaries. Based on this consultation process, a nine-point Action Plan was evolved. Details of the nine points action plan are as under:

(i) Continuous review of the BPL and AAY lists to eliminate bogus ration cards and to ensure

coverage of only eligible BPL and Antyodaya families.

- (ii) Ensuring leakage-free and diversion-free distribution of PDS commodities, regular inspection by different levels of functionaries, strict action against guilty persons/agencies.
- (iii) Involvement of Panchayati Raj Institutions in PDS operations - PRI representatives on Advisory Committees, running of fair price shops by Panchayats and effective representation of Panchayati Raj representatives on Vigilance Committees.
- (iv) Ensuring transparency in working of PDS, display of BPL and AAY lists by fair price shops, observance of notified timings by fair price shops.
- (v) Use of Information Technology, Computerization of TPDS operations, display of fair price ship-wise and district wise allocation of PDS commodities on web-sites for public scrutiny.
- (vi) Carryout door-step delivery of PDS commodities to fair price shops
- (vii) Ensuring timely availability of and issuance of foodgrains by fair price shops.
- (viii) Creating awareness among public about PDS operations, training Vigilance Committees of intricacies of PDS operations.

- (ix) Making fair price shops financially viable entities- allowing them to sell non PDS items etc.

As per the reports received from the State & UT Governments by end of December, 2009, implementation of the action plan has resulted in-

- (a) Elimination of 170.40 lakh bogus/ ineligible ration cards in 20 States
- (b) Door-step delivery of food grains to FPS, presently being done in 19 States /UTs,
- (c) Involvement of PRI's in vigilance committees to monitor FPS in 27 States / UTs,
- (d) Displaying of BPL lists at FPS in 30 States/UTs,
- (e) Initiation of Computerization of TPDS in 10 States,
- (f) Review of BPL / AAY lists in 30 States,
- (g) Display of district and FPS-wise allocations of food grains on website for public scrutiny in 19 States, and
- (h) Taking up training programmes for FPS level vigilance committees in 26 States & UTs.

**(ii) Concurrent evaluation of TPDS.**

Concurrent evaluation of TPDS has been taken up in 26 States and UTs. For six States (Assam, Mizoram, Bihar, Uttar Pradesh, Chhattisgarh and Rajasthan), the study was awarded to

NCAER on 4.5.2006. For additional six States (Kerala, Maharashtra, Uttrakhand, Madhya Pradesh, Jharkhand and Delhi), the study was entrusted to NCAER on 16.1.2007. For six States (Orissa, West Bengal, Tripura, Nagaland, Arunachal Pradesh and Manipur), study was awarded to IIPA on 8.1.2007. For additional eight States and UTs (Jammu & Kashmir, Himachal Pradesh, Haryana, Punjab, Andhra Pradesh, Tamil Nadu, Karnataka and Chandigarh), the study was awarded to IIPA on 30.3.2007.

The report of NCAER for 12 States has been received. Compared to the earlier findings of PEO and ORG Marg, these reports have revealed improvement in functioning of TPDS in some of these States. These reports have been shared with the concerned State & UT Governments and they have been directed to take further action for improving the performance of TPDS. The final reports in respect of 14 States from IIPA are awaited.

**(iii) Piloting of new technologies for tracking movement of vehicles transporting TPDS commodities.**

Introduction of Global Positioning System (GPS) has been taken up for implementation on pilot basis in Chhattisgarh, Tamil Nadu & Delhi for tracking movement of vehicles transporting TPDS commodities. This Pilot has been taken up to access effectiveness of this technology in eliminating leakages/diversion of food grains during transportation. Under the

Plan Scheme of strengthening of TPDS, Rs. 44.76 lakh have been sanctioned to these three States Governments during 2007-08.

**(iv) Display of identity on vehicles transporting TPDS foodgrains:**

To minimize the instances of foodgrains loaded on to trucks in FCI godowns by the State agencies which may be divert to the open market, on 2nd November, 2006 the FCI, CWC and all State/UT Governments were instructed to display name of the State/UT Government, destination, commodity being transported and agent's name etc. prominently on the wind shield as well as the rear end of the truck/vehicle carrying TPDS articles from the Centralized godowns to the FPS with effect from 01-12-2006. The above information should be on a Board/Banner of about 3'x2' size written/printed in black ink and possibly in the local language.

**(v) Introduction of Monthly certification by Village Panchayats / Vigilance Committees/Urban Local Bodies/Self Help Groups for delivery of foodgrains to FPS and distribution to ration card holders:**

In order to ensure increased transparency in functioning of FPSs, the State and UT Governments have been requested in the meeting on 8th February 2008 to issue instructions to introduce monthly certification by Village Panchayats/Vigilance

Committee/Urban Local Bodies/Self Help Groups for delivery of foodgrains to ration card holders. Such a certification of actual delivery of foodgrains to Fair Price Shops in time and their distribution to ration card holders is also expected to streamline functioning of Vigilance Committees at Fair Price Shop level. Accordingly, all State/UT Governments have been directed on 7th March 2008 to introduce this system with effect from April 2008. So far 15 States have reported implementation of certification.

**(vi) Adoption and implementation of revised model Citizen Charter**

The Citizens' Charter was issued in November, 1997 for adoption by the State Governments and the same was revised in March, 2006 and sent to all Members of Parliament and all State/UTs for information and adoption by the States /UTs. This Charter is intended to be a model for the State Governments. It contains, inter-alia, basic information of interest to the consumers, model procedure and time schedule for the services. The Charter contains essential information viz. entitlement of BPL families, fair average quality of foodgrains, information regarding FPS, procedure for issue of ration cards, inspection and checking, right to information, vigilance and public participation etc.

To make TPDS operation transparent and amenable to public scrutiny, the Model Citizens' Charter was again revised and issued in July 2007. The

revised Citizens' Charter contains (1) Streamlined functioning of TPDS for ensuring food security to weaker sections of the society (2) contains the instructions issued by the Central Government to State/UT Governments for strengthening TPDS and to curb leakages/ diversions and (3) covers the RTI Act and TPDS as the action to be taken at various levels such as Government of India, State Government, intermediate & at FPS levels for effective use of RTI Act in TPDS operation. So far 21 States have adopted and implemented it.

**(vii) Allotment of Fair Price Shops to Institutions and Groups.**

Licences for fair price shops are mostly issued by State Governments & UT Administrations to private persons. Only some of the State Governments have taken decisions to allot fair price shops to institutions such as Village Panchayats, Urban Local Bodies, Cooperatives and Self Help Groups. Therefore, in the meeting of State and UT Food Secretaries held on 8.2.2008, this issue was discussed and in view of good feedback on running of fair price shops by institutions or groups instead of private persons, they were directed to allot fair price shops to institutions and groups.

As per reports received from State Governments by end of December, 2009, out of 4.98 lakh fair price shops in the country, about 117266 fair price shops have been allotted to Cooperatives, women's Self Help

Groups, Village Panchayats, Urban Local Bodies and other Self Help Groups in different States.

**(viii) Computerization of TPDS operations.**

Digitization of PDS operations of National/State/District and Block levels of all over the country is proposed to be taken up under a Plan Scheme on computerization of TPDS during the 11th Plan Period. Planning Commission has approved an allocation of Rs. 376 crores for this scheme under the 11th Plan. National Institute for Smart Government (NISG), Hyderabad has been engaged by this Department from March, 2008 as project consultant for implementation of this scheme. The Detailed Project Report (DPR) submitted by NISG has been approved & Expenditure Finance Committee has approved the Scheme. The scheme is to be implemented in 3 districts each of 4 pilot States, namely Andhra Pradesh, Assam, Chhattisgarh and Delhi.

Memorandum of Understanding has been signed with all Pilot States. The State level DPRs for all the 4 States have been finalised and first instalment of Rs.14.775 crore (Andhra Pradesh Rs.4.405 crore, Assam Rs. 3.485 crore, Chhattisgarh - Rs.4.085, Delhi - 2.80 crore) has been released to the State Governments. The selection of Implementing Agencies for implementation of pilot scheme in the said 4 States is under process. The RFP is being finalised to be released to empanelled agencies.

As a supplement to the Central Sector Scheme of digitization of TPDS transactions up to block level and Integrated Information System for Food grains Management (IISFM) Project implemented in FCI, as advised by the Planning Commission, the State & UT Governments have been requested to take up, with their own resources, digitization of ration card data base and TPDS transactions at FPS.

**(ix) Introduction of Bar Coded Coupons with ration cards -**

In view of piloting of introduction of bar coded coupons with ration cards / bar coded ration cards in some States, in the meeting of State & UT Food Secretaries on 8.2.2008, they were directed to take up this initiative on priority during 2008-09. As per the latest available reports, bar coded coupons / ratio cards have been introduced under TPDS in Andhra Pradesh, Chhattisgarh, Kerala, Meghalaya, Sikkim and Orissa.

**(x) Smart Card based TPDS:**

Implementation of a pilot scheme on smart card based delivery of essential commodities under TPDS was announced in Union Budget, 2008-09. Accordingly, a pilot scheme on smart card based delivery of essential commodities under TPDS has been sanctioned during 2008-09 for Chandigarh UT & Haryana. Administrative Approval to this pilot scheme has been issued on 18.12.2008 with an expenditure of Rs. 142.29 crore to be incurred during 2008-09 and 2009-

10., First instalment of funds has been released to State Government of Haryana, Chandigarh UT and National Informatics Center (NIC) on 26.12.2008. Work is in progress by the implementing agencies for commencing its implementation. The 2nd National Steering Committee was held on 22.12.09 and the Chandigarh UT has agreed to roll out the first set of smart card by the end of February 2010.

**(xi) Publicity-cum-awareness Campaign:**

A publicity-cum -awareness campaign has been undertaken amongst the TPDS beneficiaries, functionaries of the State Governments and the general public for increasing their awareness/sensitivity about functioning of TPDS. The Department of Food & Public Distribution has earmarked an amount of Rs. 0.27 crore under Plan for the publicity-cum-awareness campaign out of the Budget Provisions for 2009-10. Out of the Plan funds, under the scheme, Rs. 26.68 lakh have been sanctioned to State/UTs during the year 2009-10.

A joint publicity-cum-awareness campaign on TPDS in the electronic/print media through DAVP and Prasar Bharti was also undertaken with Department of Consumer Affairs, during the year.

**(xii) Training Programmes for TPDS functionaries:**

Under the Plan Scheme on strengthening of TPDS, the Department



has sanctioned training programmes to be taken up by State and UT Governments for TPDS functionaries and members of Vigilance Committees. For this purpose, Rs. 72 lakhs were released to 5 State/UT Governments during 2007-08 and about Rs. 70.72 lakhs during 2008-09 to 11 States & UTs.

**(xiii) Distribution of wheat flour/fortified wheat flour under TPDS.**

To facilitate distribution of wheat flour/fortified wheat flour under TPDS instead of wheat in convergence with other government programmes/schemes for nutritional improvement of targeted beneficiaries, the Department has issued revised policy guidelines on this subject in January, 2008. So far, 14 States have started distribution of wheat flour/fortified wheat flour under TPDS partially.

**(xiv) Transfer of food subsidy in cash (instead of food grains and sugar) to BPL/AAY beneficiaries under TPDS.**

To minimize the incidence of leakages of food grains under TPDS and to reduce the food subsidy burden, State & UT Governments were requested in the meeting on 8.2.2008 to submit proposals for taking up direct disbursement of food subsidy in cash instead of food grains and sugar under TPDS. Based on the proposals received from the State Governments of Uttar Pradesh, Haryana and Delhi, a scheme has been prepared by the Department for selected districts in these States and it is awaiting approval.

**(xv) Strengthening of Consumer Cooperatives and State Civil Supplies Corporations**

One of the streams towards strengthening of TPDS has been identified to strengthen consumer cooperatives and State Civil Supplies Corporations to enable them to play an increasingly important role in maintaining price levels, in consultation with State Governments, the Department has prepared a scheme for augmentation of financial capacity of State Civil Supplies Corporations. It is awaiting approval.

**ALLOCATION OF FOODGRAINS UNDER TPDS**

**ALLOCATION NORMS FOR TPDS**

3.64 Government of India implements TPDS under which food grains at subsidized prices are distributed in all States/UTs as per norms given below:

**I) BPL/AAY allocation norms**

Allocation of foodgrains under the Targeted Public Distribution System (TPDS) is made for Below Poverty Line (BPL) families including Antyodaya Anna Yojana (AAY) families on the basis of 1993-94 poverty estimates of the Planning Commission projected on the population estimates of Registrar General of India as on 1.3.2000 or the number of families actually identified and ration cards issued to them by State/UT Governments, whichever is less.

Accordingly, allocations of foodgrains for BPL and AAY categories are made @ 35 kg. per family per month for all accepted 6.52 crore families in the country. The total BPL including AAY allocations made during 2009-10 have been 276.77 lakh tonnes comprising 181.05 lakh tonnes of rice and 95.72 lakh tonnes of wheat.

## II) APL allocation

Allocations under APL category are made depending upon the availability of stocks of food grains in Central Pool and past offtake. Presently, these allocations range between 10 kg and 35 kg per family per month in different States/UTs. During 2009-10, a quantity of 199.93 lakh tonnes of foodgrains have been allocated to States/UTs under APL category as against 112 lakh tonnes during 2008-09. This included a total quantity of 14.36 lakh tonnes comprising 11.67 lakh tonnes of wheat and 2.60 lakh tonnes of rice issued at MSP based/derived price as drought relief for APL families in drought affected States from October, 2009 to March, 2010.

## ADHOC/ADDITIONAL/FESTIVAL ALLOCATIONS

3.65 Over and above the TPDS allocations of 199.93 lakh tonnes mentioned above, the following allocations of foodgrains have also been made during the year.

(i) **Special adhoc/additional allocation:** A special adhoc/additional allocation of @ 10 kg. of foodgrains per family in respect of all accepted number of families (BPL/AAY/APL) in the country has been made on 20.01.2010

in order to check inflationary trend in food economy. This allocation has been made for two months, namely for January and February, 2010.

(ii) **Allocations for flood relief:** Allocations of 63,000 tonnes of rice and 20,000 tonnes of wheat made for flood relief to Andhra Pradesh, Assam, Karnataka and U.P.

(iii) **Other additional allocations on requests of State Governments:** 8000 tonnes of wheat and 4.41 lakh tonnes of rice have been allocated to the States/UTs at economic cost based on the request received from these State/UT Governments.

3.66 During the current financial year 2009-10 (upto December, 09) the offtake of foodgrains from the Central Pool was 358.36 lakh tonnes as per details given below:-

(IN LAKH TONNES)

SCHEME			
(A) TPDS	Rice	Wheat	Total
BPL	78.53	45.91	124.44
APL	52.41	71.23	123.64
AAY	48.73	25.36	74.09
TOTAL	179.67	142.50	322.17
DEFENCE ETC.	0.83	0.91	1.75
<b>Sub-total (A)</b>	<b>180.51</b>	<b>143.41</b>	<b>323.92</b>
<b>(B) welfare schemes*</b>			
MDM	13.51	3.41	16.92
WBNP	1.81	3.75	5.56
EFP	0.13	0.00	0.13
Hostels/Welfare Institutions	2.08	0.44	2.52
ANNAPURNA	0.41	0.21	0.61

WFP	0.01	0.16	0.17
NPAG	0.13	0.04	0.18
VGBS	0.01	0.06	0.07
OTHER SCHEMES (RELIEF)	3.01	0.49	3.50
<b>Sub Total (B)</b>	<b>21.10</b>	<b>8.55</b>	<b>29.65</b>
<b>(C) Open Sale/Tender Sale/ Export</b>	<b>2.93</b>	<b>1.85</b>	<b>4.78</b>
<b>TOTAL (A+B+C)</b>	<b>204.55</b>	<b>153.81</b>	<b>358.36</b>
* As reported by FCI			

## ALLOCATION OF FOODGRAINS FROM CENTRAL POOL FOR OTHER WELFARE SCHEMES

### Mid-Day meal scheme

3.67 The Mid-Day Meal Scheme was launched and implemented by the Ministry of Human Resource Development with a view to enhancing enrollment, retention and attendance and simultaneously improving nutritional levels among children with effect from 15th August, 1995 for the benefit of students in primary schools, initially in 2408 blocks in country. By the year 1997-98 the scheme was introduced in all the blocks of the country. The Scheme presently covers students of Class I-VIII of Government and Government aided schools, Education Guarantee Scheme/



Alternative and innovative Education Centres (EGS/AIE) to improve nutritional status of children and encouraging them to actively participate in the class-room activities.

3.68 The Department of Food & Public Distribution makes allocation of annual requirement of foodgrains under the Scheme to Department of School Education & Literacy, Ministry of Human Resource Development. Further State/UT-wise allocation of foodgrains is made by that Department. Food Corporation of India (FCI) releases foodgrains to States/UTs at BPL rates as per allocation made by Deptt. of School Education & Literacy.

3.69 Allocation /offtake of foodgrains under the scheme during the 10th Plan and the first three years of the 11th Plan - 2007-08, 2008-09 & 2009-2010 are as under:-

(Figures in lakh tonnes)

Year	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	18.84	9.40	28.24	13.75	7.45	21.20
2003-04	17.72	9.08	26.80	13.49	7.20	20.69

2004-05	20.14	7.35	27.49	15.41	5.92	21.33
2005-06	17.78	4.72	22.50	13.64	3.63	17.24
2006-07	17.22	4.38	21.60	13.05	3.50	16.55
2007-08	19.98	5.30	25.28	3.95	14.41	18.36
2008-09	21.48	4.78	26.26	15.82	4.37	20.19
2009-10 *	22.85	4.90	27.75	13.51	3.41	16.92

\* Offtake upto December, 2009.

### WHEAT BASED NUTRITION PROGRAMME (WBNP)

3.70 This Scheme is implemented by the Ministry of Women & Child Development. The foodgrains allotted under this Scheme are utilized by the States/UTs under the Integrated Child Development Scheme (ICDS) for

providing nutritious/ energy food to children below 6 years of age and expectant /lactating women from disadvantaged sections.

3.71 Allocation/offtake of foodgrains under the scheme during the 10th Plan period and the first three years of the 11th Plan - 2007-08, 2008-09 & 2009-2010 are as under: -

(Figures in lakh tonnes)

Year	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	1.47	1.75	3.22	0.69	2.13	2.82
2003-04	1.04	3.72	4.76	0.61	3.16	3.77
2004-05	1.16	3.42	4.58	0.85	3.57	4.42
2005-06	1.50	2.82	4.32	2.07	2.73	4.80
2006-07	1.98	3.19	5.17	1.61	2.98	4.59
2007-08	2.31	3.20	5.51	1.79	2.74	4.53
2008-09	3.30	4.80	8.10	2.15	3.92	6.07
2009-10*	3.44	5.82	9.26	1.81	3.75	5.56

\*Offtake upto December, 2009.

Offtake includes backlog quota also.

### SCHEME FOR SUPPLY OF FOODGRAINS TO WELFARE INSTITUTIONS (5% of BPL ALLOCATION):

3.72 With a view to meet the requirement of Welfare Institutions viz. N.G.Os/ Charitable Institutions which help the shelter less/homeless poor and other categories not covered under TPDS or under any other Welfare Schemes, an additional allocation of foodgrains (rice and wheat) not exceeding 5% of the BPL allocation of each State/UT is made to States/UTs at BPL rates. This scheme was initially introduced in 2002-03 to liquidate the stocks of foodgrains. Even though stock position

of foodgrains in the Central Pool in recent years is not comfortable, the scheme has been continued.

3.73 During 2005-06, the allocation and offtake of foodgrains under the scheme were reviewed on recommendation of the Parliamentary Standing Committee for Food. The allocation to the States/UTs accordingly was rationalized w.e.f. August, 2005 on the basis of average offtake of previous three years.

3.74 Allocation/offtake of foodgrains under the scheme during the 10th Plan period and the first three years of the 11th Plan - 2007-08, 2008-09 & 2009-2010 are as under: -

(Figures in lakh tonnes)

Year	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	6.58	4.53	11.11	1.30	0.14	1.44
2003-04	6.25	5.19	11.44	3.15	0.23	3.38
2004-05	6.06	4.80	10.86	1.94	0.75	2.69
2005-06	3.47	2.44	5.91	2.37	0.27	2.64
2006-07	3.26	0.57	3.83	2.76	0.25	3.01
2007-08	2.13	0.57	2.70	1.61	0.33	1.94
2008-09	2.96	1.12	4.08	2.43	0.41	2.84
2009-10*	2.51	0.61	3.12	2.08	0.44	2.52

\*Offtake upto December, 2009.

Offtake includes backlog quota also.

Note: - The data includes allocation and offtake of SC/ST/OBC Hostels also.

### SCHEME FOR SUPPLY OF FOODGRAINS FOR SC/ST/OBC HOSTELS

3.75 This scheme was introduced in October, 1994. Ministry of Consumer

Affairs, Food & Public Distribution is the nodal Ministry for the scheme. Allocation of foodgrains was made for the first time during 2001-02 to nineteen States on the recommendation of

Ministry of Social Justice & Empowerment. The residents of the hostels having 2/3rd students belonging to SC/ST/OBC are eligible to get 15 kg foodgrains per resident per month. Allocations of foodgrains under the scheme are made based on requests received from the State/UT Governments. Accordingly, during the current year, allocation under the

scheme have been made to Andhra Pradesh, Dadra & Nagar Haveli, Karnataka, Maharashtra, Nagaland and Tripura.

3.76 Allocation/offtake of foodgrains under the scheme during the 10th Plan period and the first three years of the 11th Plan - 2007-08, 2008-2009 & 2009-2010 are as under: -

(Figures in lakh tonnes)

Year	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	0.36		0.36	-	-	-
2003-04	1.63	-	1.63	-	-	-
2004-05	1.34	-	1.34	-	-	-
2005-06	-	0.14	0.14	-	-	-
2006-07	1.62	0.14	1.76	-	-	-
2007-08	0.28	0.14	0.42	-	-	-
2008-09	1.14	0.65	1.79	-	-	-
2009-10*	1.32	0.18	1.50	-	-	-

\*Offtake upto December, 2009.

Note: Offtake figures are combined with offtake against 5% BPL allocation w.e.f. 2002-03.

### ANNAPURNA SCHEME

3.77 The Ministry of Rural Development launched the scheme in 2000-01. Indigent senior citizens of 65 years of age or above who are not getting pension under the National Old Age Pension Scheme (NOAPS) are covered. 10 kgs. of foodgrains per person per month are supplied free of cost under the scheme.

3.78 From 2002-03, it has been transferred to State Plan along with the National Social Assistance Programme comprising the National Old Age Pension Scheme and the National Family Benefit Scheme. The implementation of the Scheme at the State level rests with the respective States / UTs.

3.79 Foodgrains are released to the State Governments at BPL rates. Allocation/offtake of foodgrains under the scheme during the 10th Plan period and during the first three years of the 11th Plan - 2007-08, 2008-09 & 2009-2010 are as under: -

(Figures in lakh tonnes)

Year	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	0.54	0.24	0.78	0.53	0.62	1.15
2003-04	0.56	0.67	1.23	0.45	0.64	1.09
2004-05	0.90	0.77	1.67	0.64	0.68	1.32
2005-06	0.90	0.77	1.67	0.69	0.70	1.39
2006-07	0.90	0.77	1.67	0.61	0.29	0.90
2007-08	0.92	0.77	1.69	0.70	0.30	1.00
2008-09	0.92	0.77	1.69	0.64	0.31	0.95
2009-10*	0.61	0.34	0.95	0.40	0.21	0.61

\*Offtake upto December, 2009

### NUTRITION PROGRAMME FOR ADOLESCENT GIRLS (NPAG)

3.80 A Pilot Project - "Nutrition Programme for Adolescent Girls"(NPAG) was launched by the Planning Commission initially for a period of two years i.e. 2002-03 and 2003-04 in 51 identified districts i.e. in two of the backward districts in each of the major States and most populous district (excluding the capital district) in remaining smaller States/UTs in the country. This scheme was restarted in 2005-06. The Ministry of Women and Child Development administers the scheme at the Central level and State/UT Governments implement the scheme at the State level.

3.81 Free foodgrains @ 6kg. per beneficiary per month is provided to the adolescent

girls (weight < 35 kg.) initially for a period of three months. Adolescent girls (age group 11-19 years) as identified by prescribed weight would be covered irrespective of financial status of the family to which they belong. Those beneficiaries, who cross the cut off point for weight, would not receive foodgrains any further.

3.82 Department of Food and Public Distribution provides foodgrains at BPL rates to the Ministry of Woman and Child Development for making allocation to States /UT Governments for implementing the programme. Annual allocation and offtake of foodgrains under the programme during 10th Plan and first three years of the 11th Plan - 2007-08, 2008-09 &

2009-10 are as under: -

(Figures in lakh tonnes)

Year	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	0.40	0.22	0.62	0.11	0.87	0.98
2003-04	2.22	0.29	2.51	0.63	0.00	0.63
2004-2005	No allocation.					
2005-06	0.68	0.35	1.03	0.40	0.08	0.48
2006-07	0.41	0.07	0.48	0.45	0.07	0.52
2007-08	0.45	0.07	0.52	0.35	0.03	0.38
2008-09	0.71	0.40#	1.11	0.46	0.13	0.59
2009-10*	0.55	0.19@	0.74	0.13	0.04	0.17

# Includes a quantity of 10,000 MT of Maize.

@ Includes a quantity of 4469.52 MT of Maize.

\*Offtake upto December, 2009

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### EMERGENCY FEEDING PROGRAMME (EFP)

3.83 Emergency Feeding Programme, is a food-based intervention targetted towards old, infirm and destitute persons belonging to BPL households to provide them food security in their distress conditions. This programme was introduced in 1995-96 covering initially 5 KBK Districts of Orissa with 45,141 beneficiaries. The Scheme is now being implemented by Government of Orissa in eight KBK Districts namely Bolangir, Kalahandi, Koraput, Malkangiri, Nawarangpur, Naupada, Rayagada and Sonepur of Orissa covering around 2 lakh beneficiaries. Under the scheme, foodgrains (rice) at BPL rates are being allocated to the State Government since May, 2001 by Department of Food & Public Distribution.

3.84 Annual allocation and offtake of rice during the 10th Plan period and the first three years of the 11th Plan - 2007-08, 2008-09 & 2009-2010 are as under:

(Figures in lakh tonnes)

Year	Annual allocation	Offtake
2002-03	0.14	0.13
2003-04	0.14	0.14
2004-05	0.14	0.14
2005-06	0.14	0.12
2006-07	0.17	0.14
2007-08	0.17	0.16
2008-09	0.18	0.17
2009-10*	0.18	0.13

\*Offtake upto December, 2009



**VILLAGE GRAIN BANKS SCHEME**

3.85 Village Grain Bank Scheme was earlier implemented by the Ministry of Tribal Affairs in 11 States. However, since 24.11.2004, the scheme is being implemented by the Department Food & Public Distribution.

3.86 The main objective of the scheme presently being implemented is to provide safeguard against starvation during the period of natural calamity or during lean season when the marginalized food insecure households do not have sufficient resources to purchase rations. Such people in need of foodgrains will be able to borrow foodgrains from the Village Grain Bank. The grain banks are to be set up

in food scarce areas like the drought prone areas, the hot and cold desert areas, tribal areas and the inaccessible hilly areas which remain cut off because of natural calamities like floods, etc. These villages are to be identified by the concerned State Government/Union Territory. The scheme envisages inclusion of BPL/AAY families in the villages to be identified by the State Government in food deficit areas. The quantity to be lent and the period of repayment is to be decided by the Group themselves. Village Panchyat/ Gram Sabha, Self Help Group for NGOs etc. identified by the State Government are eligible for running the Grain Banks.

3.87 The estimated cost of setting up one grain bank is as follows:-

a) Cost of foodgrains @ of 1 quintal per family for average 40 families per grain bank.	40 quintals. of foodgrains at Rs.13,762/- per MT (based on the average present economic cost of grains). i.e. Rs.55,046/-
b) Transportation cost @ Rs.90/- per quintal.	90 x 40 = Rs.3, 600/- (to be equally shared by the Central & State Governments).
c) Training expenses for trainers and trainees.	Rs.1400/- per bank
d) Storage/ weights and scales etc.	Rs.6000/- per bank
e) Monitoring and Administrative Cost	Rs.3000/- per bank
<b>Total</b>	<b>Rs.69,046 per bank</b>

\* Cost of VGB to be borne by Central Government : Rs.67, 246 per bank say Rs.67, 250 per Bank.

\* Cost of Transportation to be borne by State Govt. : Rs.1800 per bank.

3.88 Details of VGBs sanctioned and expenditure incurred since 2005-06 have been as follows:

Year	VGBs Sanctioned	States where sanctioned	Amount (Rs. Crore)
2005-06	3282	Andhra Pradesh, Orissa, Chhattisgarh, Madhya Pradesh, Jharkhand, Tripura & Meghalaya	19.76
2006-07	8191	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Himachal Pradesh, Maharashtra, Manipur, Nagaland, Sikkim, Uttarakhand, Uttar Pradesh, and West Bengal	51.79
2007-08	2598	Bihar, Gujarat, Kerala, Manipur, Madhya Pradesh, Nagaland, Orissa, Rajasthan and West Bengal	17.44
2008-09	2407	Manipur, Tripura, Uttar Pradesh and Madhya Pradesh	16.81
2009-10	2214	Andhra Pradesh, West Bengal and Nagaland	17.23
Total	18692		123.03

### EXPORT AND IMPORT OF FOODGRAINS

3.89 Export of rice and wheat from the Central Pool stocks has been stopped w.e.f. 11.8.2003. After meeting the pending commitments of exports, sale of foodgrains for commercial exports have been totally stopped w.e.f 1st October, 2004. As per orders issued vide O.M. No. 176(1)/2003-Py.I dated 25th March, 2008 of this Department, export of rice, wheat and wheat products from Central Pool is to remain discontinued till further orders. However, humanitarian assistance/aid

to needy countries has been given, from time to time, at the prevailing export price on the date of lifting.

#### (A) RICE:

##### Export of Rice:

3.90 Initially export of non-basmati rice from the country was banned vide DGFT's Notification dated 15th October, 2007. Subsequently Minimum Export Price (MEP) was fixed for export of non-basmati rice, which was revised from time to time. Details regarding revisions of MEP are as under:-

DGFT Notification No. & date	MEP
45(RE-2007)/2004-2009, dated 31.10.2007	Export permitted if MEP is more than US \$ 425 per ton FOB
61(RE-2007)/2004-2009 dated 12.12.2007	Export permitted if MEP is more than US \$ 425 or Rs. 17,000 per ton FOB
68(RE-2007)/2004-2009 dated 27.12.2007	Export permitted if MEP is more than US \$ 500 or 20,000 per ton FOB

82(RE-2007)/2004-2009 dated 5.3.2008	Export permitted if MEP is more than US \$ 650 or 26,000 per ton FOB
89 (RE-2007)/2004-2009 dated 27.3.2008	Export permitted if MEP is more than Us \$ 1000 or 40,000 per ton FOB

3.91 In view of the tight position of rice in the domestic market, export of non-basmati rice on private account has also been prohibited w.e.f. 1st April, 2008.

3.92 Minimum Export Price (MEP) was fixed for export of basmati rice, which was revised from time to time. Details regarding revision of MEP are as under:-

DGFT Notification & Date	Minimum Export Price (MEP)
82(RE-2007)/2004-2009, dated 05.03.2008	Export permitted if MEP is US \$ 900 per ton or Rs.36,000/- per ton
89(RE-2007)/2004-2009 dated 27.03.2008	Export permitted if MEP is US \$ 1100 per ton or Rs.44,000/- per ton
93 (RE-2007)/2004-2009 dated 01.04.2008	Export permitted if MEP is US \$ 1200 or Rs.48,000/- per ton. In addition, a custom duty of Rs. 8000 per ton had also been imposed on export of basmati rice vide notification dated 10.05.2008.
83 (RE-2008)/2004-2009 dated 27.01.2009	Export permitted only if the Minimum Export Price (MEP) is US \$ 1100 per ton FOB or Rs. 49500/-per ton."
5 /2009-2014 dated 7.09.2009	MEP for basmati rice reduced from US \$1100 to US\$900 or Rs.41, 400 per ton FOB. Export of Basmati rice, as above shall be subject to the additional condition that foreign commission upto 12.5% is to be allowed for computation of MEP and any discount /commission in excess of 12.5% will not be allowed for calculation of MEP (and FOB price will have to be higher to that extent).
21/2009-2014 dated 14.12.2009	The condition regarding foreign commission for computation of MEP as per Notification No. 5/ 2009-2014 dated 07.09.2009 has been withdrawn and substituted as under:-

	‘In case any foreign commission is paid at the time of exports or subsequently then MIP shall be higher than US \$ 900 per ton, to be extent of foreign commission paid/payable and MEP of US \$ 900 per ton shall be maintained, exclusive of the foreign commission.’
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3.93 Customs duty of Rs. 8,000/- per ton imposed on export of basmati rice vide Notification dated 10.05.2008 has been abolished since 2.2.2009.

3.94 Government on 20.11.2009 decided that in view of stock position of rice in Central Pool and estimated procurement of 260 lakh tonnes in KMS 2009-10, no import of rice for Central Pool is required. However, if trend of procurement shows shortfall, the Government may, at an appropriate time, decide to consider import of rice.

3.95 Government on 05.03.2009 decided that a quantity of 20 lakh tons of rice on diplomatic basis through Ministry of External Affairs to African nations/ friendly countries in KMS 2008-09 will

be exported. This includes 55,000 tons of rice which was permitted to Nigeria, Senegal, Ghana and Cameroon, out of the quantity of 2.25 lakh tons of non-basmati rice by Government on 05.08.2008.

3.96 After 05.03.2009 Government approved for export of 10 lakh tons of non-basmati rice to 21 African countries and Sri Lanka.

3.97 From 1.4.2008 Government has approved export of 16.68 lakh tons (excluding 1,17,100 tons allotted to Nigeria which has refused to lift the quantity) of rice on humanitarian/ diplomatic basis. Out of this, 6.74 lakh tons of rice was exported. The details are as given below:-

S.N	Country/ Destination	Quantity Permitted	Quantity Exported	Balance	Agency	Date of DGFT Notification
1.	Bangladesh	5,51,010*	5,51,000	10	STC - 1,00,000 PEC - 1,00,000 WBECSC - 99,990# NAFED - 1,00,000 MMTC - 1,00,000 LMJ Intl. - 50,000 Govt. of WB - 1,010#	01.04.2008
2.	Madagascar	50,000	50,000	NIL	STC	-do-
3.	Sierra Leone	40,000	40,000	NIL	PEC	-do-
4.	Comoros	25,000	8,500	16,500***	MMTC	-do-

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5.	Mauritius	10,000***	10,000		STC -1,000 the quantity has been informed as completed MMTC - 9,000	-do-
	<b>Total</b>	<b>6,76,010</b>	<b>6,59,500</b>	<b>16,510</b>		
6.	Ghana	15,000	15,000	NIL	STC	13.10.2008
7.	Senegal	15,000	NIL	15,000	STC	-do-
8.	Nigeria	15,000	NIL	15,000	STC	-do-
9.	Cameroon	10,000	NIL	10,000	STC	-do-
	<b>Total</b>	<b>55,000</b>	<b>15,000</b>	<b>40,000</b>		
10.	Nepal (for WFP)	^ 1,591	NIL	1591		Under WFP
11.	Bhutan	5,000	NIL	5,000		15.05.2008
12.	Nepal	15,000	NIL	15,000	STC	05.12.2008
13.	Sri Lanka	1,484	1,200	284	Tamil Nadu Civil Supplies Corporation.	Notification awaited
	<b>Total</b>	<b>23,075</b>	<b>1,200</b>	<b>21,875</b>		
14.	Burkina Faso	24,200	NIL	24,200	MMTC	06.05.2009
15.	Cameroon	21,700	NIL	21,700	MMTC	-do-
16.	Cote D'Ivoire	1,44,900	NIL	1,44,900	MMTC	-do-
17.	Egypt	48,300	NIL	48,300	MMTC	-do-
18.	The Gambia	36,250	NIL	36,250	MMTC	-do-
19.	Mali	24,200	NIL	24,200	MMTC	-do-
20.	Somalia	24,200	NIL	24,200	MMTC	-do-
21.	Tunisia	5,550	NIL	5,550	MMTC	-do-
22.	Zanzibar	12,100	NIL	12,100	MMTC	-do-
23.	Benin	24,200	NIL	24,200	STC	-do-
24.	Ghana	68,800	NIL	68,800	STC	-do-
25.	Guinea Bissau	24,200	NIL	24,200	STC	-do-
26.	Liberia	96,600	NIL	96,600	STC	-do-
27.	Mozambique	24,200	NIL	24,200	STC	-do-
28.	Togo	72,400	NIL	72,400	STC	-do-
29.	Zambia	24,200	NIL	24,200	STC	-do-
30.	Nigeria @	1,17,100	NIL	1,17,100	PEC	-do-

31.	Senegal	1,41,300	NIL	1,41,300	PEC	-do-
32.	Mauritius	15,000	NIL	15,000	PEC	-do-
33.	Sierra Leone	38,500	NIL	38,500	PEC	-do-
34.	Djibouti	12,100	NIL	12,100	PEC	-do-
	<b>Total</b>	<b>10,00,000</b>		<b>10,00,000</b>		
35.	South Africa	25,000	NIL	25,000	PEC	18.06.2009
36.	Sri Lanka	**** 600	600	NIL	Tamil Nadu Civil Supplies Corp.	
37.	Sri Lanka	**** 750		750	-do-	---
	<b>Grand Total</b>	<b>16,63,335</b>	<b>6,77,050</b>	<b>9,86,285</b>		

\* 1 lakh MT each by STC, PEC, WBECSC, NAFED & MMTC

\*\* STC - 1,000 MTs, MMTC - 9,000 MTs

\*\*\* Short Closed as L/C not opened

# As relief material

^ As relief material

\*\*\*\* 1350 tons of rice was approved for Sri Lanka as relief material to be given by the Government of Tamil Nadu

@ Nigeria refused to lift the quantity, hence, not included in Grand Total.

=/ Export of the said quantity of rice successfully completed and the completion certificate has received from Bangladesh.

= Under Food Aid programme (Notification dated 1st April, 2008)

## CH-III

### Import of Rice:

3.98 No import of rice for the Central Pool has taken place during the last six years since 2003-04.

3.99 Import of rice allowed at zero duty from 1.3.2008 to 1.4.2009.

3.100 The Government has withdrawn on 31.3.2009 the full exemption on customs duty which was imposed vide notification no. 21/2002-Customs dated 01.03.2002 and imposed a basic custom duty of 70% advalorem on semi-milled or wholly-milled rice.

3.101 Import duty on rice has been reduced to NIL vide Department of Revenue

Notification No. 118/2009-Customs dated 14th October, 2009.

### (B) WHEAT:

#### Import of wheat:

3.102 Government maintains stocks of wheat (buffer stock) from which the requirements of Targetted Public Distribution System (TPDS), various welfare schemes, Open Market Sale Scheme (OMSS) to control market prices, natural calamities etc are met. The total demand of wheat in the Central Pool during 2007-08 was estimated to be 150 lakh tons. In the year 2007-08, the procurement was

111.28 lakhs tons which was nearly 40 lakh tons below the requirement. In order to meet the shortfall in the Central Pool, the Government decided to import wheat during 2007-08. During 2007-08 a total quantity of 18.44 lakh MT of wheat was imported at a weighted average price of US \$ 366.83 per MT. This quantity includes balance quantity of 0.75 lakh MT of wheat for which contract was placed during 2006-07 but was received during 2007-08.

3.103 During 2008-09 and 2009-2010, no import of wheat has been made for the Central Pool.

3.104 Import duty on wheat was reduced from 50% to 5% on 28.6.2006 and to zero percent w.e.f 9.9.2006.

3.105 Current Import Duty on wheat flour is 30% ad valorem w.e.f. 1.4.2009.

### Export of wheat

3.106 With a view to contain the rise in price of wheat in the domestic market and to increase availability of wheat in the country, export of wheat has also been banned with immediate effect vide DGFT's notification dated 09.02.2007. Export of wheat products has also been prohibited w.e.f 08.10.2007.

3.107 On 4.11.2008, the Government decided that export upto 20 lakh tons of wheat from Central Pool, may be allowed to

friendly countries on diplomatic basis.

3.108 However this was reviewed on 17.8.2009 and Government decided that in 2009-10 Department of Commerce may continue with the export of wheat on diplomatic basis from Central Pool stocks for the quantity approved by Ministry of External Affairs subject to the quantitative limit of 1 million tons including 6.0 lakh tons already approved for Afghanistan.

### Export of Wheat Products

3.109 EGoM in its meeting held on 05.03.2009 decided to allow export of wheat and wheat product (Atta, Maida and Suji) on private account after 15th May, 2009 with a cap of 2 million tons in 2009-10.

3.110 The DGFT vide Notification No. 116 dated 03.07.2009 allowed export of 6.5 Lakh tons of flour (Maida), Samolina (Rava/Sirgi), Wholemeal Atta and resultant atta upto 31st March, 2010 on private account. Export shall be allowed only from Customs EDI Ports.

3.111 Government on 17.8.2009 decided that in 2009-10 export of wheat by private trade may not be allowed other than the export of 6.5 lakh tons of wheat products, which have already been permitted by the Government.

So far the quantity of wheat products exported from the country is as under:-

Sl. No.	Period	Quantity (In Kgs)	Value (in lakh)
1	03.07.2009 to 31.10.2009	1,83,41,373	37,47,55,204
2	01.11.2009 to 15.11.2009	1072.13	2,60,41,813
	Total	1,94,13,504	40,07,97,017

Source: DGCI&S, Kolkata

### **SALE OF WHEAT UNDER OPEN MARKET SALE SCHEME (DOMESTIC) [OMSS(D)]**

3.112 The Open Market Sale Scheme (Domestic) for wheat was introduced in October, 1993. Various pricing patterns like State-wise, Center wise, Zone wise etc. have been adopted on different pricing parameters. To check inflationary trends in food economy, Government has released 20 lakh MTs wheat and 10 Lakh MTs Rice to States/UT Governments under OMSS (D) for distribution to household consumers and small processors during the period October' 2009 - March 2010. State/UTs Governments have also been permitted to convert the wheat released under OMSS (D) into atta for distribution to retail consumers. In addition to above, 15.18 lakh MTs wheat has also been allocated for sale to bulk consumers in various States/UTs through open tenders by FCI during the period October' 2009 to March,2010.

3.113 In addition to this a quantity of 37,400 MT wheat and 17000 MT rice under OMSS (D) has been allocated to NAFED for sale to retail consumers for the month of January 2010 to March 2010. A quantity of 32684.21 tonnes of wheat and 11000 tonnes of rice under OMSS (D) have also been allocated to NCCF for the month of January 2010 to March 2010.

### **FOOD SUBSIDY**

3.114 Food subsidy is provided in the budget of the Department of Food and Public

Distribution to meet the difference between economic cost of foodgrains and their sales realization at Central Issue Prices fixed for TPDS and other welfare schemes. In addition, the Central Government also procures foodgrains for meeting the requirements of buffer stock. Hence, part of the food subsidy also goes towards meeting the carrying cost of buffer stock.

3.115 Since 2004-05, the MSP of wheat has increased from Rs. 630 per quintal to Rs. 1080 per quintal. Similarly MSP + bonus of paddy (Common) has increased from Rs. 560 per quintal to Rs. 1000 per quintal. However the Central Issue Price (CIP) of wheat and rice for AAY, BPL and APL families has not been raised in this period. As a result, the gap between economic cost and CIPs has been increasing and food subsidy incurred by the Government has risen substantially.

3.116 The subsidy is provided to FCI, which is the main instrument of the Government of India for procurement and distribution of wheat and rice under TPDS and other welfare schemes and for maintaining the buffer stock of foodgrains as a measure of food security. Eleven States, namely Madhya Pradesh, Uttar Pradesh, Chhattisgarh, West Bengal, Uttarakhand, Tamil Nadu, Andaman & Nicobar, Orissa, Gujarat, Karnataka and Kerala have undertaken the responsibility of not only procuring foodgrains from within the State but also distributing the same to the



targeted population under TPDS and other welfare schemes. Under this scheme of Decentralised procurement, State specific economic cost is determined by the Government of India and the difference between the economic cost so fixed and the Central Issue Prices is passed on to the State as food subsidy.

3.117 The year-wise break-up of subsidy released on foodgrains during the last five years and current financial year to FCI and the States operating the Decentralized Procurement Scheme is as under:-

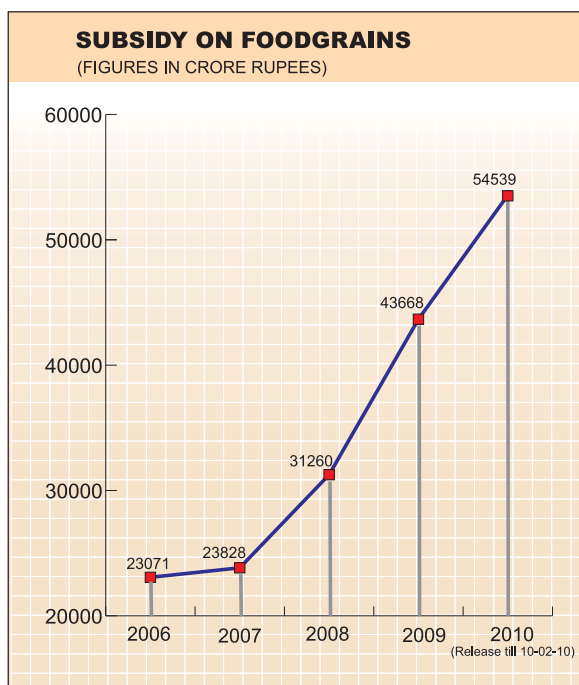
(Rs. in crore)

Year	Subsidy Released		
	FCI	States	Total
2004-05	23280	2466	25746
2005-06	19871	3200	23071
2006-07	20786	3042	23828
2007-08	27760	3500	31260
2008-09	36744	6924	43668
2009-10 (till 10.02.2010)	44879	9660	54539

#### Subsidy for 2008-09 & 2009-10

3.118 The quantum of food subsidy depends on the level of procurement of foodgrains and offtake under TPDS and other welfare schemes. During 2008-09 an amount of Rs.43668.080 crore was released to FCI and DCP States. In RE 2009-10 a provision of Rs.58204.75 crore

has been made towards food subsidy for FCI and DCP States.



#### MOVEMENT OF FOODGRAINS

3.119 Coordinating and monitoring the movement of foodgrains from surplus regions to deficient areas taking into account the storage capacity, procurement, stocks, allocations and offtake of foodgrains is one of the important functions of the Department of Food and Public Distribution. Food Corporation of India undertakes the activities connected with the movement of foodgrains for the Public Distribution System and other welfare Schemes. Movement Division in the Department of Food and Public Distribution closely monitors the movement and regularly co-ordinates with the FCI and the Railways. Optimum evacuation of foodgrains

from the procuring regions and induction and stocking of foodgrains in the North-Eastern States, Jammu & Kashmir and other deficient areas, identified from time to time, is specially monitored.

3.120 The overall movement of foodgrains by the Food Corporation of India (FCI) during the year 2008-09 is estimated to be about 25.69 million tonnes as against 26.39 million tonnes during the previous year. Overall movement of foodgrains on the Inter-State account as well as Intra-State account has decreased during this year, as compared to the same period in the previous year.

#### OTHER ACTIVITIES

##### Disaster Management

3.121 The Department also assists in the Disaster Management Operations/ Emergency Support Functions of the Government by maintaining a close liaison with the Disaster Management Division of the Ministry of Home Affairs to meet the requirement of foodgrains in the various parts of the country, whenever affected by any natural calamity or disaster.

#### POST HARVEST MANAGEMENT OF FOODGRAINS

3.122 Under the Post Harvest Operation Scheme, the following activities are being carried out in the Department of Food & Public Distribution: -

##### 1. Research Development and Training on Post Harvest Management of Foodgrains (Indian Grain Storage Management and Research Institute - IGMRI)

The Indian Grain Storage Management and Research Institute (IGMRI), Hapur and its two field stations located at Hyderabad and Ludhiana are carrying out Research & Development activities on various aspects of post harvest management of foodgrains, both at farm and commercial levels. IGMRI had developed code of practices for scientific storage of foodgrains.

IGMRI and its field stations are also organising long term and short term training programmes on scientific storage and inspection of foodgrains for the officers of FCI, CWC, SWCs and State agencies.

The performance of IGMRI under various activities from 1-4-09 to 31-12-09 is summarized below:

Sl. No.	Item /Activity	Annual Target (2009-10)	Achievement upto 31.12.09	Projections upto 31-3-2010
1.	Long term/Short term Training Courses (LTTC/STTC)	15	10	15
2.	Artisan Training Courses	9	5	9

3	Summer School	1	1	1
4.	Analysis of foodgrain samples for			
	(i) Physical quality parameters	1200	955	1200
	(ii) Mycotoxin contamination	220	169	220
	(iii) Pesticide residue (No. of samples)	350	267	350

The following Research & Development projects are being undertaken by the IGMRI during 2009-10:

- Long term study on suitability of HDPE/PP bags for storage of wheat and rice.
- Storage gain in wheat stored in PP/ HDPE bags in covered and CAP storage.
- Assessment of shelf life of wheat and rice stored in covered godowns.

## 2. Quality Standards for Foodgrains (Central Grain Analysis Laboratory -CGAL)

The Government exercises due control over the quality of foodgrains which are procured for the Central Pool for distribution through Targeted Public



Distribution System (TPDS) and other welfare schemes. Quality specifications of foodgrains for procurement under Central Pool are formulated by Central Grain Analysis Laboratory (CGAL) for Rabi and Kharif foodgrains keeping in view the interest of producers, consumers and the provisions under the Prevention of Food Adulteration (PFA) Act/Rules.

During the period from 1-4-09 to 31-12-09, 962 samples of foodgrains were analysed for physical and chemical parameters in the CGAL. Besides, (upto 31st, December, 2009) CGAL also trained 14 persons on analysis of foodgrains

## 3. Monitoring Quality of Foodgrains (Quality Control Cell-QCC)

Eight Quality Control Cells located at New Delhi, Kolkata, Hyderabad, Bangalore, Bhopal, Bhubaneshwar, Lucknow and Pune are functioning under the direct control of the Department of Food & Public Distribution.

The main objective of these cells is to ensure the quality of foodgrains at the time of procurement, storage and distribution. Surprise checks at Procurement Centers, Food Storage Depots, Rail Heads, Rice Mills and Fair

Price Shops are conducted by the officers of these cells to ensure the quality of foodgrains. It is also ensured that the guidelines/instructions issued by Government about proper storage and maintenance of foodgrains are followed by the FCI, CWC, SWCs and State agencies. These cells attend to various complaints received from MPs, VIPs, State Governments, media and consumers about the quality of

foodgrains during procurement, storage and distribution. Discrepancies/shortcomings noticed during inspection/ investigation are communicated to the concerned authorities for taking remedial measures including action against the delinquents.

The inspection activities carried out by Quality Control Cells from 1-4-09 to 31-12-09 is as under:

Sl. No.	Item/Activity	Annual Target (2009-10)	Achievements (upto 31.12.09)	Projections upto 31-3-2010
1.	Inspection of Food Storage Depots	800	608	800
2.	Inspection of Procurement Centers	360	294	360
3.	Inspection of Rail Heads	320	207	320
4.	Inspection of Fair Price Shops (FPSs)	960	700	960
5.	Inspection of Rice Mills	240	76	240
6.	Collection of foodgrain samples for physical quality parameters	3300	3428	3600
7.	Investigation of complaints	-	18	-

### TRANSPORT

3.123 The Actual figures of overall loading clearance Ex. North and induction of food grains in all the States including

Assam/NEF, J&K, H.P. and Southern States during the period from April,09 to October,09 and anticipated movement from Nov,09 to March,10 is as under:-

(Provisional)/(Fig in lakh tonnes)

Month	2009-10			2009-10			2009-10			2009-10		
	Overall movement			Overall movement			Movement Ex. North			Movement Ex North		
	Rail	Road	Total	Inter	Intra	Total	Rail	Road	Total	Inter	Intra	Total
April,09 to Dec.09 (Actual)	191.75	21.10	212.85	194.55	18.30	212.85	129.25	17.88	147.13	146.48	0.65	147.13

Jan.,10 to March, 10 (Anticipated)	71.00	7.00	78.00	70.63	7.37	78.00	43.08	5.44	48.52	48.30	0.22	48.52
<b>*Total</b>	<b>262.75</b>	<b>28.10</b>	<b>290.85</b>	<b>265.18</b>	<b>25.68</b>	<b>390.85</b>	<b>172.33</b>	<b>23.32</b>	<b>195.65</b>	<b>194.78</b>	<b>0.87</b>	<b>195.65</b>

\* Due to open sale of wheat during Jan.10 to March, 10 total movements have been increased.

### OVERALL MOVEMENT 2008-09

(Fig. in lakh tonnes)

Month	2008-09			2008-09			2008-09			2008-09		
	Overall movement			Overall movement			Movement Ex. North			Movement Ex. North		
	Rail	Road	Total	Inter	Intra	Total	Rail	Road	Total	Inter	Intra	Total
April,08 to Dec,08	159.52	16.69	176.21	157.36	18.85	176.21	102.87	13.58	116.45	114.92	1.53	116.45
Jan,09 to March,09	71.87	8.80	80.67	72.13	8.54	80.67	49.04	7.37	56.41	55.80	0.61	56.41
<b>Total</b>	<b>231.39</b>	<b>25.49</b>	<b>256.88</b>	<b>229.49</b>	<b>27.39</b>	<b>256.88</b>	<b>151.91</b>	<b>20.95</b>	<b>172.86</b>	<b>170.72</b>	<b>2.14</b>	<b>172.86</b>

### INTER STATE INFLOW OUTFLOW BY RAIL & ROAD

REGION	2008-2009				2009-2010 (UPTO OCT-09)			
	INFLOW		OUTFLOW		INFLOW		OUTFLOW	
	WHEAT	RICE	WHEAT	RICE	WHEAT	RICE	WHEAT	RICE
PUNJAB	0	0	68.18	53.96	0	0	63.22	45.53
HARYANA	0	0	31.29	12.41	0	0	31.55	5.35
U.P	1.25	0.41	4.42	0.35	1.22	0	0	0.08
UCL	1.69	0.67	0	0	0.46	0	0	0.6
J & K	3.42	6.08	0	0	2.34	4.89	0	0
H.P	2.85	2.09	0	0	2.31	1.5	0	0
DELHI	7.63	1.45	0	0	2.86	0.66	0	0
RAJ	7.78	0.52	0	0	13.19	1.53	0	0
<b>TOTAL</b>	<b>24.62</b>	<b>11.22</b>	<b>103.89</b>	<b>66.72</b>	<b>22.38</b>	<b>8.58</b>	<b>94.77</b>	<b>51.56</b>
MAHA	25.14	13.05	0.09	0.65	14.85	14.24	0	0.2
M.P	0.6	2.42	0.49	0.02	11.39	0.63	0	0
CHG	0.36	0.05	0	13.51	1.33	0	0	12.18

## CH-III

GUJ	4.92	3.01	0	0.05	7.87	2.32	0	0
GOA	0.05	0.15	0	0	0	0.11	0	0
<b>TOTAL</b>	<b>31.07</b>	<b>18.68</b>	<b>0.58</b>	<b>14.23</b>	<b>35.44</b>	<b>17.3</b>	<b>0</b>	<b>12.38</b>
T.N	5.32	30.14	0	0	3.02	19.07	0	0
KNK	9.97	18.35	0	0	2.71	18.61	0	0
KERALA	4.83	10.11	0	0	1.19	6.05	0	0
A.P	4.02	0.13	0	39.27	0.05	1.61	0	21.49
<b>TOTAL</b>	<b>24.14</b>	<b>58.73</b>	<b>0</b>	<b>39.27</b>	<b>6.97</b>	<b>45.34</b>	<b>0</b>	<b>21.49</b>
ORISSA	2.22	1.88	0	2.19	3.24	0.01	0	6.54
JHK	2.72	5.64	0	0	2.68	5.28	0	0
W.B	15.54	1.42	0	0.1	17.04	0.41	0	3.1
BIHAR	2.61	6.3	0.89	0.31	4.04	5.77	0	0.25
N.E	4.94	25.37	0	0	3.16	12.1	0	0
<b>TOTAL</b>	<b>28.03</b>	<b>40.61</b>	<b>0.89</b>	<b>2.6</b>	<b>30.16</b>	<b>32.57</b>	<b>0</b>	<b>9.89</b>
<b>G.TOTAL:</b>	<b>107.86</b>	<b>129.24</b>	<b>105.36</b>	<b>122.82</b>	<b>94.85</b>	<b>103.79</b>	<b>94.77</b>	<b>95.32</b>

## CH-III

(Provisional) (Fig. in lakh tonnes)

	MOVEMENT OF SUGAR APRIL,09 TO DECEMBER,09			MOVEMENT OF SUGAR APRIL,08 TO DECEMBER,09		
	Inter	Intra	Total	Inter	Intra	Total
Indigenous	2.16	0	2.16	1.29	0	1.29
Total	2.16	0	2.16	1.29	0	1.29

**Movement from January, 2010 to March, 2010**

(Provisional) (Fig. in lakh Tonnes)

MONTH	INDIGENIOUS FOODGRAINS	SUGAR	TOTAL
Jan,10	26.00	0.24	26.24
Feb,10	26.00	0.24	26.24
March,10	26.00	0.24	26.24
<b>TOTAL</b>	<b>78.00</b>	<b>0.72</b>	<b>78.72</b>

### STORAGE AND WAREHOUSING

3.124 The policy objective is to make available storage capacity required for (i) buffer and operational stock of foodgrains to

cater to the Public Distribution System and (ii) general warehousing. The endeavour is to modernize storage capacity and to reduce dependence on the capacity under cover and plinth.



3.125 There are three agencies in the public sector which are engaged in building large scale storage/ warehousing capacity, namely, Food Corporation of India (FCI), Central Warehousing Corporation (CWC) and 17 State Warehousing Corporations (SWCs). While the capacity available with FCI is used

mainly for storage of food grains, that with CWC and SWCs is used for storage of food grains and also other notified commodities. The position of covered storage/ warehousing capacity available with the FCI/CWC/SWCs during the period between March 31, 2005 and 31.12.2009 is given in the table below:

CH-III

(In lakh MT)

As on 31.3.2005				As on 31.3.2006		
Agencies	Owned	Hired	Total	Owned	Hired	Total
FCI	129.09	104.61	233.70	129.31	99.05	228.36
CWC	84.38	17.49	101.87	80.22	20.16	100.38
SWCs	128.84	66.36	195.20	127.64	69.41*	197.05
As on 31.3.2007				As on 31.03.2008		
Agencies	Owned	Hired	Total	Owned	Hired	Total
FCI	129.41	93.42	222.83	129.48	87.13	216.61
CWC	81.10	21.10	102.20	67.63	31.15	98.78
SWCs	126.89	65.31	192.20	123.88	64.43	186.31

As on 31.12.2009			
Agencies	Owned	Hired	Total
FCI	129.69	123.65	253.34
CWC	67.91	39.34#	107.25
SWCs	123.35	84.71*	208.06

# Includes Covered Hired, Management and Open (Owned / Plinth / Hired)

\*Inclusive of plinths.

3.126 Details of storage capacity constructed by FCI, CWC and SWCs during 2007-08, 2008-09 and 2009-10 are given in the table below:

(In lakh tonnes)

Agencies	2007-08	2008-09	2009-10
FCI	0.25	0.025	-
CWC	2.40	CWC = 0.54 CRWC = 0.18 Total = 0.72	0.20
SWCs	1.87	1.33 (Provisional)	0.73
<b>Total</b>	<b>4.42</b>	<b>2.30</b>	<b>0.93</b>

### INTRODUCTION OF NEGOTIABLE WAREHOUSE RECEIPT SYSTEM IN THE COUNTRY.

3.127 The Warehousing (Development & Regulation) Act, 2007 was enacted by the Parliament in September, 2007. The Act shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint. The Warehousing (Development & Regulation) Act, 2007 provides for negotiability of Warehouse receipts, development and regulation of

Warehouses and establishment of a Warehousing Development and Regulatory Authority (WDRA).

3.128 The Warehousing Development & Regulatory Authority will register and accredit warehouses intending to issue negotiable warehouse receipts and put in place a system of quality certification and grading of commodities with a view to protect the interest of holders of warehouse receipts against negligence, malpractices and fraud. The authority is in the process of being setup.





Handing over warehousing receipt to the small farmer depositer at warehouse

3.129 The introduction of negotiable Warehouse receipt system in the country will not only help farmers avail better credit facilities and avoid distress sale but will also safeguard financial institutions by mitigating risks inherent in credit extension to farmers. The pledging/collateralization of agricultural produce with a legal backing in the form of negotiable warehouse receipts will lead to increase in flow of credit to rural areas, reduce cost of credit and will spur related activities like standardization grading, packaging and insurance and in development of chain of quality warehouses.

### **NATIONAL POLICY ON HANDLING, STORAGE AND TRANSPORTATION OF FOODGRINAS**

3.130 With a view to minimize storage and transit losses and to introduce modern technology, the Government approved the National Policy on Handling, Storage and Transportation of Foodgrains in June 2000. Under this policy, creation of integrated bulk handling, storage and transportation facilities to the tune of 5.5 lakh MTs at identified locations in producing and consuming areas has been taken up through private sector participation on Build-Own-Operate (BOO) basis as given below:-

**Circuit, locations of Base and Field depots (silos) and their capacity.**

Circuit 1		Circuit 2	
Location	Storage Size (MTs)	Location	Storage Size (MTs)
Base Depot		Base Depot	
Moga	200,000	Kaithal	200,000
Field Depots		Field Depots	
Chennai	25,000	Navi Mumbai	50,000
Coimbatore	25,000	Hooghly	25,000
Bangalore	25,000		

3.131 M/s. Adani Exports Limited was selected as Developer-cum- Operator for both the Circuits through a transparent bidding process. A Service Agreement was signed between M/s. Adani Exports Limited & FCI on 28th June 2005.

3.132 The base depots at Moga (Punjab) and Kaithal (Haryana) have been completed. Overall silos and equipments are ready in all the 5 field depots except for rail siding and track electrification at Bangalore depot.

# Chapter-IV

## Sugar



## SUGAR

### GENERAL

Sugar production in India has been cyclic in nature. Due to good monsoon and increase in sugarcane area under cultivation, sugar production from sugarcane during the seasons 2006-2007 and 2007-08 increased substantially to 282 lakh tones and 263 lakh tones respectively. However, sugar production declined to about 147 lakh tones in 2008-09 sugar season. Sugar production in 2009-10 is also likely to be about 160 lakh tones. Less production of sugar in the sugar seasons 2008-09 and 2009-10 is mainly because of the following reasons:

- a. reported shortfall in both acreage and productivity (2008-09) due to lack of adequate inputs owing to cane arrears in previous two seasons (since liquidated);
- b. decline in productivity on account of delay and deficiency of rains in the south and un-seasonal rains elsewhere in 2008-09 and 2009-10;
- c. shift in acreage from sugarcane to other foodgrain crops due to relatively higher minimum support price (MSP) of foodgrain crops;
- d. more diversion of sugarcane to gur and khandsari units;
- e. higher percentage of ratoon area in overall area under sugarcane, lowering yield of sugarcane (2008-09);

- f. fall in recovery rate due to less sucrose content in sugarcane.

### NUMBER OF SUGAR FACTORIES

- 4.1 There were 637 installed sugar factories in the country as on 31.12.2009. The sector-wise break-up is as follows: -

	Sector	Number of Factories
(i)	Cooperative	318
(ii)	Private	260
(iii)	Public	62
	<b>TOTAL</b>	<b>640*</b>

\*Include closed sugar factories.

### SUGAR CANE PRICING POLICY

- 4.2 The Central Government used to fix the Statutory Minimum Price (SMP) of sugarcane under clause 3 of the Sugarcane (Control) Order, 1966 having regard to factors mentioned therein. However, the Central Government has amended the Sugarcane (Control) Order, 1966 on 22.10.2009 and the concept of SMP of sugarcane has been replaced with the 'fair and remunerative price (FRP)' of sugarcane from 2009-10 sugar season and for subsequent sugar seasons. The cane price fixed by the Central Government is fixed on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP) and after consulting the State

Governments and associations of sugar industry. The amended provisions of the Sugarcane (Control) Order, 1966 provides for fixation of fair and remunerative price of sugarcane having regard to the following factors:-

- a) cost of production of sugarcane;
- b) return to the growers from alternative crops and the general trend of prices of agricultural commodities;
- c) availability of sugar to consumers at a fair price;
- d) price at which sugar produced from sugarcane is sold by sugar producers;
- e) recovery of sugar from sugarcane; and.
- f)\* the realization made from sale of by products viz. molasses, bagasse and press mud or their imputed value  
(\* inserted vide notification dated 29.12.2008.)
- g)\*\* reasonable margins for the growers of sugarcane on account of risk and profits.  
(\*\* inserted vide notification dated 22.10.2009)

4.3 With the introduction of concept of FRP of sugarcane, clause 5A of the Sugarcane (Control) Order, 1966 has been omitted.

#### STATUTORY MINIMUM PRICE (SMP) OF SUGARCANE

4.4 The Central Government fixed the SMP of sugarcane for 2008-09 sugar season

at Rs.81.18 per quintal linked to a basic recovery rate of 9%, subject to a premium of Re.0.90 for every 0.1% point increase in recovery above that level. The SMP of sugarcane payable by sugar factories for each sugar season since 2001-2002 has been shown in the following table:-

(Rs. per quintal)

Sugar season	SMP	Base recovery rate
2001-02	62.05	8.5%
2002-03	69.50	8.5%
2003-04	73.00	8.5%
2004-05	74.50	8.5%
2005-06	79.50	9%
2006-07	80.25	9%
2007-08	81.18	9%
2008-09	81.18	9%

4.5 The Central Government has fixed the 'fair and remunerative price' of sugarcane for 2009-10 sugar season at Rs.129.84 per quintal linked to basic recovery rate of 9.5% subject to a premium of Re.1.37 for every 0.1 percentage increase in recovery above that level.

4.6 Some of the State Governments, however, have been advising the sugar factories to pay cane price generally at a level higher than the SMP. A statement showing the range of SMP and the range of prices actually paid during the last six sugar seasons is enclosed at Annexure VII.

## AMENDMENT TO ESSENTIAL COMMODITIES ACT, 1955

(Amount in Rs. Crore)

4.7 There were ambiguities in the existing law pertaining to determination of price of levy sugar and these led to conflicting decisions by the Courts on factors to be taken into consideration in determining the price of levy sugar. Hence, in order to remove the defects and ambiguities in the law pertaining to fixation of price of levy sugar and to clarify the provisions pertaining to the determination of price of levy sugar and also to validate actions taken by the Central Government for fixation of price of levy sugar under the specified orders effective from 01.10.1974, it was felt necessary to amend the Essential Commodities Act, 1955. Accordingly, the Essential Commodities Act, 1955 has been amended by issuing Ordinance under the title 'The Essential Commodities (Amendment and Validation) Ordinance, 2009' on 21.09.2009. A bill was introduced in the last winter session of the Parliament to replace the Ordinance and the Bill has since been passed in both the Houses of Parliament. The relevant Act i.e 'The Essential Commodities (Amendment and Validation) Act, 2009', was notified on 22.12.2009.

### CANE PRICE PAYMENT AND ARREARS POSITION

4.8 As reported by the State Governments and the sugar mills, the position of cane price payment and arrears for the last sugar season 2008-09, as on 31.10.2009 was as under:-

i)	Cane price payable	20246.56
ii)	Cane price paid	20197.54
iii)	Cane price arrears	49.02
iv)	Percentage of cane price arrears on cane price payable	0.24%

4.7.1 Cane price arrears for the sugar season 2008-2009 have further declined to Rs.49.02 crore as per the latest reports received from the State Governments and the sugar mills.

### SUGAR POLICY: PARTIAL CONTROL

4.9 Sugar and Sugarcane are essential commodities under the Essential Commodities Act, 1955.

4.10 The Central Government has been following a policy of partial control and dual pricing for sugar. Under this policy, a certain percentage of sugar produced by sugar factories (raised to 20% for 2009-10 sugar season) is requisitioned by the Government as compulsory levy at a price fixed by the Central Government in every sugar season. Levy sugar is distributed under the Public Distribution System (PDS) at a uniform retail issue price throughout the country. The non-levy (free sale) sugar is allowed to be sold as per the quantity released by the Central Government under the regulated release mechanism.

## PHASED DECONTROL OF SUGAR INDUSTRY

4.11 The Government has taken steps for gradual decontrol of the sugar industry. Accordingly, the compulsory levy obligation of the sugar factories was reduced from 40% to 30% w.e.f. January 1, 2000. With effect from February 1, 2001, the compulsory levy obligation was further reduced to 15%. The levy obligation stood at 10% of the production w.e.f. March 1, 2002 till 30.09.2009. Production of sugar in the current 2009-10 sugar season is estimated to be about 160 lakh tones (after the previous sugar season's low production of about 147 lakh tones); hence, the availability of sugar for distribution under Public Distribution System at 10% was not sufficient to meet the requirement. In order to meet the requirement of sugar under the Public Distribution System, the levy obligation on domestic producers of sugar has been enhanced to 20% for the 2009-10 sugar season.

## REGULATED MECHANISM

4.12 In order to safeguard the interests of sugarcane growers, the producers of sugar and the general public, to stabilize the open market price of sugar and to obviate intervention in the 'regulated release' mechanism, the Essential Commodities Act, 1955 was amended in June, 2003. The Essential Commodities (Amendment) Act, 2003

incorporated the provisions analogous to Clause 4 and 5 of the Sugar (Control) Order, 1966 in the Essential Commodities Act, 1955 through insertion of sub-sections (3 D) and (3 E) under Section 3 of the said Act. The amended Act provided, inter alia, that no producer, importer or exporter of sugar shall sell or otherwise dispose of or deliver any kind of sugar except under and in accordance with the direction issued by the Government. Accordingly, the Government, in exercise of the powers conferred by sub-sections (3D) and (3E) of section 3 of the EC Act, 1955, read with the provisions of Clause 4 and 5 of the Sugar (Control) Order, 1966, now regulates sale and dispatch of non-levy sugar.

## SUSPENSION OF FUTURES/ FORWARD TRADING IN SUGAR

4.13 The commodity futures trading in sugar is regulated under the provisions of the Forward Contracts (Regulation) Act, 1952. Futures contracts in sugar are traded at three national exchanges viz. National Commodity and Derivative Exchange Ltd. (NCDEX), Mumbai, Multi Commodity Exchange Ltd. (MCX), Mumbai and National Multi Commodity Exchange (NMCE), Ahmedabad. Bulk of the futures trading in sugar takes place at NCDEX. In order to check speculative activities in sugar, futures trading in sugar has been suspended w.e.f. 27.05.2009 till September 2010.

## CH-IV

## IMPOSITION OF STOCKHOLDING AND TURNOVER LIMITS ON DEALERS OF SUGAR AND KHANDSARI

4.14 The Central Government has imposed stockholding and turnover limits on sugar manufactured through vacuum pan process and khandsari sugar through open pan process till 30.09.2010 as under:

**Turnover limit** - 30 days from the date of receipt of stocks by a recognized dealer of sugar and khandsari.

**Stockholding limit for sugar-** (i) in Kolkata and extended area-

(a) recognized dealers who import sugar from outside West Bengal- 10,000 quintals;

(b) other recognized dealers- 2000 quintals;

(ii) in other places- 2000 quintals.

**Stockholding limit for khandsari** - 2000 quintals.

4.15 The stockholding and turnover limits are not applicable to the holding or keeping of stock of sugar -

(i) on Government account; or

(ii) by the recognized dealers nominated by a State Government or an officer authorized by it to hold stock for distribution through fair price shops; or

(iii) by the Food Corporation of India.

4.16 The stockholding and turnover limits are also not applicable to sugar importers under Open General License. Stockholding limits do not also apply to persons/entities who are the first purchaser from an importer of sugar but the 30 day turnover limit applies to such categories of stockists.

4.17 The State Governments and Union Territory Administrations have been authorised to fix stock-holding and turnover limits higher than the limits fixed by the Central Government in their respective States/Union Territories.

## STOCKHOLDING LIMIT ON LARGE CONSUMERS OF SUGAR

4.18 As per the KPMG report (commissioned by the Indian sugar industry) on Indian sugar industry, out of the total non-levy sugar sold in the market, over 60 percent is accounted for by the industrial and small business segment (indirect consumption). The household segment, which consumes sugar directly, accounts for the remaining quantity of the total free sale (non-levy) sugar consumption.

4.19 In order to discourage non-household sector consumers from stockpiling sugar and to ensure adequate availability of sugar in the open market for actual consumers, the Central Government has issued notification dated 22.08.2009 imposing stockholding limit on large consumers, whose average consumption of sugar is in excess of 10 quintals per month, to the

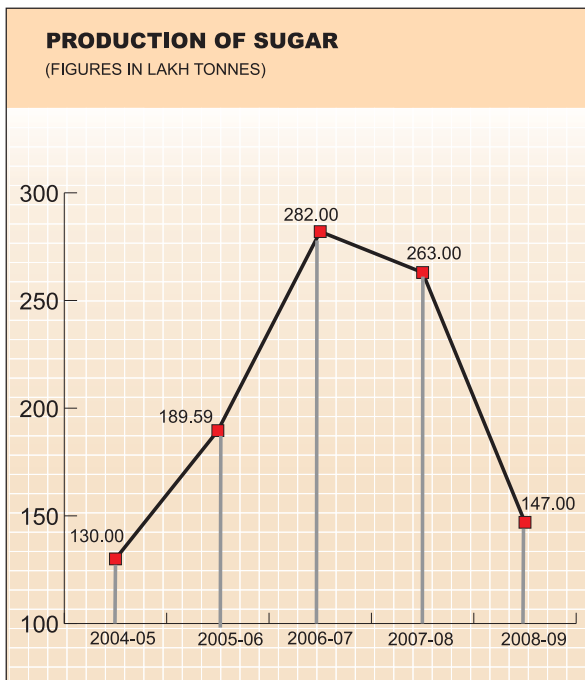


effect that they shall not keep in stock, at any time, sugar exceeding fifteen days of such use or consumption. The notification came into effect from 19.09.2009 and was valid for a period of six months i.e upto 18.02.2010. Since the sugar situation is still not comfortable in the country, it has been decided to further reduce the stockholding limit on large consumers to ten days of requirement with effect from 20.02.10

**PRODUCTION, CONSUMPTION AND STOCK OF SUGAR**  
**PRODUCTION OF SUGAR**

4.20 Season-wise production of sugar from sugarcane since 2005-06 is given below:  
 (In lakh tonnes)

Sugar Season	Production of Sugar
2005-2006	189.59
2006-2007	282.00
2007-2008	263.00
2008-09 (Provisional)	147.00



4.21 During the sugar season 2009-10 sugar production is forecast at about 160 lakh tones against the production of 147 lakh tones (Provisional) during the previous sugar season 2008-2009.

**CLOSING STOCK OF SUGAR**

4.22 The estimated closing stocks of sugar at the end of each sugar season from 2005-06 are given below:-

(In lakh tonnes)

Sugar Season	Closing Stock
2005-2006	44.00#
2006-2007	110.00 @
2007-2008	105.00
2008-2009	24.7

# Central Excise Authorities have reported closing stocks at 43.64 lakh tones.

@ As per reports of closing stocks verified by Central Excise Authorities/furnished by sugar factories with verification by Central Excise/Cane Commissioners, the carry-over stocks were estimated at about 110 lakh tones. Presuming some quantities of wet/damaged sugar/Sugar below BISS standards etc., the opening stocks as on 1.10.2007 have been reduced to 105 lakh tones i.e. by 5 lakh tones.

**CONSUMPTION OF SUGAR**

4.23 The estimated internal consumption of sugar from 2005-06 sugar season is estimated as under:-

(In lakh tonnes)

Sugar Season	Internal Consumption
2005-2006	183.21
2006-2007	191.00
2007-2008	205.00
2008-2009	220.00

4.24 The details of estimated carry-over stocks, production, imports, availability, estimated internal consumption, exports and estimated closing stocks in the last three sugar seasons are given below:

(Qty. in lakh tones)

Particulars	2006-07	2007-08	2008-09
Carry-over stocks with sugar mills from Previous season	44#	105@	100
Production of Sugar	282	263	146.8
Imports	-	-	10.8*
Total availability	326	368	257.6
Internal consumption/ releases	191/181	205/215	220/230.8
Exports	25*	58*	2.1*
Closing stocks with sugar mills at the end of season	110	105	24.7

\* As per data from DGCIS, Kolkata.

**NB:** Closing balance of one season is different from opening balance of next season to account for damaged/wet sugar, etc.

# Central Excise Authorities reported the stocks at 43.64 lakh tones.

@ As per reports of closing stocks verified by Central Excise Authorities/ furnished by sugar factories with verification by Central Excise/ Cane Commissioners, the carryover stocks

were estimated at about 110 lakh tones. Presuming some quantities of wet/ damaged sugar/Sugar below BISS standards etc., the opening stocks as on 1.10.2007 have been reduced to 105 lakh tones i.e. by 5 lakh tones.

#### LEVY SUGAR SUPPLY UNDER PDS

4.25 The population base for supply of levy sugar under the PDS was changed from 1991 census population to the projected population as on 01.03.1999 with effect from 01.03.2000. With effect from 01.02.2001, the population base for supply of levy sugar under the PDS has been changed to the projected population as on 01.03.2000.

4.26 In order to ensure better targeting, with effect from 01.02.2001, levy sugar supply under the PDS has been restricted only to the BPL families in all States /UTs except the North Eastern States, Hill States and Island Territories where universal coverage has been allowed.

4.27 The minimum per head per month quantum of levy sugar allotted under the PDS was increased from 425 gms to 500 gms with effect from 01.02.2001.

4.28 The total quantity of monthly levy quota under the PDS for various States /UTs with effect from 01.02.2001 in the country is 2.16 lakh tones. Since the levy percentage was reduced to 10% of the domestic production with effect from 1.3.2002, the availability of sugar for levy allocation was varying depending upon the levels of domestic production achieved in the season.

However, the Central Government has increased the levy obligation on sugar factories from 10% to 20% for 2009-10 sugar season with a view to ensure adequate supply of levy sugar in the Public Distribution System (PDS).

#### **RELEASE OF NON-LEVY (FREE SALE) SUGAR**

- 4.29 A quantity of 208.74 lakh tones (Provisional) of non-levy sugar (free-sale) was released for sale in the open market during 2008-09 sugar season, which includes sugar from dismantled buffer stock, refined/white sugar produced from imported raw sugar and imported white/refined sugar.
- 4.30 During the current 2009-10 sugar season (upto December,2009), a quantity of 44.37 lakh tones of non-levy sugar (free-sale) sugar which includes refined/white sugar produced from imported raw sugar and imported white/refined sugar, has also been released.

#### **LEVY PRICE OF SUGAR**

- 4.31 The Central Government has amended the Essential Commodities Act, 1955 on 22.12.2009. The amendment has been made in Section 3 of the Act. Under the amended provisions, the levy sugar price upto 2008-09 sugar season shall be fixed by taking into account the Statutory Minimum Price of sugarcane and from 2009-10 sugar season, the 'fair and remunerative price' of sugarcane, as fixed by the Central Government, shall be considered having regard to :

- a. The fair and remunerative price, if any, determined by the Central Government as the price of sugarcane to be taken into account under this section;
- b. The manufacturing cost of sugar;
- c. The duty or tax, if any, paid or payable thereon; and
- d. The reasonable return on the capital employed in the business of manufacturing sugar.

- 4.32 The sugar mills are being paid the levy sugar price on zonal basis. However, the Central Government also determines the all-India average ex-factory levy sugar price, which is Rs.1305.92 per quintal for the sugar season 2003-04 as against Rs.1259.99 per quintal for the sugar season 2002-03.
- 4.33 The levy sugar prices of sugar seasons 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 have been notified provisionally, which are the same as was notified for the sugar season 2003-04. The Levy Sugar Price for the sugar season 2004-05 to 2006-07 is being finalized on the basis of the report of the Cost Accounts Branch (CAB) of Ministry of Finance.
- 4.34 Further, a study into the cost structure of sugar industry was entrusted to the Tariff Commission, which shall be applicable for the sugar seasons 2007-08 to 2009-10. The Tariff Commission has submitted its report to the Government which is under examination. Accordingly, levy

sugar price for sugar season 2007-08 and 2008-09 shall be fixed after acceptance of the report of the Tariff Commission by the Government.

#### RETAIL ISSUE PRICE OF LEVY SUGAR UNDER THE PDS

4.35 The retail issue price of levy sugar under the PDS has been fixed at Rs.13.50 per kg. with effect from March 1, 2002

#### EX-MILL PRICES OF NON LEVY SUGAR

4.36 The range of ex-mill prices of non-levy (free sale) sugar (S-30 grade) in the major centres of the country during 2005-06 to 2009-10 sugar seasons (up to 31.12.2009) was as under:

(Rupees per quintal)

Sugar Season (Oct-Sept)	Range of Ex-mill Prices of Sugar
2005-06	1550-1990
2006-07	1100-1830
2007-08	1130-1930
2008-09	1520-3300
2009-10 (31.12.2009)	2500-3900

SOURCE: - Daily Trade Mart Enquiry, Directorate of Sugar

#### RETAIL PRICES OF NON-LEVY SUGAR

4.37 The range of retail price of non-levy (free sale) sugar (S-30 Grade) during 2005-06 to 2009-10 sugar seasons (up to 31.12.2009) was as under:

(Rupees per kilogram)

Sugar Season (Oct-Sept)	Range of Retail prices of sugar
2005-2006	18.00-23.00
2006-2007	13.50-22.00
2007-2008	14.00-24.00
2008-2009	16.00-37.50
2009-2010 (31.12.2009)	25.00- 42.00

SOURCE: - Price Monitoring Cell, Department of Consumer Affairs.

4.38 Due to tight availability of sugar in the current 2009-10 sugar season, prices of sugar in the open market are likely to remain high.

#### BUFFER SUBSIDY

A. For the buffer stock created vide Notification dated 17.12.2002 for the period 18.12.2002 to 17.12.2004.

4.39 There was appreciable decline in market prices of free-sale sugar, which constrained the capacity of the sugar mills to pay cane price to sugarcane growers. In order to mitigate the hardship of the sugarcane growers, the Government had created the buffer stock of 20 lakh MT of sugar for a period of one year w.e.f. 18.12.2002 to 17.12.2003. Advance buffer subsidy was paid to 357 sugar mills amounting to Rs.219.72 crore and the final buffer subsidy claims of 350 sugar mills amounting to Rs.67.93 crore were settled up to 31.12.2009.

- 4.40 The buffer stock was extended for one more year, i.e. up to 17.12.2004. Buffer subsidy claims for the three quarters of extended period, i.e. from 18.12.2003 to 30.09.2004 have been settled so far in respect of 298 sugar mills amounting to Rs.235.33 crore and claims for the last quarter of the extended period, i.e. for the period 01.10.2004 to 17.12.2004 have been settled so far in respect of 196 sugar mills amounting to Rs.50.46 crore up to 31.12.2009.
- 4.41 Buffer subsidy to the tune of Rs.205.70 crores, Rs.198.90 crore, Rs.58.93 crore, Rs. 69.92 crore, Rs.34.74 crore and Rs.1.57 crore was disbursed during the financial years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 respectively. During the financial year 2009-10, buffer stock subsidy amounting to Rs. 3.68 crore has been disbursed up to 31.12.2009, for the buffer stock created during the 2002-03 sugar season.
- B. For the buffer stock created vide Notification dated 20.04.2007 for the period from 01.05.2007 to 30.04.2008 and Order dated 01.08.2007 for the period 01.08.2007 to 31.07.2008**
- 4.42 In order to alleviate the distress of sugar mills to pay cane price to sugarcane farmers due to fall in prices of sugar in the open market and also in the international market, the Government created a buffer stock of 20 lakh tones for a period of one year from 01.05.2007 to 30.04.2008 vide Notification dated 20.04.2007 and an additional buffer stock of 30 lakh tones also for a period of one year from 01.08.2007 to 31.07.2008 by an Order dated 01.08.2007.
- 4.43 Accordingly, buffer stocks were allocated to 432 sugar factories out of 20 lakh tones buffer stock created for the period from 01.05.2007 to 30.04.2008, and to 371 sugar factories out of 30 lakh tones buffer stock created for the period from 01.08.2007 to 31.07.2008.
- 4.44 Further, for settlement of buffer stock subsidy claims for the buffer stock created during 2006-07 sugar season onwards, a new Rule 19A was inserted in the SDF Rules, 1983, by a notification dated 08.11.2007. Buffer subsidy claims for the two quarters for the period 01.05.2007 to 31.10.2007, allocated out of 20 lakh tones and for one quarter for the period 01.08.2007 to 31.10.2007 allocated out of 30 lakh tones, were settled up to 31.12.2009 in respect of 339 sugar mills amounting to Rs.195.35 crore. Buffer subsidy claims for the remaining two quarters for the period 01.11.2007 to 30.04.2008, allocated out of 20 lakh tones and for the two quarters for the period 01.11.2007 to 30.04.2008 allocated out of 30 lakh tones, settled up to 31.12.2009 in respect of 266 sugar mills amounts to Rs.253.12 crore. Further, buffer subsidy claims for the last quarter relating to the period 01.05.2008 to 31.07.2008 allocated out of 30 lakh tones settled up to 31.12.2009 in respect of 87 sugar mills amounts to Rs.35.60 crore.

4.45 Buffer subsidy to the tune of Rs.141.79 crore and Rs.271.53 crore was disbursed during the financial year 2007-08 and 2008-09 respectively. During the current financial year 2009-10, buffer stock subsidy amount of Rs.70.75 crore has been disbursed up to 31.12.2009, for the buffer stock created during 2006-07 sugar season.

4.46 The Central Government formulated a novel scheme under the title 'Scheme for Extending Financial Assistance to sugar undertakings 2007' to give loans from the banks to the sugar mills - whether in private, public and cooperative sector. Under the scheme, loans to sugar factories were granted equivalent to the notional Central Excise Duty payable on total production of sugar during 2006-07 and 2007-08 sugar season to clear cane price arrears of 2006-07 season and cane price of 2007-08 season relating to Statutory Minimum Price (SMP). The scheme provides full interest subvention (limited to 12%) to all Scheduled Commercial Banks, Regional Rural Banks and Cooperative Banks for the total duration of the loan which is 4 years including 2 years of moratorium. The interest subvention is limited to 12% per annum of which 5% is to be met out of general budget provisions of the Central Government and the remaining upto 7%, from the Sugar Development Fund. Loan assistance to the tune of Rs.3214 crore was extended to sugar factories for the said purpose. During 2009-10 financial year (upto 31.12.2009), Rs.300 crore were

disbursed to nodal banks/NABARD for interest subvention.

### Export Assistance Scheme

#### A. Scheme for export of sugar made between 21-06-2002 and 18-08-2004.

4.47 The Central Government vide its Notifications dated 21.6.2002 and 19.11.2003 decided to defray the expenditure on internal transport and freight charges and payment of neutralization of ocean freight charges and handling and marketing charges respectively to the sugar factories on export shipment of domestically manufactured sugar with a view to promoting sugar export and liquidating surplus sugar stocks available with the sugar factories. Defraying of expenditure on export shipment of the sugar was made effective for exports made with effect from 21.6.2002 up to exports made till 18.8.2004 in pursuance of release orders issued up to 20.6.2004 with validity of two months, and ocean freight and handling and marketing charges being given as below:-

- (i) Ocean freight Charges @ Rs.350 per MT is admissible to those sugar factories who exported their sugar by sea on or after 14/02/2003 and up to 18-08-2004.
- (ii) Handling & Marketing charges @ Rs.500 per MT is admissible to those sugar factories who exported their sugar by sea on or after 03/10/2003 and up to 18-08-2004.

**B. Scheme for export of sugar made between 19-04-2007 and 30-09-2008.**

4.48 In order to enable sugar mills to pay cane price to sugarcane farmers, the Government announced on 19-04-2007 a scheme for giving financial assistance to sugar factories for export of sugar made between 19-4-2007 to 18-04-2008, which was later extended to 30-09-2008 under Govt. Order dated 28-03-2008.

4.49 The new export assistance scheme covers payment of internal transport and freight charges including ocean freight and handling and marketing charges at a flat rate of Rs. 1350 per tone for sugar mills located in coastal states and Rs. 1450 per tonne for sugar

mills located in non-coastal states. Number of claims settled and assistance paid to the sugar mill under the above schemes of the Central Government since 2003-04 is given below.

4.50 The allocation and utilization of funds and number of claims settled under: (i) re-imbusement of internal transport and freight charges (ii) payment of ocean freight charges and (iii) handling and marketing charges under old scheme during the financial years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 (upto 31.12.2009) and under new scheme of export assistance during the financial year 2007-08, 2008-09 and 2009-10 (upto 31st December, 2009) are given below:-

Year	Sanctioned Budget (BE) (Rs. in crore)	Internal Transport and freight charges (Old Scheme)		Ocean freight and handling & marketing charges (Old Scheme)		Internal Transport & freight charges under Rule 20 A (New Scheme)		Total Expenditure (in crore)	
		No. of claims settled	Actual Exp. (Rs. in crore)	No. of claims settled	Actual Exp. (Rs. in crore)	No. of claims settled	Actual Exp. (Rs. in crore)	No. of claims settled	Actual Exp. (Rs. in crore)
2003-04	50.00	418	31.86	---	---	---	---	418	31.86
2004-05	125.00	392	46.09	---	---	---	---	392	46.09
2005-06	90.00	44	5.88	270	31.56	---	---	314	37.44
2006-07	50.00	38	7.94	94	13.02	---	---	132	20.96
2007-08	150.00	26	3.40	60	7.00	124	69.92	210	80.32
2008-09	285.00	---	---	3	0.49	459	284.51	462	285
2009-10 (upto 31.12.09)	300.00 (mandatory cut 5%) 285.00	---	---	1	.10	315	194.08	316	194.18
<b>Total</b>		<b>918</b>	<b>95.17</b>	<b>428</b>	<b>52.17</b>	<b>898</b>	<b>548.51</b>	<b>2244</b>	<b>695.85</b>

## EXPORT OF SUGAR

4.51 Till 15.01.1997, exports of sugar were being carried out under the provisions of the Sugar Export Promotion Act, 1958, through the notified export agencies, viz. Indian Sugar & General Industry Export Import Corporation Ltd. (ISGIEIC) and State Trading Corporation of India Ltd. (STC).

4.52 Through an Ordinance, the Sugar Export Promotion Act, 1958 was repealed with effect from 15th January, 1997 and thus export of sugar was decanalised. Under the decanalised regime, export of sugar was being carried out through the Agricultural and Processed Food Products Export Development Authority (APEDA) under the Ministry of Commerce. Thereafter, sugar export was undertaken by the various sugar mills / merchant exporters, after obtaining the export release orders from the Directorate of Sugar.

4.53 As per information published by the DGCIS, Kolkata, export of sugar in sugar season 2006-07, 2007-08, 2008-09 and 2009-10 (upto Oct. 2009) was as under:-

Sugar Season (Oct. to Sept.)	Quantity (In Lakh MTs)	Value (in Rs. Crores)
2006-2007	24.91	3197.40
2007-2008	58.22	7080.03
2008-2009 (Prov.)	2.165	393.27
2009-10 (Prov.) (Upto Oct.,09)	0.019	4.94

4.54 In view of expected higher production of sugar in 2006-07 sugar season, the Government vide Notification dated 4th January, 2007 relaxed ban on export of sugar and allowed exports against advance licenses and thereafter for exports under Open General License (OGL) vide Notification dated 23rd January, 2007.

4.55 The Government further reviewed the restrictions on export of sugar, keeping in view the high level of sugar production of over 282 lakh tones during the season 2006-07 and the then anticipated high sugar production in 2007-08 sugar season (which was 263 lakh tones in the 2007-08 sugar season), the Government vide Notification dated 31st July, 2007 dispensed with the requirement of obtaining export release orders from the Directorate of Sugar for export of sugar except for export to the member countries of European Union and United States, for a period up to 30th September, 2008 which was subsequently extended up to 31.12.2008 in respect of exports under OGL and till further orders in case of exports under Advance Authorization Scheme.

4.56 As the sugar production scenario started changing in 2008-09 sugar season and keeping in view the estimated low production of sugar in 2008-09 sugar season, the Central Government has reintroduced the requirement of obtaining release order for export of sugar with effect from 01.01.2009 under OGL and from 13.02.2009 in respect of export under advance authorization scheme.



## IMPORT OF SUGAR

4.57 Import of sugar, which was placed under Open General License (OGL) with zero duty in March 1994, continued with zero duty up to 27.04.1998. The Government imposed a basic customs duty of 5% and a countervailing duty of Rs.850.00 per tone on imported sugar with effect from 28.04.1998. The basic customs duty was increased from 5% to 20% w.e.f. 14.01.1999 in addition to the countervailing duty. In the Union Budget for the year 1999-2000, customs duty on imported sugar was further increased from 20% to 25% with surcharge of 10%. The customs duty on import of sugar was again increased to 40% on 30.12.1999 and 60% on 9.2.2000 along with continuance of countervailing duty of Rs.850/- per tone. The same 60% rate of customs duty is continuing at present and the countervailing duty obtaining at present is Rs.950 per tone (w.e.f. 01.03.2008) plus 3% education cess.

4.58 As per the information furnished by the DGCIS, Kolkata, import of sugar in Sugar season 2006-07, 2007-08, 2008-09 and 2009-10 (upto Oct. 09) was as under:-

Sugar Season (Oct.-Sept.)	Quantity (In Lakh MTs)	CIF Value (Rs./ Crores)
2006-07	0.005	2.36
2007-08	0.004	4.11
2008-09 (Prov.)	10.97	1923.40
2009-10 (Prov.) (Upto Oct.,09)	3.46	861.42

4.59 In order to augment sugar stocks during 2004-05 and to enable the Government to meet the normative 3 months' consumption requirement of the country, the Advance License Scheme was liberalized for raw sugar import, in as much as the imported raw sugar under Advance License was allowed to be processed into white sugar and sold in the domestic market, allowing such importers to fulfill export obligation within 24 months period or such extended period as allowed by Directorate General of Foreign Trade (DGFT) by exporting indigenously manufactured white sugar. DGFT, vide letter dated 06.11.2009, has informed that export obligation of advance license holders was 20.75 lakh tones. Out of this, export obligation to the tune of 11.28 lakh tones has been fulfilled and the balance export obligation of 9.67 lakh tones is yet to be fulfilled. The time period to fulfill the pending export obligation expired on 31.12.2009. However, it is not desirable to allow export of sugar at this juncture when there is shortage of sugar in the country. The time period to fulfill export obligation has been extended from time to time on account of various reasons. This time limit was expired on 31.12.2009. However, the Government through public notice dated 7th January, 2010 of the DGFT, has decided to extend this time limit upto 31.03.2011 without payment of composition fee. Also they have been given option to pay the customs duty as applicable on the date of import for the quantity of unfulfilled export

obligation relating to import under such dispensation and get their pending export obligation discharged.

### SUGAR DEVELOPMENT FUND

4.60 Under the Sugar Cess Act, 1982, a cess @ Rs.14.00 per quintal upto 31.12.2007, @ Rs.15.00 per quintal from 01.01.2008 and @Rs. 24.00 per quintal w.e.f from 1.3.2008 is being collected on all sugar produced and sold by any sugar factory within India.

4.61 The Sugar Development Fund Act, 1982, provides that an amount equivalent to the proceeds of the duty of excise levied and collected under the Sugar Cess Act, 1982 reduced by the cost of collection as determined by the Central Government, together with any money received by the Central Government for purpose of this Act, shall after due appropriation made by Parliament by law, be credited to the Sugar Development Fund (SDF).

4.62 During the period from 1982-83 to 2009-10 (upto 30.12.2009), the cess collection after less 1% collection charges, amounted Rs.5646.37 crore. Of this, upto 30.12.2009, Rs.4256 crore have been transferred to the Sugar Development Fund.

4.63 Under the Sugar Development Fund Act 1982, the Fund can be utilized by the Government of India for the following:

a) Making loans for facilitating the rehabilitation and modernization of any sugar factory.

b) Making loans for undertaking of any scheme for development of sugarcane in the area in which any sugar factory is situated.

c) Making grants for the purpose of carrying out any research project aimed at the promotion and development of any aspect of sugar industry.

d) Defraying expenditure on internal transport and freight charges on export shipment of sugar

e) Making loans to any sugar factory to implement a project of bagasse-based co-generation of power.

f) Making loans to a sugar factory for production of anhydrous alcohol or ethanol.

g) Defraying expenditure for the purpose of building up and maintenance of buffer stock with a view to stabilizing price of sugar.

h) Defraying expenditure for the purpose of financial assistance to sugar factories towards interest on loans given in terms of any scheme approved by the Central Government from time to time.

i) Defraying any other expenditure for the purpose of the Act.

4.64 Sugar Development Fund is an important source of fund for providing loans at concessional rate to sugar

factories to modernize and expand their capacity and utilize the by-products like bagasse and molasses to improve revenue generation and their viability.

- 4.65 Upto 30.12.2009, the amount disbursed to various sugar mills for various schemes during financial year 2009-10 is as follows:-

(Rs. in Crores)

1.	Loans to sugar factories for modernization/rehabilitation of plant and machinery, including expansion of crushing capacity	194.97
2.	Loans to sugar factories for sugarcane development.	23.20
3.	Loans to sugar factories for bagasse based cogeneration power projects	329.57
4.	Loans to sugar factories for production of ethanol from anhydrous alcohol/alcohol from molasses	30.77

- 4.66 During the financial year 2009-10 (upto 13.1.2010) an amount of Rs.245.72 crore has been recovered from various sugar mills from the outstanding recoverable dues of SDF loans.

#### NATIONAL SUGAR INSTITUTE, KANPUR

- 4.67 The National Sugar Institute, Kanpur is a premier Scientific & Technical institute in the country engaged in research teaching & training in the field of Sugar Technology, Sugar Engineering & Industrial Fermentation & Alcohol Technology in addition to undertaking development work in sugar and allied fields. The institute runs postgraduate level courses in Sugar Technology, Sugar Engineering and Alcohol Technology disciplines. It also runs short term certificate courses e.g. Sugar Boiling Certificate Course, Sugar Engineering Certificate Course & Pre-harvest Cane Maturity Survey Course.

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Prof. S.K. Mitra, Dr. G.S.C. Rao, Shri J.P. Srivastva in the seminar on "The Sugar Industry-Food & Energy Alternative"

4.68 It is also a center for advance research in sugar and allied areas, recognized by various Universities leading to Ph D. degree. Its aim is to maintain interaction with the Sugar factories, Distilleries, Central & State

Governments and other Scientific & Technical Organizations. During academic session 2009-10, no. of students admitted in various courses conducted by the Institute are as under:-

S.No.	Courses	No. of Students
1.	Associateship of National Sugar Institute (S T)	61
2.	Associateship of National Sugar Institute (S E)	07
3.	Diploma in Industrial Fermentation & Alcohol Tech	25
4.	Sugar Engineering Certificate Course	03
5.	Sugar Boiling Certificate Course	53
6.	Pre-harvest Cane Maturity Survey Cert. Course	01
	<b>Total</b>	<b>150</b>

4.69 The research work carried out by various divisions of the Institute from 01.01.2009 to 30.11.2009 is as here under:

chemical clarification of cane juice, so that the process should become economical, effective and free from side effect i.e. colour development, scaling and corrosion of electrode.

#### PHYSICAL CHEMISTRY DIVISION:

##### a. Fermentable Sugar from Cellulose & Hemicelluloses:

The main constraint in obtaining alcohol from Lignocelluloses material is removal of lignin from it. Therefore, some Physical methods e.g. milling and grinding followed by Chemical method i.e. treatment with acid and alkali is tried and results obtained are quite up to mark and appreciable.

##### b. Electrochemical Method for cane juice clarification:

Physical Chemistry Division is also working to search some different electrode material for the electro-

#### ORGANIC CHEMISTRY DIVISION:

##### a. Structural studies on natural colouring constituents from Indian granulated plantation white sugars:

Two sugar samples were procured from factories of northern region for undertaking proposed investigation. 200 Brix solutions after pH adjustment were passed through a glass column filled with a special adsorbent. The adsorbent adsorbed the colouring constituents, which were then eluted with an organic solvent. The colourants were fractionated by gel permeation chromatography and if necessary

purified by quantitative paper chromatography. Three flavonoid constituents were isolated in this manner, which were identified by paper chromatography (Rf values) Colour reactions, UV spectrum and shifts with specific reagents and NMR spectrum.

**b. Structural studies on indigenous polysaccharide gum (Assigned to research scholar for Ph.D.)**

Leguminous seeds are potential sources for gums, which are in great industrial demand. The seeds of an indigenous leguminous plant rich in gum content were collected and extracted with warm water (50-600 C). The precipitation of gum was carried out with ethyl alcohol and purified by dialysis and gel permeation chromatography. A detailed structural analysis of gum for constituent sugars, their linkages, branching & configurational structures of sugars will now be undertaken.

**AGRICULTURE - CHEMISTRY DIVISION:**

- Applied Research on Sugarcane Agriculture to improve Sugarcane yield & quality,
- Studies deterioration of Sugarcane during post harvest & post maturity periods,
- On improving the Quality & Keeping quality of Sugars,
- Standardization of analytical methods for analysis of Sugars & Sugar house products

**BIO-CHEMISTRY DIVISION:**

**a. Dextran formation in sugarcane juice:**

Sugarcane plant mechanically injured and staled for different period of lime was crushed in lab crusher and the expressed juice was kept at room temp. under shaking condition for different periods of time. The dextrin produced was separated and purified and its determination was done by different methods. The isolation of balance responsible for dextrin formation is under progress. Dextranase production by the fungal isolates is in process.

**b. Role of microbes in the destruction of Sugar House Products:**

Sucrose being ideal substrali for growth of microorganism. The sugarcane juice deteriorated to different extent was use to isolate mesophites & thermophiles. The identification of these bacteria's and the products found as a result of their metabolism is in progress.

**c. Deterioration of molasses on storage:**

Effect of addition of different amino acid aspartic acid, glutenic acid serum and hisishidine was seen on the rate of deteoriration of molasses. Storage of molasses under different condition was also and fastest deterioration was seen in the tank which was fresh masonry tank. Isolation of mesophites and thermophites (acid formes and non acid forms) is under progress. The

effect is isolated microbes on Molasses determination is in progress.

**SUGAR TECHNOLOGY DIVISION:**

**BUREAU OF SUGAR STANDARDS (BSS):-** This section works under Sugar Technology Division & is responsible for preparation for Indian Sugar Standards, which are mandatory for all sugar factories in India to measure (Identify) the quality of their produce

& mark them accordingly, for sale in the Indian market.

During identification of sugar for this purpose of making sugar standards, care is taken to ensure that prepared sugar standards for different grades of sugar could be achievable by sugar factories, working in all the regions of India. The entire BSS work at a glance in terms of revenue earned during the period is given below:-

S.No.	Particulars	Products sold		Revenue Earned (Rs.)	
		Jan., 09 to Nov., 09	Jan., 09 to Nov., 09	Jan., 09 to Nov., 09	Jan., 09 to Nov., 09
a.	No. of sugar standard bottles sold to sugar factory @ Rs.500/- per bottles @ Rs.545/- per bottles (after Sept.09)	728		3,64,000.00	
		1620		8,82,900.00	
b.	No. of Empty bottles sold to sugar factory @ Rs.315/- per bottles @ Rs.318/- per bottles (after Sept.09)	08		2,520.00	
		26		8,260.00	
c.	No. of Packing cases sold to sugar factory @ Rs.225/- each. @ Rs.255/- (after Sept.09)	37		8325.00	
		145		36,975.00	
d.	No. of Velvet Cork sold to Sugar factories @ Rs.45/- each	50		2,250.00	
e.	No. of Sugar Standard bottles sold by Refilling @ Rs.227/- each.	525		1,19,175.00	
	<b>Total</b>			<b>14,24,405/-</b>	

During the year 2009-10, 2384 Sugar Standards were sold to Sugar factories & other users in India and the revenue of Rs. Fourteen Lakhs twenty four thousand four hundred five was earned. The latest Sugar Standards set, comprising eight grades, on the basis of Colour & Grade is as follow:

**L-30, L-31, M-30, M-31, S-29, S-30, S-31 and SS-31.**

**CHEMICAL ENGINEERING DIVISION:**

a. Optimization of heating surface of evaporators under various

configurations. Studies were also made to assess the suitability of best evaporator configuration with a view to achieve maximum steam economy

with minimum Colour development across the evaporators.

- b. Evaluation of performance of Short Retention Time Clarifiers in comparison to the existing conventional Clarifiers. Further studies are in progress to assess the quantum of benefits in terms of change in pH of the juice, its temperature and reduction in sugar loss.

#### DESIGN & DEVELOPMENT DIVISION:

- a. Design Developed on CAD - Eight nos,
- b. Drawing Supplied - One only,
- c. Display Charts - No,
- d. No. of Prints prepared - 737 nos,

#### EXPERIMENTAL SUGAR FACTORY

- 4.70 In curriculum of various courses of Sugar Technology and Sugar

Engineering discipline, there is provision to provide technical know how to the students about the working of sugar plant. For this purpose, the Institute **has 100 TCD Vacuum Sugar Plant**, where in-plant training was provided to students of different courses to acquaint them with the processing of cane juice to produce white sugar. The Experimental Sugar Factory worked for about 50 days, in the crushing season 2008-09 & around 1500.0 Qtls. Of sugarcane was crushed during this period.

#### RESEARCH PAPER PUBLISHED/ COMMUNICATED

- 4.71 The Institute undertakes research on the problems faced by the Sugar, Alcohol and Allied Industry with regard to process modification, modernization, and quality development and by products utilization etc. On the basis of research work carried out by different

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Dr. Santosh Kumar scientist of NSI receiving Silver Medal of STAI from Hon'ble Dr. APJ Abdul Kalam Ex President of India on 27th Aug., 2009 at Udaipur

divisions of the Institute 04 nos. Research papers were published by different faculty members of Institute in the Indian Sugar Journals of repute; the details are as here under:

- a. Studies on Clarification performance of "**Cationic Amino-Mathylated Poly-acrylamide Polymer (CPAM) flocculants**" by Dr. Chitra Yadav at el. Published in SHARKAR Aug. 2009 - Oct. 2009.
- b. Keynotes address delivered by Prof. S.K. Mitra, Director, NSI, Kanpur in One dayseminar organized by C.I.I., on "**Shorter Seasons: Challenges & Opportunities**" at Lucknow.
- c. **STAI Silver Medal** was awarded to Dr. Santosh Kr. during **70th Annual Convention of STAI** held at Udaipur for research paper entitled "Contamination Controlling Agents in alcoholic fermentation of Low grade Molasses" presented during 69th Annual Convention of STAI at Aurangabad.
- d. Research paper entitled "Indian Alcohol Industries future Challenges" by Shri S.K.Mitra, Dr. Santosh Verma & Amita Verma published in **70th Annual Convention of STAI** held at Udaipur.

#### PARTICIPATION IN SEMINAR AND CONFERENCES ATTENDED

- a. A lecture delivered on Topic "**Sugar Industry - Food & Energy Alternative**" by Dr. G.S.C. Rao on 20th October 2009 in the Programme of

Council of Scientific Society at NSI, Kanpur.

- b. **70TH Annual Convention of Sugar Technologists' Association of India** held at Udaipur, Rajasthan from 26th Aug. 2009 to 29th Aug 2009. Director, NSI, Kanpur & Senior faculty members attended the same.
- c. Confederation of Indian Industries organized a One-day seminar with collaboration with National Sugar Institute, Kanpur & Indian Institute of Technology, Roorkee on topic "**Shorter Seasons: Challenges & Opportunities**" on 31st July 2009 at Lucknow, UP.
- d. Prof. S.K. Mitra, Director NSI, Kanpur delivered a Keynote address in the One-day Seminar on topic "**Recent Trends in the Biological Scenario**" on 03.12.2009 at D.G. Collage under CSJM University, Kanpur.

#### ADVISORY & EXTENSION VISITS TAKEN UP BY THE NSI TEAM

- 4.72 The Institute undertakes Advisory Services to various sugar factories & attends following problems during the period 01.01.2009 to 30.11.2009:
  - To investigate the quality of sugarcane,
  - To investigate reasons for low recovery & suggest suitable measures for their improvement
- 4.73 Numbers of sugar factories were visited for on the spot advisory causes for low recovery & moisture problems



etc. Besides this number of advisory tours were taken-up for the expansion and comprehensive study of sugar factories during the period from 01.01.2009 to 31.11.2009, Six visits only taken up under advisory services & Six visits were taken up under extension services, by the team of experts of this Institute, on demand of the sugar factories.

#### PLACEMENT CELL

4.74 Organization like Mawana group, Triveni group, Bajaj group, DSCL group, Sarvaraya group, Daya sugars & Praj Industries etc. were the prime taker of our pass out final year students of Sugar Technology & Sugar Engineering courses giving them a package ranging from 1.2 to 2.2 Lakh per annum.



# Chapter-V

## Edible Oils



## EDIBLE OILS

Edible oils and Fats are essential ingredients for a wholesome and balanced diet and are vital items of mass consumption.

### MAIN EDIBLE OILS

5.1 There are two sources of oils - primary source and secondary source. The primary sources are nine principal oilseeds viz. groundnut, rapeseed/mustard, soyabean, sunflower, sesame,

Niger, safflower, castor and Linseeds. Edible oils obtained through secondary source include coconut, cottonseed, rice bran and oilseed cakes. The production of nine principal oilseeds and net availability of edible oils from domestic sources (primary source and secondary source) for the years 2007-2008, 2008-09 and 2009-10 are given below :-

### ESTIMATED DOMESTIC PRODUCTION, IMPORT AND TOTAL AVAILABILITY OF EDIBLE OILS (OIL-WISE) DURING THE YEARS 2007-08, 2008-09 AND 2009-10 (NOVEMBER TO OCTOBER)

(Quantity in lakh tones)

Name of Oilseed	2007-08		2008-09*		2009-10**			
	Oilseed	Oil	Oilseed	Oil	Oilseed			Oil
						Kharif	Rabi ***	Total
<b>A. PRIMARY SOURCE</b>								
Groundnut	91.83	21.12	73.38	16.88	45.28	17.01	62.29	14.33
Rapeseed/Mustard	58.33	18.08	73.68	22.84	-	73.68	73.68	22.84
Soybean	109.68	17.55	99.01	15.84	89.3	-	89.3	14.29
Sunflower	14.63	4.83	12.52	4.13	2.07	8.71	10.78	3.54
Sesame	7.57	2.35	7.33	2.27	5.52	-	5.52	1.71
NigerSeed	1.11	0.33	1.15	0.35	0.71	-	0.71	0.20
Safflower Seed	2.25	0.68	1.80	0.54	-	1.80	1.8	0.54
Castor	10.53	4.21	11.15	4.46	9.46	-	9.46	3.78
Linseed	1.63	0.49	1.55	0.47	-	1.55	1.55	0.47
<b>Sub Total</b>	<b>297.56</b>	<b>69.64</b>	<b>281.57</b>	<b>67.78</b>	<b>152.34</b>	<b>102.75</b>	<b>255.09</b>	<b>61.70</b>

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<b>B. SECONDARY SOURCE</b>							
Coconut		4.50		4.50	-	-	4.50
Cottonseed		8.00		7.80	-	-	8.20
Rice Bran		7.20		7.70	-	-	7.20
Solvent Extracted Oils		4.00		4.00	-	-	4.20
Tree & Forest Origin		1.20		1.20	-	-	1.20
Sub Total		24.90		25.20	-	-	25.30
<b>Total (A+B)</b>		<b>94.54</b>		<b>92.98</b>	-	-	<b>87.00</b>
<b>C. LESS: EXPORT &amp; INDUSTRIAL USE</b>		<b>8.00</b>		<b>7.00</b>	-	-	<b>5</b>
<b>D. NET DOMESTIC AVAILABILITY</b>		<b>86.54</b>		<b>85.98</b>	-	-	<b>82@</b>
<b>E. IMPORT OF EDIBLE OILS \$</b>		<b>56.08</b>		<b>81.83</b>	-	-	<b>101@</b>
<b>F. TOTAL AVAILABILITY OF EDIBLE OILS FROM DOMESTIC AND IMPORT SOURCES</b>		<b>142.62</b>		<b>167.81</b>	-	-	<b>183@</b>

\* Based on 4th Advance Estimate (declared by Ministry of Agriculture on 21.7.2009).

\*\* Based on 1st Advance Estimate (declared by Ministry of Agriculture on 03.11.2009).

\*\*\* Rabi production has been presumed as the same as that of previous year.

\$ The Solvent Extractor's Association of India, Mumbai.

@ Projected estimates.

5.2 As per 1st advance estimate declared by the Ministry of Agriculture on 03.11.2009, in the current kharif season (2009-10), the production of oilseeds is estimated at 142.88 lakh tones (excluding Castor) as compared to 167.67 lakh tones (excluding Castor) in 2008-09 which is less by 24.79 lakh tones (decline of 14.78%). Edible oil production during Kharif season is estimated at 27.30 lakh tones as compared to 32.68 lakh tones in 2008-09 which is less by 5.38 lakh tones (16.46%)

as compared to previous season.

5.3 This Department seeks to coordinate management of edible oils in the country through a multi-pronged strategy, namely, (i) assessment of the shortfall in the demand for and the domestic availability of edible oils through import so as to maintain their prices at reasonable level; (ii) close monitoring of the prices and availability of edible oils both in the domestic and in the international market, etc. and initiating necessary policy measures.

## DIRECTORATE OF VANASPATI, VEGETABLE OILS & FATS

- 5.4 The Directorate of Vanaspati, Vegetable Oils and Fats (DVVO&F) of the Ministry of Consumer Affairs, Food and Public Distribution is the only specialized organization in the field of Vegetable Oils and Fats and Vanaspati at the Government level (both central and State). The DVVO&F is staffed with qualified technical people. The DVVO&F assists the Ministry in the coordinated management of Vegetable Oils, particularly relating to quality control and monitoring of prices. The activities of DVVO&F include regulatory, developmental and advisory functions.
- 5.5 The regulatory functions are performed basically through the following three Orders administered by the DVVO&F:-
- i. Edible Oils Packaging (Regulation) Order, 1998;
  - ii. Vegetable Oil Products (Regulation) Order, 1998; and
  - iii. Solvent Extracted Oil, De-Oiled Meal and Edible Flour (Control) Order, 1967;
- 5.6 The Food Safety and Standards Authority of India (FSSAI) has been established under Food Safety and Standards Act, 2006 which consolidates various acts and orders that have hitherto handled food related issues in various Ministries and Departments. FSSAI has been created for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale

and import to ensure availability of safe and wholesome food for human consumption.

- 5.7 FSSAI has recently notified that the above three orders presently administered by the DVVO&F will be taken over by it shortly.

## QUALITY AND TESTING

- 5.8 The monitoring of quality of edible oils and fats is done by the DVVO&F in terms of the provisions of the aforesaid Orders. For the purpose of ensuring proper quality control, regular inspections of units are carried out by the Development Officers of the DVVO&F posted in different zones, in addition to surprise inspections from the Headquarter.
- 5.9 Irregularities pointed out by the Inspecting Officers in their Inspection Reports are considered for appropriate action against the defaulting units. The samples drawn by the Officers are tested in the laboratory of the DVVO&F for checking conformity with the prescribed quality requirements.
- 5.10 A well-equipped laboratory exclusively devoted to the analytical work pertaining to oils and fats is available with DVVO&F. During the financial year 2009-10 (Upto Nov.'09), out of the 2129 samples of edible oils and fats analyzed in the laboratory of the DVVO&F, 25 samples of vanaspati did not conform to the prescribed standards of quality. In cases of failure of samples, appropriate action has been taken against the defaulting units.

## AVAILABILITY OF EDIBLE OILS IN PACKED FORM

- 5.11 In order to ensure availability of safe and quality edible oils in packed form at pre-determined prices to the consumers, the Central Government promulgated Edible Oils Packaging (Regulation) Order, 1998 under the Essential Commodities Act, 1955 to make packaging of edible oils, sold in retail, compulsory unless specifically exempted by the concerned State Government.
- 5.12 Some of the salient features of the Packaging Order are that edible oils including edible mustard oil be sold only in packed form, packers to register themselves with a registering authority, packers to have their own analytical facilities or adequate arrangements for testing the samples of edible oils to the satisfaction of the Government and only oils which conform to the standards of quality as specified in the Prevention of Food Adulteration Act, 1954 and Rules made there under be allowed to be packed.

## R&D PROGRAMME FOR DEVELOPMENT OF VEGETABLE OILS

- 5.13 The DVVO&F is operating a Plan Scheme on "Research and Development and Modernization of Laboratory of the DVVO&F" during the 11th Five Year Plan. The broad objectives of the R&D

Schemes are to coordinate and concentrate research efforts for development of technology for increased production of oils from oil bearing materials as also optimum utilization of these materials. In addition, the scheme also has equipped the laboratory of the DVVO&F by installing modern equipments for testing of oils and fats.

- 5.14 The approved outlay for the Plan Scheme of the DVVO&F during the 11th Five Year Plan period (2007-2012) is Rs. 1.00 Crore with annual allocation of Rs. 20 Lakhs.

## ASSESSMENT OF PRODUCTION AND SUPPLY OF EDIBLE OILS

- 5.15 Production of oilseeds, which increased significantly in the 1980s, hit a plateau in the 1990s. After a continuous decline in oilseeds production for several years, the production of domestic oilseeds showed an increase since the year 2003-04. The supply from indigenous sources falls short because demand of edible oils has been increasing at a pace faster than that of production due to growth in population and improvement in the standards of living of people.
- 5.16 Figures pertaining to production of major oilseeds, availability of edible oils from all domestic sources and total availability / consumption of edible oils (from domestic and import sources)

during the last five years are as under:-

[In Lakh Tones]

Year	Production of Oilseeds	(Primary Source*) Net availability of edible oils from all domestic sources**	Imports***	Total Availability / Consumption of edible
2003-2004	251.86	71.40	43.97	115.37
2004-2005	243.54	72.47	50.42	122.89
2005-2006	279.79	83.16	44.17	127.33
2006-2007	242.89	73.70	47.15	120.85
2007-2008	297.55	86.54	56.08	142.62
2008-2009	281.57	85.98	81.83	167.81
2009-2010***	255.09	82.00 (estimated)	101.00 (estimated)	183.00 (estimated)

Source: \* Ministry of Agriculture

\*\* Directorate of Vanaspati, Vegetable Oils and Fats (November-October)

\*\*\* Solvent Extractors' Association of India, Mumbai (November-October)

5.17 Per capita consumption of edible oils in the country as compared to world per capita consumption of edible oils since 2003-04 has been as under: -

(Kg./annum)

YEAR	INDIA	WORLD
2003-2004	11.1	20.15
2004-2005	11.4	21.10
2005-2006	11.7	22.13
2006-2007	12.2	22.84
2007-2008	12.6	23.46
2008-2009 (Forecast)	13.4	23.87

Source: Oil World, 2009

#### IMPORT POLICY ON EDIBLE OILS

5.18 Since there has been a continuous demand in excess over domestic supply of edible oils, import of edible oils has been resorted to for more than two

decades to make this item of mass consumption easily available to consumers at reasonable prices.

5.19 In pursuance of the policy of liberalization of the Government, there have been progressive changes in the Import Policy in respect of edible oils during the past few years. Edible Oils, which were in the negative list of imports were first de-canalised partially in April, 1994 with permission to import RBD palmolein under Open General Licence (OGL) at 65% duty. This was followed by enlarging the basket of edible oils under OGL import with revision of import duty structure.

5.20 In order to harmonise the interests of farmers, processors and consumers, Government review, the duty structure of edible oils from time to time. The custom duty on all major crude and



refined oils has been reduced to 'Nil' and 7.5% respectively w.e.f. 1.4.2008.

5.21 Import of edible oils during the year 2008-09 (Nov. to Oct.) has been 81.83 lakh tones compared to 56.08 lakh tones during the corresponding period of last year. Of the total edible oils imported in 2008-09, palm oils constitute 80% and soya oils constitute 13%.

5.22 **Distribution of subsidized edible oils to the poorer sections of the society:** In order to provide relief to consumers, in particular to the poorer sections of the society, from the rising prices of edible oils, the Central Government had introduced a Scheme for Distribution of upto 10 lakh tones of imported edible oils in 2008-09 at a subsidy of Rs.15/- per kg. through State Governments at the rate of one kg. per ration card per month and an additional subsidy of Rs10/- per Kg from Jan., 09 to March, 09 on oils imported by PSUs and not lifted by the State Govt. Four Public Sector Undertakings (PSUs) namely, PEC, MMTC, STC and NAFED had been entrusted the job of import, refining, packing and distribution of subsidized edible oils to the States. The subsidy distributed was Rs.424.25 crores till 31.03.2009. Twenty nine (29) State Governments who had asked for oil under the Scheme had been allocated oil by the Department of Food & Public Distribution from April, 2008 onwards. The distribution of packed edible oil under this Scheme was in operation in 12 States. The scheme has ended on 31.03.2009. Out of the 3.6 lakh tones of edible oils contracted by the PSUs, 3.58

lakh tones had been landed, out of which 2.61 lakh tones of packed edible oils had been handed over to States for distribution. As per the Govt. decision following fall in international and domestic prices, PSUs were asked not to contract further quantities of edible oils and dispose off oil, not lifted by states in the open market through tenders. The scheme has been continued from August 2009 upto 31-10-2010 for import of 10 lakh tones of edible oils with a subsidy of Rs.15/- per kg. During the current year nine State Govts/UTs have been allocated 55708 tones of edible oils per month. As on 15-01-2010, PSUs have contracted 142500 tones of edible oils of which 109737 tones have landed in the country and about 95826 tones of edible oils have been handed over to States / UTs for distribution. The scheme is believed to have helped to soften the prices of edible oils in the domestic market.

#### **Import of Vanaspati from Nepal under Indo-Nepal Treaty of Trade**

5.23 The Indo-Nepal Treaty of Trade which was signed in 1993 allowed import, among others, Vanaspati from Nepal on duty-free, license free and quantity-free basis. The Treaty was revised in 1996. In that revision, the local content (Nepalese material content, Nepalese labour content and the Indian material content), which was 50% in 1993, was completely deleted.

5.24 The Indo-Nepal Trade Treaty has been revised on 2nd March, 2002 to safeguard the interest of domestic

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vanaspati manufacturers. With effect from 6.3.2002, a fixed quantity of one lakh MTs of vanaspati was allowed to be imported from Nepal without payment of customs duty, through 6 designated Land Customs Stations. The fixed quota of vanaspati from Nepal was canalized through the Central Warehousing Corporation (CWC) and State Trading Corporation (STC) w.e.f. 16th May, 2002 and 6th June, 2003 respectively. With effect from 23.10.2003, State Trading Corporation was made the sole agency to make imports of Vanaspati from Nepal.

5.25. Further w.e.f. 04-10-2004, STC and the associates to be appointed by the STC have been made agencies to import the specified quantity of Vanaspati subject to the overall responsibility of STC who will ensure its distribution and monitoring as per Government Policy. With effect from 02-3-2009, import will be monitored by DGFT, Deptt. of Commerce and not through STC as canalizing agency. The import of allocated quota will be allowed into India based on production of tariff rate quota certificate issued by the designated authority in Nepal, namely Department of Commerce.

**Import of Vanaspati from Sri Lanka under the India-Sri Lanka Free Trade Agreement**

5.26 The Government of the Republic of India and the Government of the Democratic Socialist Republic of Sri Lanka signed a Free Trade Agreement on 28.12.1998 to promote bilateral trade through elimination of tariffs in a phased manner. Duty free import of upto 2.50 lakh tones of vanaspati including bakery shortening and margarine from Sri Lanka under Indo-Sri Lanka Free Trade Agreement has been allowed as per the agreement indicated in the Public Notice No.69 dated 21-11-2006 issued by Directorate General of Foreign Trade.

**TARIFF VALUE**

5.27 In order to check the instances of under-invoicing of Edible Oil imports, the Government had fixed tariff value on import of Crude Palm Oil, RBD Palm Oil and RBD Palmolein vide Notification dated 3.8.2001 issued by Ministry of Finance. Subsequently, tariff values on import of Crude Palmolein, Crude Soyabean Oil, Others-Palm Oils and Others-Palmolein had been notified and revised from time to time. As per last revision made vide Notification dated 15-09-2006, these tariff values are as under:

Name of Oil	Crude Palm Oil	RBD Palm Oil	Others-Palm Oil	Crude Palmolein	RBD Palmolein	Others-Palmolein	Crude Soyabean Oil
Tariff Value (USD per MT)	447	476	462	481	484	483	580

**Import Duty on Edible Oils:**

5.28. Since there has been a continuous demand in excess over domestic supply of edible oils, import of edible oils has been resorted to for more than two decades to make this item of mass consumption easily available to consumers at reasonable prices. In order to maintain un-interrupted supply of edible oils at affordable prices to the consumers, particularly in the context of domestic shortfall in edible oilseed production and keeping in view the high prices of edible oils, duty structures of edible oils is reviewed from time to time. During 2008 and 2009 the duties on edible oils has been reduced as under.

**The customs duty on crude and refined palm oil/palmolein reduced from:**

- (a) 45% to 20% and 52.5% to 27.5% respectively w.e.f 21.3.2008;
- (b) Duty on crude and refined edible oils including palm oils reduced to Nil and 7.5% respectively w.e.f. 1.4.2008.

**The customs duty on crude and refined sunflower oil reduced from:**

- (a) 40% to 20% and 50% to 27.5% respectively w.e.f. 21.3.2008;
- (b) Duty on crude and refined edible oils including Mustard/Rapeseed oil reduced to Nil and 7.5% respectively w.e.f. 1.4.2008.

**The customs duty on crude and refined soyabean oil reduced from:**

- (a) Duty on crude and refined edible oils including soyabean oil reduced to Nil and 7.5% respectively w.e.f. 1.4.2008.
- (b) Duty on crude soyabean oil raised to 20% w.e.f. 18.11.2008.
- (c) Duty on crude soyabean oil reduced to Nil w.e.f. 24.03.2009.

**PRICE OF EDIBLE OILS**

5.29 The prices of the major edible oils in the domestic market as well as in the international market have shown mixed trend during the last one year. As on 21.01.2010, the domestic wholesale prices of groundnut oil, cottonseed oil, vanaspati, RBD palmolein and rice bran oil have increased by 18.26%, 3.41%, 10.57%, 18.15%, and 13.59% respectively during the last one year where as the wholesale domestic prices of soyabean oil, mustard oil, sunflower oil, sesame oil and coconut oil have decreased by 5.75%, 15.77%, 1.04%, 2.82% and 11.84% respectively. As on 21.01.2010, the international prices of Crude Palm Oil (CPO), soyabean oil, sunflower oil and RBD palmolein have increased by 47.47%,

17.01%, 20.98% and 30.77% respectively during the year.

**Export Promotion of Edible Oils, Oilseeds, Minor Oils & Fats and Oilcake/extraction**

5.30 Exports of oilseeds, minor oils, fats and oil meals during the last four years were as under:-

(Qty. in lakh tones)  
(Value in Rs. Crores)

Year (April-March)	Oil Seeds		Minor Oils and Fats		Oilcake/extraction		Total	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
2005-2006	4.18	1314.50	1.84	635.97	44.57	3563.56	50.59	5213.58
2006-2007	5.23	1825.26	1.89	668.96	65.92	5502.97	73.04	7997.19
2007-2008	6.03	2756.00	1.99	914.00	54.63	7125.4	62.65	10795.4
2008-2009	4.57	2520.6	3.11	1851.4	54.26	8345.6	61.94	12717.6

Source: Solvent Extractors' Association of India

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**Some of the further measures taken by the Government to contain/stablize the prices of edible oils in the domestic market are:-**

(i) Export of edible oils has been banned w.e.f. 17.3.2008 and extended upto 16.03.2010. However, w.e.f. 1.4.2008, the export restriction has been lifted in respect of coconut oil (through Cochin Port) and certain oils produced from minor forest origin. Further, vide Notification dated 20.11.2008 issued by Department of Commerce, export of edible oils has been permitted in branded consumer packs of up to 5 kgs. subject to a limit of 10,000 tones upto

31.10.2009. As per Notification dated the 2-12-2009, the Government has extended the exports of edible oils in branded consumer packs of upto 5 kgs. subject to a limit of 10000 tones during 01-11-2009 to 31-10-2010.

(ii) State Governments have been allowed to impose stock limits on edible oils and oilseeds w.e.f 7.4.2008.

5.31 The prices of the major edible oils in the international market have shown considerable upward trend during the last one year. However, domestic prices have been more or less stable because of the various measures adopted by the Government.

# Chapter-VI

## Public Sector Undertakings



## PUBLIC SECTOR UNDERTAKINGS

### A. FOOD CORPORATION OF INDIA

The Food Corporation of India (FCI) is the main agency responsible for execution of food policies of the Central Government.

6.1 The functions of FCI primarily relate to the purchase, storage, movement, transportation, distribution and sale of foodgrains on behalf of the Central Government. It is also engaged in the handling, storage and distribution of sugar in North Eastern States and Jammu & Kashmir.

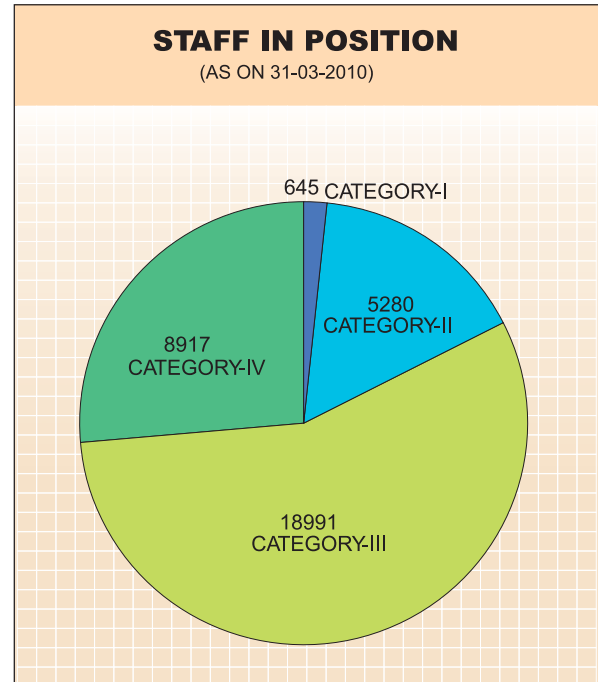
6.2 The Government of India fixes the Minimum Support Price (MSP) and Central Issue Prices (CIP) of foodgrains distributed through the Public Distribution System (PDS).

#### ORGANISATIONAL SET-UP

6.3 The Food Corporation of India operates throughout the country, through one Corporate Office at New Delhi, 5 Zonal Offices, 23 Regional Offices, 165 District Offices, one Institute of Food Security at Gurgaon, and one Port Office at Kandla.

#### STAFF IN POSITION

6.4 The category wise staff position as on 30.09.2009 and the projected staff position as on 31.12.2009 in the Corporation is as under:-



Category	Staff position as on 30.09.09	Staff position as on 31.12.09
I	659	645
II	5489	5280
III	19449	18991
IV	9052	8917
Total	34649	33833

#### CAPITAL STRUCTURE

6.5 The authorized/subscribed capital of FCI is as under:-

(Figures Rs./Crore)

	As on 31.03.2007	As on 31.03.2008	As on 31.03.09	As on 31.12.2009
I. Authorised Capital	2500.00	2500.00	3500.00	3500.00
II. Subscribed Capital				
i) Working Capital	1484.00	1484.00	1484.00	1484.00
ii) cost of godowns & silos #	913.21	917.21	933.66	944.16
iii) IISFM Project#	69.64	94.64	96.74	96.74
iv) Others	13.90	13.90	13.90	13.90
Total	2480.75	2509.75	2528.30	2538.80
#Equity Released for NE during the year	3.90	2.97	15.45	2.50

**AUDIT & ACCOUNTS**

- 6.6 The responsibility of Auditing of the Accounts of the Food Corporation of India vests with the Comptroller and Auditor General of India (C&AG).
- 6.7 The accounts of the Corporation for the year 2005-06 along with report of C&AG and reply thereto has been laid before

both the Houses of Parliament during December, 2006.

- 6.8 The Accounts for the year 2006-07 have been finalized, audited, printed and submitted to the Govt. of India.
- 6.9 The turnover of the Corporation for the last six years is as indicated below:-

(Fig.in Rs. Crores)

Year	Purchase	Sales	Total
2003-04	38374.52	31149.18	69523.70
2004-05	36932.40	24339.75	61272.15
2005-06	34679.55	22976.93	57656.48
2006-07	35649.52	18504.94	54154.46
2007-08 (Prov.)	38442.45	18249.23	56691.68
2008-09 (Prov.)	53067.84	17275.46	70343.29

**PROCUREMENT****Report for the period 01.04.2009 to 31.3.2010 (RMS 2009-10)**

- 6.10 Due to pre-ponement of wheat procurement season 2009-10 in respect

of some States, a quantity of 2.09 lakh MTs was procured during March, 09 for RMS 2009-10.

- 6.11 Govt. of India had fixed an MSP of Rs. 1080/- per quintal for RMS 2009-10 to be paid to the farmers for their Fair

Average Qualities (FAQ) wheat.



Extension Training Programme for Farmers

6.12 In order to give benefit of MSP to the farmers and enhance wheat procurement, all necessary arrangements were made in advance and wide publicity was given through Radio, TV, Pamphlets and Banners. A total of 11,557 purchase centers were operated during RMS 2009-10 for procurement of wheat.

6.13 Wheat procurement during RMS 2009-10 as compared to RMS 2008-09 is as under:

(Fig. in lakh tones)

Region	Procurement (During RMS 2009-10)	Procurement (During RMS 2008-09)
Punjab	107.25	99.41
Haryana	69.24	52.37
Uttar Pradesh	38.82	31.37
Madhya Pradesh	19.68	24.10
Bihar	4.97	5.00
Rajasthan	11.52	9.35
Uttrakhand	1.45	0.85

Chandigarh	0.12	0.10
Delhi	0	0.07
Gujarat	0.75	4.15
Jharkhand	0	0.02
Maharashtra	0	0.10
Himachal Pradesh	0.01	0
J&K	0.01	0.01
Total	253.82	226.89

6.14 Due to efforts outlined above there has been an all time high procurement of wheat during RMS 2009-10, which went up-to 253.82 lakh MTs as compared to 226.89 lakh MTs during RMS 2008-09 thus registering an increase of 11.86%.

**KHARIF SEASON 2008-09**

6.15 During Kharif Marketing Season 2009-10 till 31.12.2009, the total procurement of paddy has been reported to be 200.99 lakh MTS as against 190.50 lakh MT procured during the corresponding period Last year. The market arrivals of paddy during the current Kharif Marketing Season 2009-10 was 260.37 lakh MTS as on 31.12.09 as against 271.40 lakh MTs during the corresponding period Last year.

**LEVY PROCUREMENT OF RICE (OCT. 2009 TO MARCH 2010)**

6.16 The procurement of levy rice by FCI / State Agencies for the Central Pool during 2009-10 as on 31.12.2009 was 22.99 lakh MTs as against 30.09 lakh MTs during the corresponding period Last year.



6.17 The total procurement of rice (including paddy in terms of rice) during KMS 2009-10 as on 31.12.09 for Central Pool was 157.66 lakh MTs as against 157.72 lakh MTs procured during the corresponding period last year.

#### COARSE GRAINS:

6.18 In the States of Haryana, Maharashtra, Karnataka, Madhya Pradesh and



Foodgrains being taken for Fair Price Shop

Chhattisgarh, the State Governments and their Agencies have procured coarsegrains to the tune of 0.80 Lakh MTS as on 31.12.2009.

#### TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

6.19 The supply of foodgrains under TPDS and other schemes to ultimate users are made by the State/UT Governments and their agencies against the monthly allocations of foodgrains under TPDS and annual allocations under various other schemes made by the Government of India. FCI ensures adequate foodgrains stocks at all its base depots throughout the country for TPDS and other welfare schemes at all times.

6.20 The offtake of wheat and rice under TPDS and other welfare schemes of Government of India during the year 2009-10 (up-to 31.12. 2009) were as follows:

(Figs. In Million Tones)/(Provisional)

Name of scheme	Category	2009-2010 (up-to 31.12.2009)		
		Wheat	Rice	Total
TPDS	APL	7.13	5.25	12.38
	BPL	4.58	7.88	12.46
	ANTYODAYA	2.54	4.87	7.41
	<b>TOTAL</b>	<b>14.25</b>	<b>18.00</b>	<b>32.25</b>
OTHER WELFARE SCHEMES (OWS)		1.13	2.61	3.74
<b>GRAND TOTAL</b>		<b>15.38</b>	<b>20.61</b>	<b>35.99</b>

Note: DCP data for Dec., 09 included above is average as actual data is awaited.

6.21 The estimated offtake of wheat and rice for the period 1st January 2010 to 31st March

2010 are as under:

(Figs. In Million Tones)/(Provisional)

Name of scheme	Category	(From 1.1.2010 to 31.3.2010)		
		Wheat	Rice	Total
TPDS	APL	2.38	1.65	4.03
	BPL	1.58	2.58	4.16
	ANTYODAYA	0.88	1.58	2.46
	<b>TOTAL</b>	<b>4.84</b>	<b>5.81</b>	<b>10.65</b>
OTHER WELFARE SCHEMES		0.65	1.34	1.99
<b>GRAND TOTAL</b>		<b>5.49</b>	<b>7.15</b>	<b>12.64</b>

- Note: (1) Offtake under TPDS & OWS includes stocks utilized by the State Govt. from their stocks procured under decentralised procurement scheme.
- (2) Other Welfare Schemes include Mid Day Meal, Nutrition Programme, Welfare Institutions and Hostels, Relief Works, Annapurna, WFP, SGRY, NPAG, Grain Bank, Emergency Feeding Programme, Defence/BSF/CRPF, Bhutan and Open Sale.
- (3) Offtake is estimated for January, 2010 to March, 2010, based on the average lifting during the last three months, as the actual figures are awaited.

6.22 North Eastern States are the most critical States in respect of maintaining foodgrains stocks due to topographical constraints and natural calamities. The induction of stocks in the North Eastern States is a perpetual problem which gets acute during the monsoons. FCI has been taking all possible steps to induct as much stocks as possible with a view to meet the monthly allocations of all the seven States and also to maintain some buffer stocks.

Besides natural calamities and vagaries of nature, the local law and order problems, the constraints of the Railways to carry required number of rakes on daily basis for the North Eastern States, are also some of the other limiting factors.

6.23 The State-wise issues under all the schemes during the year 2009-10 (upto 31.12.2009) and comparative position of the corresponding period during the year 2008-09 is as under:

(Figs. In lakh tones)

	WHEAT		RICE	
	2008-09 (upto 31.12.08)	2009-10 (upto 31.12.09)	2008-09 (upto 31.12.08)	2009-10 (upto 31.12.09)
Assam	1.89	1.90	9.38	9.46
Arunachal Pradesh	0.07	0.07	0.64	0.69
Tripura	0.11	0.17	2.04	2.01
Manipur	0.08	0.11	0.66	0.97
Nagaland	0.37	0.34	0.92	0.96
Mizoram	0.06	0.07	1.14	1.12
Meghalaya	0.10	0.16	1.12	1.09
Total	2.68	2.82	15.90	16.30

6.24 It may be seen from the table above that during the year 2009-10 (upto 31.12.2009) the total offtake of wheat has increased and rice has also increased in the NE region as compared to the corresponding period last year.

6.25 The comparative stock position of foodgrains and sugar in the North Eastern Region as on 31.12.2008 and 31.12.2009 is as under:

(Figs. In lakh tones)

As on	Wheat	Rice	Sugar	Total
31.12.2008	0.63	1.70	0.05	2.38
31.12.2009	0.43	1.92	0.13	2.48

6.26 The stock as on 31.12.2009 in respect of wheat is less and rice & sugar is more as compared to the stock position as on 31.12.2008 in the NE Region.

6.27 Further, the estimated offtake of foodgrains in respect of NE Region for the balance period of 2009-10 i.e. January to March, 10 is as under:

(Figs. In lakh tones)

Period	Wheat	Rice	Total
January 2010	0.36	1.81	2.17
February 2010	0.38	1.82	2.20
March 2010	0.40	1.82	2.22
Total	1.14	5.45	6.59

6.28 Offtake is estimated for the months of Jan. 10 to Mar.10 based on the average offtake of last three months.

## IMPORT & EXPORT

6.29 There has been no import of foodgrains (Wheat & Rice) by FCI, on Government

Account, during the year 2009-10 (Upto December, 2009).

6.30 There has been no Export of Wheat/ Rice during the year 2009-10 (upto December, 2009).

## DETAILS OF WHEAT LIFTED BY THE WORLD FOOD PROGRAMME AGAINST DONATION OF 1 (ONE) MILLION MT WHEAT TO AFGHANISTAN BY GOVT. OF INDIA:

6.31 Total lifting against the donation of 1 million MT of wheat to Afghanistan by Govt. of India for supply of fortified biscuits is as under:-

(Quantity in Lakh MTs)

PERIOD	Wheat
From the year 2002-03 to 2008-09	2.74
2009-10 (upto Nov. 2009)	Nil

## FOODGRAIN STORAGE & GENERAL WAREHOUSING

6.32 Details of Covered Storage capacity available with FCI during the last 5 years are as under:-

Fig. in LMT

As on	Owned	Hired	Total
31.3.2005	129.09	104.61	233.70
31.3.2006	129.31	99.05	228.36
31.3.2007	129.41	93.42	222.83
31.3.2008	129.48	87.13	216.61
31.3.2009	129.67	101.24	230.91
2009-10 (As on 15.11.09)	129.69	121.99	251.68

6.33 CAP Storage capacity Owned/ Hired by the FCI for the last five years

is as under:- (Figures in LMT)

Year	Owned	Hired	Total
31.3.05	22.48	4.13	26.61
31.3.06	22.11	5.09	27.20
31.3.07	22.92	6.32	29.24
31.3.08	22.06	0.27	22.33
31.3.09	21.73	0.15	21.88
2009-10 (As on 15.11.09)	23.84	4.08	27.92

6.34 State-wise/Union Territory-wise storage capacity available with FCI (Owned & Hired) in different States/Union Territories in the country as on 15.11.09 is as under:-

(Fig. in LMT)

Sl. No.	Name of the State/UT	Storage capacity (Covered & CAP)
1.	Bihar	6.15
2.	Jharkhand	1.16
3.	Orissa	6.74
4.	West Bengal	11.11
5.	Sikkim	0.11
6.	Assam	2.72
7.	Arunachal Pradesh	0.22
8.	Meghalaya	0.26
9.	Mizoram	0.23
10.	Tripura	0.50
11.	Manipur	0.20
12.	Nagaland	0.22
13.	Delhi	3.67
14.	Haryana	23.23
15.	Himachal Pradesh	0.25

16.	J&K	1.29
17.	Punjab	71.23
18.	Chandigarh	1.31
19.	Rajasthan	15.48
20.	Uttar Pradesh	26.34
21.	Uttranchal	2.36
22.	Andhra Pradesh	36.67
23.	Kerala	5.37
24.	Karnataka	8.40
25.	Tamilnadu	9.73
26.	Pondicherry	0.56
27.	Gujarat	6.52
28.	Maharashtra	18.43
29.	Goa	0.15
30.	Madhya Pradesh	11.46
31.	Chattisgarh	7.53
	<b>Total</b>	<b>279.60</b>

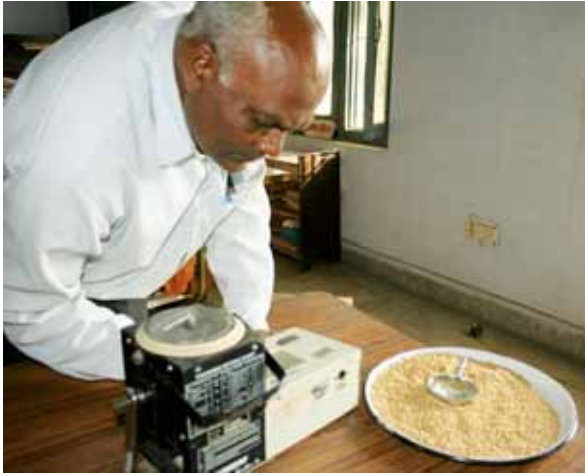
6.35 Details of Storage capacity constructed by the FCI during the Xth Five Year Plan 2002-03 to 2006-07 is given in the table below:-

Fig. in LMT

Year	Target	Achievements
2002-03	1.37	0.94
2003-04	1.10	1.33
2004-05	0.72	0.97
2005-06	0.22	0.23
2006-07	0.21	0.20

#### QUALITY CONTROL DIVISION

6.36 The Quality Control (QC) wing of FCI, manned by qualified and trained



personnel, is entrusted with the task of procurement & preservation of foodgrains. The foodgrains are procured as per specifications of Govt. of India and inspected regularly during storage, to monitor the quality. Representative samples of the stocks are drawn for physical and chemical analysis to ensure that the quality standard meets the parameters laid down by the Govt. of India. This is done through a network of 195 laboratories throughout the country. Laboratories located at Zonal, Regional & District levels are well equipped to carry out physical analysis of the foodgrains and also study of insecticidal residue.

6.37 Senior Q.C. Officers undertake frequent visits to the procurement and storage points to inspect the quality of foodgrains and advice QC staff on the spot to ensure procurement of foodgrains conforming to specifications and its maintenance during storage. Appropriate action is also initiated against defaulters, if any, in order to tighten the supervisory arrangements

and fix responsibility on employees found responsible for procurement of stocks beyond laid down parameters. Long term/short term trainings are held for QC staff on procurement and preservation of foodgrains.

#### PRESERVATION:

- 6.38 Preservation of foodgrains in good & sound condition is an important activity of QC wing of the Corporation. Stocks of foodgrains in FCI are stored in godowns built on scientific lines. Storage in open under CAP (cover and plinth) for wheat and paddy is resorted to only when covered storage space is not available.
- 6.39 Regular inspection of stocks by trained and experienced QC officials/officers is undertaken. Periodical disinfestations measures are undertaken i.e. prophylactic and curative treatments are imparted to the stocks with the



Disinfestation work at warehouse

permitted insecticides to ensure the health of the grain so that it may be preserved in the highest category possible. Preventive measures are also undertaken to control rodents, birds and pest infestation.

6.40 The stocks of foodgrains strictly conforming to the uniform specifications of Govt. of India are issued to the PDS by adopting joint sampling system.

6.41 The stocks position as on 31.12. 2009 is as under:

(Fig. in LMT)

	Rice*	Wheat	Total
Total All India	243.53	230.92	474.75

\*Includes paddy in term of rice also.

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### Central Pool Stocks

6.43 Total quantity of foodgrains treated (stocks with FCI) is as under:-

(Fig. in LMT)

Year	Prophylactic Treatment	Curative Treatment
2005-06	789.72	255.80
2006-07	1031.95	302.65
2007-08	1015.15	364.71
2008-09	1527.64	473.43
2009-10 (upto Dec., 2009)	1416.06	559.55

### Sliding down of Stocks (Wheat and Rice):

6.43 Sliding down of wheat & rice stocks during the year 2009-10 upto December

2009 is as under.

(Fig. in Lakh MT)

1. Higher to lower category:	Nil
2. To feed category:	0.01

### NON ISSUABLE FOODGRAINS AND ITS DISPOSAL:

6.44 Foodgrains which do not conform to PFA standards and are not fit for human consumption are considered as Non Issuable grain.

6.45 The non-issuable stocks on receipt in the godowns or when detected in the depot, are properly checked and segregated, on the basis of condition and proportion of sound grains present, in different lots.

6.46 Non Issuable stock are categorized under various feed categories and disposed off as per procedure.

6.47 A quantity of 0.10 lakh MT was disposed off between April, 09 to Dec.09. A quantity of 0.11 lakh MT of non-issuable foodgrains was lying in various Regions/Zones in the country as on 31.12.2009. Out of this quantity 0.01 lakh MT is covered by tender/auction.

### TRANSPORT OF FOODGRAINS

6.48 The overall movement of foodgrains, imported wheat and sugar during 2008-09 (upto Dec., 09) and anticipated from Jan., 10 to March, 10 is 290.85 lakh tones against 265.88 lakh tones during 2008-09. The movement Ex-North during 2009-10 is 195.65 lakh tones against

172.86 lakh tones during 2008-09. is as under:-

(Fig. in lakh Tones)

	Food-grains	Sugar	Total
1. April, 09	23.63	0.13	23.76
2. May, 09	17.44	0.16	17.60
3. June, 09	18.31	0.15	18.46
4 July, 09	23.42	0.40	23.82
5. August, 09	26.20	0.44	26.64
6. September, 09	28.25	0.34	28.59
7. October, 09	25.452	0.15	25.60
8. November,09	24.20	0.18	24.38
9. December,09	25.95	0.21	26.16
Total:	212.85	2.16	215.01



Movement of Foodgrains

6.49 Position of movement w.e.f. April, 09 to December, 09

## VIGILANCE & SECURITY

6.50 Food Corporation of India has a Vigilance Wing headed by CVO / Executive Director (Vig.) at

Headquarters, General Manager (Vigilance) at the Zonal Offices, and Deputy General Manager (Vigilance) / Assistant General Manager (Vigilance) in the Regional Offices.

6.51 As on 1st January 2009, 835 vigilance cases under Major/Minor disciplinary proceedings were pending in the Food Corporation of India. 1832 fresh vigilance cases were added and 1757 vigilance cases were disposed off during the period from 1st January, 2009 to 31st December, 2009 leaving a balance of 910 vigilance cases at the end of 31st December, 2009. During the period 1st January, 2009 to 31st December, 2009 penalties were imposed in 1531 vigilance cases. In the remaining 226 cases, the charged officials were either exonerated or cases were closed by issuing Warning.

6.52 In order to minimize the storage and transit losses and to ensure the quality of foodgrains, special squads in FCI conducted 3474 surprise checks and 11245 regular checks during the period 1st January, 2009 to 31st December, 2009.

6.53 Special attention is also being paid to areas which are more prone to corruption.

6.54 Security of FCI's men and material is managed through its own Watch & Ward, as well as outsourcing through Ex-Servicemen, Security Guards, Home Guards and Special Police Officers (SPOs) etc. At certain vulnerable depots, security is manned by the State Armed Police and the Central Industrial Security Force.

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- 6.55 In order to prevent occurrence of fire, the depot/offices are provided with adequate fire fighting equipment and all the field offices have been instructed to ensure installation of adequate number of fire fighting equipment at vulnerable points so identified in consultation with the officers of the local Fire Station.
- 6.56 Physical measures like installation of barbed wire fencing on the boundary wall, watch towers, provision of street-lights and adequate light in the godowns and proper locking of the sheds / godowns are also taken as per standing instructions/requirement.
- 6.57 Security inspections as well as surprise checks of the depots are conducted from time to time at various levels to detect and plug the security lapses to curb thefts and pilferage. 1209 inspections at various levels were conducted from 1.1.2009 to 31.12.2009. Training programmes are organized from time to time to train the field and office staff with latest techniques about Security Management.
- 6.58 The Security Division at HQrs monitors cases of theft/fire/pilferage intimated by Regions and issues directions whenever required. Instructions to plug loop-holes to avoid any untoward incident are issued. During Trade Union activities viz. Agitation, Dharnas and Rallies etc. proper liaison is maintained with local police and adequate security arrangements were made for safety of the personnel and property of the Corporation.

- 6.59 A Civil Defence Plan has been evolved and the Food Storage Depots (FSDs)/ Godowns have been categorized viz. A, B and C for taking adequate measures to protect men, material and foodgrains of FCI keeping in view the prevailing law and order situation in the country and in particular during war/emergencies, flood/riots etc. Assistance of local administration is obtained to tighten the security of the godowns/offices.

### PLANNING AND RESEARCH DIVISION

- 6.60 Planning & Research Division performs the 'Staff Function' and its role is of advisory nature. It has the responsibility of assisting the top management - both as a Corporate Planning Unit and as Management Services Division. The Division renders the services by identifying important policy issues and keeping the management informed about the various matters relating to food policy and planning, crop prospects and their likely impact and procurement, storage, distribution and stocks etc. It also provides necessary assistance and guidance to various operational Divisions in order to streamline and improve their activities.

### ANNUAL ACTION PLAN

- 6.61 During the XI<sup>th</sup> Five Year Plan (2007-2012), FCI is expected to create additional storage capacity of about 1.39 lakh tones subject to availability of land and availability of funds.



6.62 As per the Annual Plan 2009-10, FCI proposes to construct additional capacity as under:

(Fig. in 000 MTs)

Year	Target	Achievement
2007-08	25.00	17.09
2008-09	32.00	2.50
2009-10	10.42	-

6.63 Special emphasis has been given to enhance the storage capacity in NE States and also other newly procurement States in the year 2009-10. Action has been taken for identification of new sites for construction of godowns in Nagaland, Manipur,

Sikkim, Orissa and West Bengal. The land at Senapati/Manipur, Mohania/Bihar has been identified and land cost has also been deposited. The construction work at Changsari/Assam, Hailakandi/Assam, Jiribam/Manipur and Lakshadweep/UT is in progress. At Kohima/Nagaland the agency has been fixed and the agreement between FCI & PWD Kohima has also been signed. Further a capacity of 9,170 MT at Dunglepalli/Orissa and 1,250 MT at Lakshadweep/UT is likely to be completed during this financial year.

6.64 The details of targets/achievements made by the FCI during the last three years are as under:

(Rs. in crores)  
(Capacity in 000 MT)

Year	Target			Achievements		
	Storage Construction Programme			Storage Construction Programme		
	Genl	NE	Total	Genl	NE	Total
2007-08*						
Financial	9.65	8.75	18.40	2.09	2.24	4.33
Physical	5.00	20.00	25.00	5.00	12.09	17.09
2008-09**						
Financial	2.10	22.38	24.48	1.36	14.70	16.06
Physical	7.50	25.00	32.50	-	2.50	2.50
2009-10***						
Financial	17.675	6.75	24.425	2.44	2.30	4.74
Physical	10.42	-	10.42	-	-	-

\* The Ministry had released an equity of Rs. 4.00 crores during 2007-08, against the expenditure of Rs.4.33 crores.

\*\* The Ministry had released an equity of Rs.16.45 crores during the year 2008-09 against the expenditure of Rs.16.06 crores.

\*\*\* Position as on 31.12.2009

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### PUBLIC RELATIONS

- 6.65 The Corporation has a Public Relations Division to serve as an interface between the Corporation and the general public. The PR Division also strives to project the image of the Corporation amongst opinion leaders and decision makers in the country through various public relation exercises.
- 6.66 The Public Relations Division monitors press reports regarding the Corporation on a day to day basis by scanning prominent dailies and bringing out relevant clippings to the notice of the Management for appropriate action. Rejoinders are sent in order to negate any kind of misconception about the role of the Corporation and its functions in connection with storage, movement and distribution of foodgrains under various schemes of Govt. of India.
- 6.67 The PR Division creates awareness amongst farmers in rural areas about the benefits of Minimum Support Price through use of print and electronic media as well as through documentary films. It also creates consumer awareness on how FCI maintains health of stocks by storing the foodgrains in scientific manner, by participating in various fairs, melas and seminars at Headquarters as well as Regional/ Zonal levels. At times, it launches special campaigns on various social welfare schemes in collaboration with Union Food Ministry for school children, poor people etc. PR Division

follows set guidelines while issuing promotional and institutional advertisements.

- 6.68 For updation of the knowledge of officers and staff of the Corporation, the PR Division maintains a library containing over 15000 books in English and Hindi on food economy, computer science, agriculture, public relations, medicines, sports, fiction, law, rules & regulations. etc.

### TRAINING

- 6.69 The Food Corporation of India has its own Training Institute, the Institute of Food Security (IFS) at Gurgaon (Haryana). The Institute imparts training to its officers in various disciplines relevant to FCI operations i.e. Depot Management, Quality Control, Industrial Relations, Administration, Computer, Vigilance, Financial Management, etc. and also conducts Management Development Programmes. IFS also imparts on the job training to newly recruited Management Trainees. The major achievements of IFS during 2009-2010 (upto November, 2009) are
- Forty-eight training programmes involving 1054 officers/officials have been conducted so far. These include 20 programmes involving 416 officials, who have been trained under the Financial Accounting Package.
  - Induction training was imparted to 28 newly recruited Management Trainees at the level

of Manager in various disciplines in FCI. In addition, 96 Management Trainees are undergoing training which would be completed by the end of the current financial year.

- IFS earned Rs. 4,33,560/- from other organizations against commercial training programmes conducted by it from January, 09 to November, 09.
- Institute of Food Security has now started bringing out an annual professional journal on the topics of current developments in the area of food security. Its first edition was released in January, 2009. The Journal included articles on the subjects of 'Food Security in India-Issues and Strategies', Transgenic Crops: Status and their potential in India, Impact of Warehousing (Development & Regulation) Act, 2007 on agri-business and food security, Can India cope with emerging food security challenges? and Towards a secure future-food or fuel, authored by experts drawn from academia and professionals working in area of food security and related sectors.

6.70 In addition to the training at IFS, officers of FCI are also nominated for various specialized/management development programmes in professional Institutes of repute, viz., Indian Institute of Public

Administration, New Delhi, Administrative Staff College of India, Hyderabad, Amity Institute of Technical Development Noida, All India Management Institute (AIMA), New Delhi, CBI Academy, Ghaziabad, ICAI, New Delhi, Indian Society for Training & Development, New Delhi, National Institute of Financial Management, Faridabad, SCOPE, New Delhi, National Archives of India, International Business Conference, Mumbai, International Conference on Competition of Law, New Delhi, GRD Associates, New Delhi and Centre for Development of Advance Computing, Noida. In all 265 officers have so far been nominated for 27 specialized programmes during the year. These Programmes include diverse subjects having direct relevance to the functioning of FCI like Managing Contract Labour, Accounting Standards, RTI, Supply Chain Management, Management Audit, Simulation Called Chankya Programme (AIMA) Innovative Training Practice, Financial Analysis, Conference on IFRS, Records Management, International Conference of Law and Labour Management, Reservation/Roaster Policy for SC/ST/OBC, Indian R&D, 2009 GEOSPATIAL (FICCI) Vigilance Course, Improving Work Environment by Building Motivation and Self Awareness and Hindi Computer Training etc.

6.71 In addition to the training efforts at the Corporate level, Zonal Offices of FCI have also conducted various training

programmes for their officials. A total of 827 officials were trained by the Zonal Training Institutes/Zonal Offices. This includes training imparted to 48 newly recruited Category III officials in the Zonal Office (East).

6.72 In furtherance of Human Resource Development and in order to keep pace with the changing environment in view of globalization and liberalization policy of GOI, two senior level management officers were deputed to attend the International Grain Council and FAO sponsored Seminar organized by the Association of Food Marketing in Asia.

6.73 Thus more than 2176 officers/officials have already been trained in the Corporation between 4/2009 to 11/2009 and achievement upto 31.03.2010 is projected at 3000.

**SC/ST EMPLOYEES IN FCI**

6.74 Statement showing the representation of SCs/STs in services of FCI as on 30.09.2009 is as under:-

CATEGORY	No. of SC	No. of ST
Cat.I	138	65
Cat.II	1078	456
Cat.III	4355	1443
Cat.IV (Excluding Safaiwala)	3009	862
Cat.IV (Safaiwala)	71	3
Grand Total	8651	2829

**INTEGRATED INFORMATION SYSTEM FOR FOODGRAINS MANAGEMENT (IISFM)**

**(i) Background and scope:**

Integrated Information System for Foodgrains Management (IISFM) is a Planned Scheme under 10th Five Year Plan with a total estimated cost of Rs.97.66 Crore. Objective of the project is to put in place an on-line MIS for stock position in any FCI Depot at any given point of time. The project was approved by Ministry of CAF& PD in August, 2003. National Informatics Center (NIC) is overall consultant on turnkey basis, including study, design and development of application software. National Informatics Center Services Incorporated (NICSI) is supplying hardware, software and support services. The scope of the project was widened in October, 2005 to include 'Financial Accounting of FCI' & 'Computerization of State Agencies' of major procuring / distributing States.

**(ii) Infrastructural Status:**

**a) Unit Level Systems supplied and installation Status:** Hardware was supplied at FCI Headquarter, 5 Zonal Offices, 23 Regional Offices and 171 District Office locations {166 FCI District Offices including Port Office Kandla in Phase - I & Phase II + 4 Newly Created District Offices viz. Moga, Motihari, Madhubani

and Madhepura in Phase - V + resupply to DO Panvel as the earlier supplied systems got damaged due to flood} and 856 Depots. Out of these 1056 locations, hardware is installed at 1013 locations as on 31.12.2009. Systems are not installed at 43 locations due to de-hiring of godowns/ site not ready/ compatibility issues of software etc.

- b) **Virtual Private Network (VPN) connectivity** was commissioned at 191 locations-District Office upwards out of targeted 196. Provisional demand note for remaining 5 locations has also been raised.
- c) **Depot Level internet connectivity** is available at 693 Depots out of 813 system installed depots through various Internet Service Providers modes viz. Broadband, WLL, V-Sat, Dial-up etc.
- d) **Antivirus Solution - Trend Micro version 8.0** is being provided by NIC through IISFM website for all locations connected through VPN. For remaining locations, Antivirus CDs were provided by NIC to all FCI Regional Offices for further distribution to District / Depot Offices.
- e) **Video Conferencing** facility has been provided at 29 offices of FCI connecting Headquarters to 5 Zonal and 23 Regional Offices.
- f) **Manpower deployment:** FCI Technical Supervisors (FTSs) and Data Entry Operators (DEOs) have been identified, trained and deployed throughout the country. For effective monitoring of the project, Nodal Officers have been identified at each of the FCI Unit, District Office level upwards.
- (iii) **Software Implementation Status**
- a) **Depot Application:** Stock data from depots across the country is being fed at local server installed at depot offices through IISFM Depot Application Software Version 3.0.0 and subsequently transmitted to Central Server. Reports can be generated from Central Server in different formats as per user requirement. As per Central Server Report SCSR85 on 31.12.2009 at 17:00 hrs, 1105 depots (666 'Parent Depots' and 439 'Attached Depots') of 166 FCI Districts out of total 1638 Depots have transferred data to Central Server through Depot Module version 3.0.0.
- ["Parent depot" - Depots where HWSW/ Connectivity have been provided.
- "Attached Depot" - Depot where HWSW/ Connectivity have not been provided; data feeding is being done through nearest Parent Depot/ District Office.]
- Since launch of the present version of Depot Application

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software i.e. Depot Module 3.0.0, feedbacks were received from users and operating divisions of FCI Hqrs. for improvement of the software. Based on these feedback & change requests, NIC has developed an enhanced version of IISFM Depot Application software, which is likely to be released in depots across the country by January 2010.

- b) **District Stock Accounting Module (DISFM/District Module):** This on-line module is fully functional at 166 District Offices (including one Port Office). Fortnightly Stock data is being fed on-line by District Offices. MIS reports on transaction and offtake along with State / UT wise reports can be generated from [www.iisfm.nic.in](http://www.iisfm.nic.in).
- c) **Master Updation and User feedback Management System:** This on-line software has been developed for providing on-line technical support to field users. Users are submitting feedbacks on IISFM software related issues. These are analyzed and support/ solutions are provided to administrative and technically feasible feedbacks by the IISFM Team at FCI Hqrs. and NIC Technical Team.
- d) **Depot Code Management System:** This on-line utility has

been designed to assign standardized unique codes to all depots under IISFM Project, Depot Code Management System (DCMS) was developed and released at all District and Regional Offices on 06.11.2009 for authentication of Depot Code.

- e) **Movement of Foodgrain & Stock in Transit Module:** This On-line software module has been designed by NIC for capturing data related to rail movement (viz. special loading and unloading details) and tracking stocks in transit, missing and unconnected wagons etc. This module is being revised by NIC for incorporating feedbacks provided by Assam Region and Movement Division, FCI Hqrs and modified master table.
  - f) **Procurement Module:** It has been planned to develop a Procurement module for capturing Mandi/ Purchase Centre level procurement data. For this, system study is being done by NIC in co-ordination with Procurement Division, FCI HQ.
- (iv) **Financial Accounting Package (FAP)** involves procuring Application Software for Financial Accounting, Cash Management, Budgeting & Costing, Pay Roll processing including incentive calculation and CPF Trust Accounting and its customization and implementation". FAP was awarded to

the consultant M/s. Tata Consultancy Services Ltd. on 24.11.2006. **AS IS Process Analysis** document and **TO BE Process Analysis** document has been approved by FCI Process owners.

As per the revised project plan submitted by the consultant, M/s TCS Ltd., major milestones would be achieved as follows:

Activity / Milestone	Target Date	Status
Conference Room Pilot I	27 October, 2007	Achieved
Conference Room Pilot II	22 February, 2008	Completed on 03.09.2008
Deploy solution	20 October, 2008	Completed on 06.11.2008
Roll out at all locations	15th April, 2010	Under progress

**(v) Computerization of State Agencies of major procuring / distributing States :**  
State-wise implementation status is as under:-

S. No.	Dcp State	No. of Location	Date of MOU	Name of Agencies	Hardware Supplied Y/N	Software Status
1	Uttar Pradesh	147	Oct.2006	SWC, State Govt.	Yes	Procurement Software-Tested
2	Chhatisgarh	75	Sep.2006	CSCSCL	Yes	Procurement Software Tested And Approved
3	Orissa	101	Aug.2006	OSCSC	Yes	Procurement Software Given To Oscsc, Customization Feedback Awaited
4	Andhra Pradesh	150	Apr.2009	APSCSCL	No	Yet To Be Customized.
5	Haryana	172	Oct.2006	CONFED, HWC, HAFED, HAC, FSD	Yes	Depot Online Procurement & District Stock Accounting Software - Customized
6	Karnataka	52	Oct.2006	KSWC , KSCMF	Yes	Storage Software Has Been Installed At 4 Locations, From Where Feedback Is Awaited.
7	Tamilnadu	301	Aug.2006	TNCSC	Yes	Depot Software Developed, Testing
8	Madhya Pradesh	179	Oct.2007	MP W&LC	Yes	Procurement Module Tested; Warehouse Software-Demonstrated
9	Punjab	135	Jan.2008	PUNGRAIN	No	Yet To Be Customized.
	Total	1312				

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(v) **Financial Status:** Funds availability as on 31.12.2009 (in approximate Crore Rupees) is as under:

S.No.	Description	Amount
1.	Total funds for IISFM Project	97.66
2.	Funds released by Ministry to FCI	96.74
3.	Funds released by FCI Hqrs to NICS/ NIC/ BSNL/ ZO / RO etc.	79.64
4.	Fund available with FCI	17.10 *
5.	Balance funds yet to be released (1-2)	00.92

\* This amount is a committed expenditure and will be utilized for settlement of bills as per bills and requisite documents to be submitted by NICS through NIC.

## MARKET BORROWINGS

### Cash Credit

6.75 The Corporation is enjoying a Cash Credit facility up to Rs.34495 crore w.e.f. 7.5.2007 (enhanced from Rs. 33100) extended upto 31.3.2010 from a Consortium of banks led by SBI. The rate of interest on Food Credit has varied with variation in PLR of five major Banks from 11.40% w.e.f. 1.1.2009 to 10.25% w.e.f. 01.07.2009.

### Borrowing Through Short Term Loan

6.76 To reduce the interest cost, the Corporation has raised Rs. 10,000 Crores through Short term Loan to reduce the utilization of Cash Credit Fund. This activity would reduce the interest burden of the Corporation by Rs. 350 Crores during the current year 2009-10.

### Issue of Bonds

6.77 To reduce the cost of funds, the Corporation had mobilized Rs.8604.90

crore through issue of bonds in four tranches in the year 2005 against a permissible amount of Rs.10000 crore. The Bonds having a tenure of 5 years amounting to Rs. 758.50 crore and Rs. 2341.80 crore are due for redemption on 28.2.2010 and 31.3.2010 respectively. The weighted average annual rate of interest of the total funds mobilized by the Corporation so far through issue of bonds is 7.31%. Thus savings on account of the issue of bonds would be Rs.309 crore during the current year as compared to interest rate including penal interest applicable on Cash Credit.

### STUDY OF FCI BY M/s Mc Kinsey & Co.

6.78 With the objective to bring about substantial and sustainable efficiency/ improvement in the functioning of FCI, the Government had engaged the Consultant, M/s Mc Kinsey & Co. to conduct a detailed study of operations of FCI. The Consultants commenced the study on the 3rd of January, 2005. The report on the 1st Stage Study submitted



by the Consultants was accepted by the Steering Committee, constituted by the Deptt of Food & Public Distribution in its meeting held on 28th July, 2005.

6.79 The major improvement initiatives suggested by M/s Mc Kinsey & Co. broadly encompass financial restructuring through multi-tiered debt structure to reduce the interest burden, network optimization by Linear Programming of rail movement and consolidation of Handling and Transport Contracts, changes in use and sourcing pattern of gunny bags, cost reduction by direct procurement of foodgrains and exclusion of intermediaries, exploring avenues for revenue generation by optimum utilization of all existing assets like godowns, and more cost effective and efficient utilization of human resource through rationalization, automation and better Performance Management System.

6.80 Vide Agreement dated 28th February, 2006, M/s Mc Kinsey & Co., was again engaged by Government of India for the second stage of study on FCI. In this study, the Consultants were mandated to prepare a blue print for an “efficient” FCI, encompassing a business model which may, inter alia, include recommendations for enlarging the scope of operations of FCI in the backdrop of rapid changes being witnessed in the food and agricultural economy in India, as well as in the world. The major recommendations under implementation are Grain Flow Management (Linear Programming), Consolidation of Handling & Transport Contracts, renting out Excess Storage

Capacity/Office Space, steps for Improving Tendering Process, initiatives for clearing pendency of Vigilance Cases and streamlining of Vigilance Administration, new Performance Appraisal System (PAS) for identified Pivotal Category-1 posts, etc. The 2nd stage study report of the Consultants was accepted by the Steering Committee headed by Secretary (F&PD) in the meeting held on 6th August, 2007.

6.81 While appraising the status of implementation to the Hon’ble Minister for Consumer Affairs, Food & Public Distribution the following new issues emerged.

- i. Proposal of FCI for procurement in UP through Katcha Artiyas.
- ii. Building capacity and expertise within FCI for Creation of “Price Monitoring Cell”.
- iii. Increased utilization of IT enable services in procurement.
- iv. Electronic clearance for payment of procurement prices, warehousing stocks, depots etc.
- v. Renting out excess storage capacity to big Corporates / MNCs.
- vi. Strict quality control regime and monitoring of quality even after transfer of stocks to the State Agencies and PDS Shops.
- vii. Allowing autonomy to FCI for recruitment.

viii. Engagement of a Commodity Consultant, if necessary.

ix. Increase in procurement by FCI in States like UP, West Bengal, Orissa, MP, Bihar etc.

6.82 In furtherance to implementation of various recommendations of the Consultants, a Programme Implementation Office (PIO) has been set up in FCI. Many of the recommendations given by the Consultants and accepted by the Steering Committee are under various stages of implementation.

6.83 Progress of implementation of various recommendations is being reviewed and monitored periodically.

## B. CENTRAL WAREHOUSING CORPORATION

6.101 The Central Warehousing Corporation (CWC) was set up in 1957 under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956, which was subsequently replaced by the Warehousing Corporations Act, 1962

### Functions of CWC:

- To acquire and build godowns and warehouses at suitable places in India and also in select locations abroad.
- To operate warehouses, create related infrastructure and arrange facilities for storage and handling of agricultural produce, seeds, manures, fertilizers, agricultural implements, notified commodities, bonded cargo, air cargo,

containerized cargo and liquid cargo. CWC is also mandated to provide marketing and other warehousing related services in respect of agricultural produces or notified commodities.

- To arrange facilities for transport of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities to and from warehouses.
- To subscribe to the share capital of State Warehousing Corporations.
- To act as an agent of the Government for the purposes of purchase, sale, storage and distribution of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities.
- To enter into, with the previous approval of Central Government, joint ventures with any Corporation established by or under any Central Act or any State Act or with any company formed and registered under the Companies Act, 1956 including foreign company or through its subsidiary companies, for carrying out its functions as enumerated in the Warehousing Corporations Act, 1962.
- To establish subsidiary companies;
- To undertake disinfestations services outside of its warehouses in respect of agricultural produce or notified commodities.
- To act as an agent for the purpose of purchase, sale, storage and distribution

of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities at its discretion.

- To provide consultancy services, assistance and finance to programmes or projects related to agricultural produce or other notified commodities and to undertake any other activities

considered incidental to its functions.

### CAPITAL STRUCTURE

6.102 The authorized share capital of the Corporation is Rs. 100 crore. There has been no change in CWC's subscribed share capital and paid up share capital during 2009-10. The capital structure of CWC is as under:

Sl. No.	Institution	Paid up Capital (Rupees in Lakh)
1.	Central Government	3,742.50
2.	State Bank of India	1,473.68
3.	Other Scheduled Banks	1,091.73
4.	Insurance Companies including Life Insurance Corporation of India	477.74
5.	Cooperative Societies	15.69
6.	Recognized Associations dealing in agricultural produce	0.71
7.	Companies dealing in agricultural produce etc.	0.05
	<b>Total</b>	<b>6,802.10</b>

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### GRANT OF SCHEDULE `A` STATUS

6.103 The Corporation has got status of Schedule `A` Category-I, Mini Ratna PSU w.e.f. 23rd September 2009.

### GROWTH IN STORAGE CAPACITY

6.104 The warehousing capacity operated by CWC has gradually increased over past few years while capacity utilization has shown a rapid increase:

(In lakh MT)

Storage capacity as on	Owned	Hired#	Total	% of utilisation
31.03.2006	66.61	33.77	100.38	70
31.03.2007	67.00	35.20	102.20	77
31.03.2008	67.63	31.15	98.78	73
31.03.2009	67.60	37.65	105.25	82
31.12.2009 (provisional)	67.91	39.34	107.25	84

# Includes covered hired, management and open constructed premises, open hired and open plinth.

**Break-up of storage capacity as on 31.12.2009 (provisional):**

S. No.	Category	Units (Nos.)	Capacity (Lakh MT)
1.	General Warehouses	490*	85.82
2.	Bonded Warehouses	74	5.73
3.	CFS/ICD	36	15.68
4.	Temperature Controlled warehouses / Cold Storage	03	0.02
	<b>Total</b>	<b>492</b>	<b>107.25</b>

\* Some General Warehouses and CFS/ICDs consist of bonded warehouses also. Hence, the total number of warehouses will not tally with the break-up of warehouses.

**CAPACITY ADDITION**

6.105 Details of storage capacity constructed by CWC and the capacity expected to be constructed are as under:

(In lakh MT)

2006-07	2007-08	2008-09	2009-10 (upto 31.12.2009)		2010-11
			Target	Achievement	MoU Target
3.78	2.40	CWC - 0.54	1.09 (*) / 0.91(RE)	0.20	1.50 Lakh MT

(\*) including 0.88 lakh tones under 4 years FCI guarantee basis.

**CAPACITY UTILISATION**

6.106 The warehousing capacity, its utilization and percentage of utilization for the last five years and present year (average) are as under:

[Figures in lakh MTs]

Year	Owned/Covered			Hired/Covered*			Total		
	Capacity	Utilisation	% of Utilisation	Capacity	Utilisation	% of Utilisation	Capacity	Utilisation	% of Utilisation
2004-05	66.20	40.71	61	31.86	20.87	66	98.06	61.58	63
2005-06	66.83	44.83	67	35.28	26.76	76	102.11	71.59	70
2006-07	66.88	49.74	74	35.82	29.75	83	102.70	79.49	77
2007-08	67.27	48.30	72	32.02	24.42	76	99.29	72.72	73
2008-09	67.47	55.15	82	31.93	26.21	82	99.40	81.36	82
2009-10 (April to December 2009) Provisional	67.73	58.90	87	39.89	33.93	85	107.62	92.83	86

\*Includes open construction/plinths.

**TURNOVER, PROFIT AND DIVIDEND**

6.107 The Corporation has been making profits and paying dividends consistently. The details of turnover, net profit and dividend paid during 1999-2000 to 2009-2010 are given in the following table:

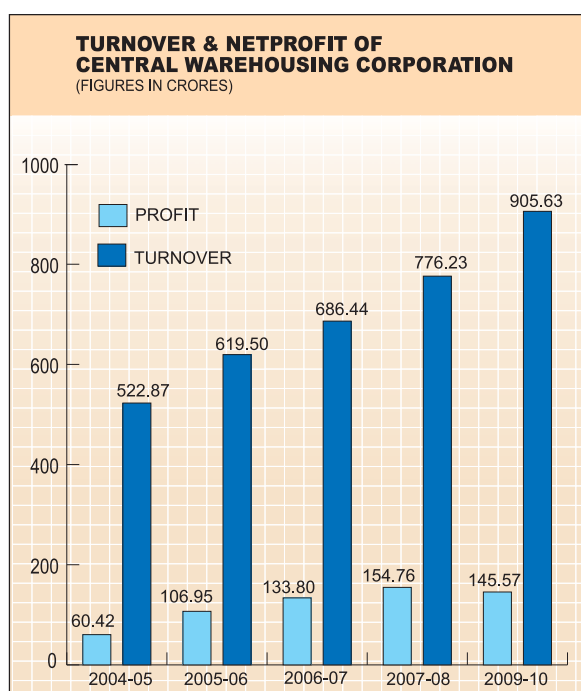
(Rs. in Crore)

Year	Turnover	Net Profit (Before tax)	Dividend Paid		
			Central Govt.	Others	TOTAL
1999-2000	276.34	48.30	4.49	3.67	8.16
2000-2001	339.86	73.33	7.49	6.11	13.60
2001-2002	379.94	90.72	7.49	6.11	13.60
2002-2003	471.08	47.62	4.12	3.36	7.48
2003-2004	462.86	33.88	2.25	1.83	4.08
2004-2005	522.87	60.42	4.49	3.66	8.15
2005-2006	619.50	106.95	7.86	6.40	14.26
2006-2007	686.44	133.80	10.10	8.23	18.33
2007-2008	776.23	154.76	11.23	9.14	20.37
2008-2009	849.25	110.44	11.23	9.16	20.39
2009-2010 (RE)	905.63	145.57	11.23	9.14	20.37

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**STATE WAREHOUSING CORPORATIONS**

6.108 CWC has 17 associate State Warehousing Corporations. The total investment of the Central Warehousing Corporation, which is 50% shareholder in the equity capital of the State Warehousing Corporations, was Rs. 60.12 crore as on 31.12.2009. The total number of warehouses operated by State Warehousing Corporations are 1591 with a total capacity of 208.06 lakh MT(provisional) as on 31.12.2009. The SWCs have constructed 1.22 lakh MT additional capacity during 2008-09; and have target of constructing 3.54 lakh





Hon'ble Minister for Agriculture Consumer Affairs, Food and Public Distribution, Shri Sharad Pawar, receiving the dividend cheque for the year 2009-2010 from the MD, Central Warehousing Corporation in the presence of Secretary (F&PD) Smt. Alka Sirohi.

## CH-VI

MT during 2009-10, of which 0.73 lakh MT has been completed till 31.12.2009.

### PEST CONTROL SERVICES

6.109 The Corporation has been rendering state-of-the-art Pest Control Services to a varied group of clients, both Private and Public, with the aim to prevent the economic and health loss caused by pests, rodents and termites by using WHO approved pesticides. The Corporation earned gross revenue of Rs. 10.70 crore upto December, 2009 during the year 2009-10 which was 13.66% more than the corresponding period of previous year. The Corporation has obtained accreditation of its offices under ISPM -15 and AFAS – Indian Program and undertakes

quarantine fumigation of cargo with MBR and fumigation of export containers / shipments.

### CENTRAL RAILSIDE WAREHOUSE COMPANY LTD.

6.110 Central Railside Warehouse Company Limited, a 100% owned subsidiary of Central Warehousing Corporation, was formed for development of Railside Warehousing Complexes. The company was incorporated on 10th July, 2007 and received certificate for commencement of business on 24th July, 2007. The share capital of Rs. 40.56 crores as equity of the new company has been subscribed by CWC. Besides, CWC has also transferred 7 of its Railside Warehouses to CRWC.



A View of Central Railside Warehouse

6.111 As a step towards becoming a total logistics solution provider, CRWC has also gone in for aggregating/disaggregating of the domestic cargo for haulage between two stations by rail, which has resulted in increased utilization of its Railside Warehousing Complexes and in the process has decreased overall logistics cost.

6.112 Railside Warehousing Complexes are being operated in the following locations:



Pest control operation by CWC

Sl. No.	Location	Capacity
1.	Whitefield, Bangalore	29,700 MT
2.	Shakur Basti	18,730 MT
3.	Nishatpura	16,700 MT
4.	Sanathnagar	13,225 MT
5.	Nasik Road	09,270 MT
6.	Badnera	17,000 MT
7.	Ghaziabad	12,000 MT
8.	Alam Nagar, Lucknow	15,500 MT
9.	Roza, Shahjahanpur	18,500 MT
10.	Kandla, Gujarat	32,000 MT
11.	Koodal Nagar, Madurai	12,000 MT
12.	Yamuna Bridge, Agra	09,400 MT
13.	Korrukupet, Chennai	11,840 MT
14.	Hatia, Ranchi	12,800 MT

6.113 The construction of Railside Warehousing at the following locations is in progress:

1. Saswad Road, Pune 18,700 MT
2. Dehri-on-Sone (Bihar) 11,700 MT
3. Dankuni (Kolkata) 13,750 MT

6.114 The capacity to meet the requirement of users is being added at following

Railside Warehouse:

1. Korrukupet, Chennai 19,500 MT
2. Yamuna Bridge, Agra 7,000 MT

6.115 An agreement for development of RWC at Mysore has also been signed recently with Indian Railways.

6.116 Financial results of CRWC since inception are as under:

[Figures in lakh Rs.]

Period/year	Income	Expenditure	Profit before Tax	Profit after Tax
10.07.2007 to 30.09.2008	2414.75	1855.54	559.21	243.81
01.10.2008 to 31.03.2009	1550.90	1067.27	483.63	243.81
2009-10 (Estimated)	4041.00	2733.00	1308.00	904.00

## CH-VI

### C. HINDUSTAN VEGETABLE OIL CORPORATION LTD.

6.117 The Central Government had taken over the Management of two undertakings, namely, Ganesh Flour Mills Company Limited and Amritsar Oils Works under the Industrial Development and Regulation Act, 1951, in the years 1972 and 1974 respectively. Subsequently the Hindustan Vegetable Oils Corporation Limited (HVOC) was incorporated under the Companies Act, 1956 on 31.03.1984 as a public limited company fully owned by the Government of India with equity capital of Rs.5.00 crores. Presently the authorized capital is Rs.10.00 crore and paid up capital is Rs.7.71 crore. The Ganesh Flour Mills and Amritsar Oils Works were merged with HVOC on 23-4-1984.

6.118 HVOC had eight units located at Delhi (two units), Amritsar, Kanpur, Mumbai, Bangalore, Chennai and Kolkata. The units at Delhi, Amritsar and Kanpur were engaged in manufacturing Vanaspati; the units at Mumbai and Kolkata were engaged in refining and packaging; and the units at Bangalore and Chennai were engaged in packaging of edible oils. The Breakfast Food Unit of HVOC is manufacturing cornflakes and oats but its production and market share are declining due to the severe competition faced from Multi-national Corporations entering the breakfast food market in a big way with new varieties and attractive selling strategies.

6.119 HVOC had been incurring losses since 1991-92, due to which it was referred to the Disinvestment Commission in



March 1997 for advice. The Commission recommended that HVOC should be classified as a non-core Sector and the company's operations in Vanaspati and packaging of refined oils be discontinued with immediate effect. The company was referred to the BIFR, which declared it a sick industrial company under SICA in 1999. Due to the continual dismal financial performance of HVOC and in the light of the recommendations of the Disinvestment Commission the Government of India decided that it did not consider it feasible to attempt revival/rehabilitation of the company. The Govt. of India also approved a proposal to introduce a Voluntary Separation Scheme in the company and approved the payment of a non-plan

loan of Rs.75.00 crore to HVOC to meet the cost of VSS and other liabilities on account of wages etc.

### Physical and Financial Performance

6.120 A Voluntary Separation Scheme was introduced in the company in November 2000. Consequent to the VSS only 124 regular employees were left in the company of which 120 were working in the Breakfast Food Unit (BFFU), which is the only functional unit now. At present, there are 120 regular employees in the company of which 111 are working in BFFU. The physical performance of BFFU of HVOC during the last two years and current year vis-a-vis installed capacity is as under:-

Product	Unit of Measurement	Installed capacity	2007-08	2008-09	2009-10 (Upto December, 09 (Projected))	2009-10 January to March 2010 (Projected)
a. Break-fast Foods	MT	900	358	312	207	78
b. Ready to eat Foods (For Social Welfare Programs)	MT	1200	-	-	-	-

## CH-VI

6.121 The accounts for the year 2007-2008 have already been finalized and being laid on the table of both houses of the Parliament. The financial results (provisional) of the company for the last two years and current year are as follows:

(Rupees in Crores)

Particulars	2007-08 Audited	2008-09 (Provisional)	2009-10 Upto December, 09 (Projected)	2009-10 Jan. to March, 10 (Projected)
Turnover	2.33	2.12	1.41	0.53
Losses (Cumulative)	267	289	305	6

## CH-VI

- 6.122 The BIFR had decided in its hearing on 7.12.2001 that it would be just, equitable and in public interest to wind up the company and forwarded a copy of their order to the Delhi High Court as well as to the Official Liquidator, Delhi High Court. Subsequently, some employees of BFFU appealed against the BIFR's Order. The Appellate Authority for Industrial and Financial Reconstruction (AAIFR), vide Order dated 22nd February, 2002, stayed the operation of the aforesaid BIFR Order dated 7th December, 2001 in regard to BFFU, and ordered that no steps should be taken for the closure of the BFFU. During the course of subsequent hearings in the matter, the appellants were asked to submit a viable proposal for the continued running of the BFFU, as a separate entity, after its demerger from HVOC. However, in the absence of any viable proposal even after giving the appellants sufficient opportunity to come up with one, the AAIFR finally dismissed the appeal on 04.08.2003.
- 6.123 The above-mentioned Order of the AAIFR was challenged by the HVOC (Breakfast Food) Employees Sangh before the Hon'ble Delhi High Court in Civil Writ Petition No.6877 of 2003. The writ petition filed by the said Union has been disposed off by the High Court of Delhi vide order dated 29.04.2009 with liberty being given to the employees to file fresh petition in case any adverse decision is given by the Government.
- 6.124 During its hearing in the Company Petition No.49/2002, held on 28-9-2006, the Hon'ble High Court of Delhi has permitted the Government of India to appoint a senior and responsible officer to work as Liquidator for the company exclusive of its Breakfast Foods Unit. Accordingly, Shri B.S. Mahapatra, Chief General Manager, Food Corporation of India has been appointed to work as liquidator, who has so far disposed off the moveable assets of two closed units of the company located at Chennai and Mumbai.
- 6.125 As regards BFF Unit, the Hon'ble Court directed that the possibility of its hiving off from the company and its running or otherwise be explored. Accordingly, a proposal for running the unit in the joint venture was submitted to the Board for Reconstruction of Public Sector Enterprise (BRPSE). The BRPSE advised that the possibility of a joint venture for running of the unit might be explored where the Government should have the majority shareholding. In the meeting held on 7th August 2009, BRPSE after deliberations endorsed the views to close BFF unit by offering VRS to the existing employees and proceed with the liquidation of the unit.

**ANNEXURE-I**  
(Para 2.3)

**STATEMENT SHOWING NUMBER OF SANCTIONED POSTS IN THE DEPARTMENT  
OF FOOD AND PUBLIC DISTRIBUTION AS ON 31.12.2009**

GROUPS	D/O FOOD	PAO	DTE. OF SUGAR	NSI	SRA HQRS	IGMRI HAPUR & FIELD OFFICES	QCC	VVOF	TOTAL
GR A	59	1	14	53	9	15	21	13	185
GR B	227	19	32	19	3	13	14	21	348
GR C	170	89	16	122	21	49	56	23	546
GR D	137	24	23	168	8	43	28	16	447
<b>TOTAL</b>	<b>593</b>	<b>133</b>	<b>73</b>	<b>362</b>	<b>41</b>	<b>120</b>	<b>119</b>	<b>73</b>	<b>1526</b>

**BUDGET ESTIMATES, REVISED ESTIMATES AND EXPENDITURE STATEMENT OF  
DEPARTMENT OF FOOD & PUBLIC DISTRIBUTION**

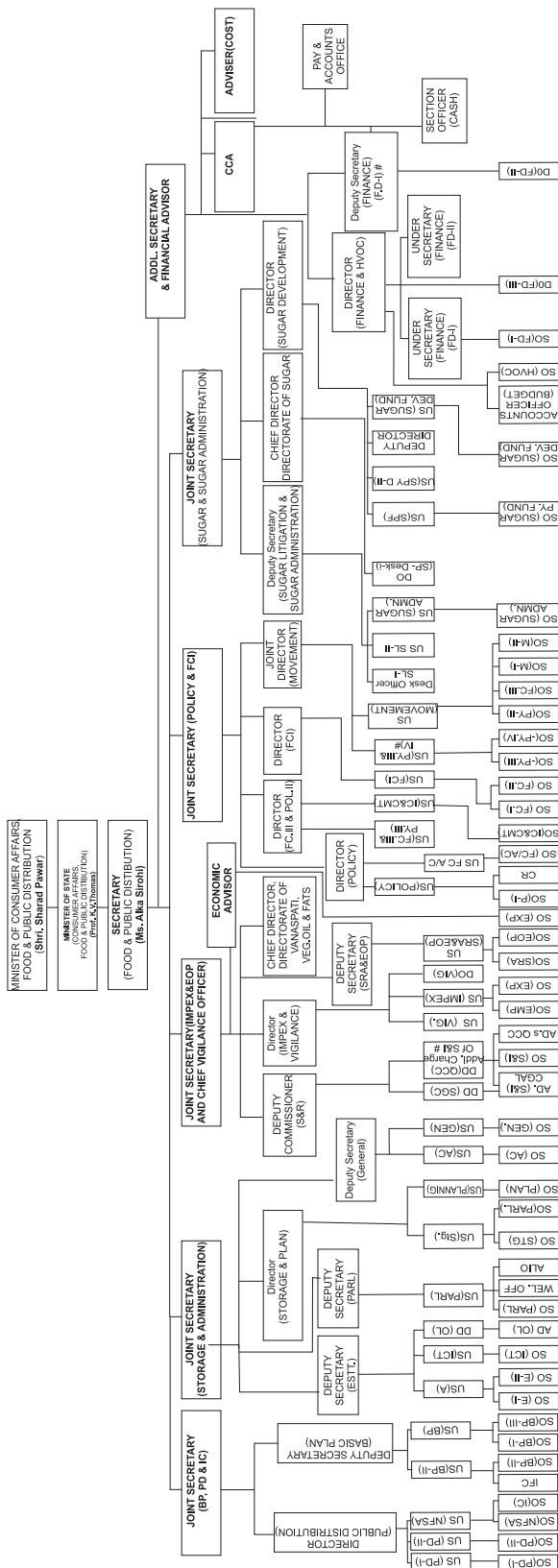
(Rs. in crore)

Year	Department	Demand No	Budget Estimates			Revised Estimates			Actual		
			Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
2005-06	Department of F&PD	19	93.87	27055.44	27149.31	60.00	23995.93	24055.93	58.20	23593.04	23651.24
2006-07	Department of F&PD	18	95.80	24899.70	24995.50	70.00	24897.20	24967.20	65.63	24592.29	24657.92
2007-08	Department of F&PD	18	85.00	26406.20	26491.20	60.00	32839.00	32899.00	52.04	32301.99	32354.03
2008-09	Department of F&PD	16	95.00	34016.00	34111.00	65.00	45621.88	45686.88	46.11	45550.46	45596.57
2009-10	Department of F&PD	17	95.00	54679.27	54774.27	70.00	58323.08	58393.08	49.03*	48408.78*	48457.81*
2010-11	Department of F&PD	17	100.00	67524.81	67624.81						

\* = Expenditure upto Dec 2009

**ANNEXURE-II**  
**(Para 2.3)**

ANNEX.



ADMIN - Administration  
DEV - Development  
DO - Disk Officer  
EOP - Edible Oil Policy  
FYOC - Hindustan Vegetable Oils  
M - Government  
SI - Sugar Litigation  
SO - Section Officer  
SPD - Sugar Policy Desk  
US - Under Secretary

CR - Control Room  
FC - Food Corporation  
FC A/Cs - Accounts  
FCI - Food Corporation of India  
M - Government  
SO - Section Officer  
US - Under Secretary  
# Cases relating to to PY,III are submitted to Director(Policy) Cases relating to CR are submitted to Director (FC,III & Pol. II) JS(BP&PD) Cases relating to CMT are submitted to JS(A & S)

AD - Assistant Director  
BP - Basic Plan  
IC - International Corporation  
IFC - Information Facilitation Centre  
M - Government  
PD - Public Distribution  
SO - Section Officer  
US - Under Secretary  
Files relating to IFC are submitted to JS (Impex & EOP) through Dir(Impex & Vg.)

CCA - Chief Controller of Accounts  
F.D. - Finance Desk

BP - Basic Plan  
EOP - Edible Oil Policy  
FCI - Food Corporation of India  
IC - International Co-operation  
M - Government  
PD - Public Distribution  
Sg. & Adm. - Storage & Administration  
SA - Sugar Administration

CGAL - Central Grain Analysis Laboratory  
DD - Deputy Director  
EOP - Edible Oil Policy  
S&R - Storage & Research  
SRA - Storage & Research Administration  
QCC - Quality Control Cell  
US - Under Secretary  
VEG. OIL - vegetable Oil

A-Administration  
AC-Administration Coordination  
ALC-Assistat Librarian & Librarian  
EOP-Edible Oil Policy  
EOP-Edible Oil Policy  
C&G-Coordination & general  
DC-Desk Officer  
GEN - General  
ICT - Information & Communication Technology  
LIT - Litigant  
PARL - Parliament  
PC - Plan Coordinator  
SO - Section Officer  
STG - Storage  
TFC - Task Force Cell  
US - Under Secretary  
WEL - Welfare

## ANNEXURE-III

(Para 3.5)

## STATEMENT SHOWING FINAL ESTIMATES OF PRODUCTION OF FOODGRAINS FOR 2008-09 AND SECOND ADVANCE ESTIMATES FOR THE YEAR 2009-10

Crop	Season	2008-09		2009-10	
		2nd Advance Estimates	Final Estimates	Targets	2nd Advance Estimates
1	2	3	4	5	6
Rice	Kharif	85.45	84.91	86.00	72.87
	Rabi	13.44	14.27	14.50	14.69
	Total	98.89	99.18	100.50	87.56
Wheat	Rabi	77.78	80.68	79.00	80.28
Jowar	Kharif	3.06	3.05	4.10	2.51
	Rabi	4.18	4.19	3.90	4.26
	Total	7.24	7.24	8.00	6.77
Bajra	Kharif	8.85	8.89	10.00	6.39
Maize	Kharif	13.40	14.12	15.50	11.66
	Rabi	3.64	5.61	5.00	5.64
	Total	17.04	19.73	20.50	17.30
Ragi	Kharif	1.94	2.04	2.50	1.87
Small Millets	Kharif	0.44	0.44	0.55	0.33
Barley	Rabi	1.45	1.69	1.55	1.60
Coarse Cereals	Kharif	27.69	28.54	32.65	22.77
	Rabi	9.27	11.49	10.45	11.50
	Total	36.96	40.03	43.10	34.27
Cereals	Kharif	113.14	113.45	118.65	95.64
	Rabi	100.49	106.45	103.95	106.47
	Total	213.63	219.90	222.60	202.11
Tur	Kharif	2.47	2.27	3.14	2.50
Gram	Rabi	6.54	7.06	6.50	7.46
Urad	Kharif	0.74	0.84	-	0.80
	Rabi	0.28	0.33	-	0.33
	Total	1.02	1.17	-	1.13
Moong	Kharif	0.41	0.78	-	0.41
	Rabi	0.13	0.26	-	0.26
	Total	0.54	1.04	-	0.67
Other Kharif	Kharif	1.20	0.80	3.36	0.51
Pulses					
Other Rabi	Rabi	2.48	2.23	3.50	2.48
Pulses					
Total Pulses	Kharif	4.82	4.69	6.50	4.21
	Rabi	9.43	9.88	10.00	10.53
	Total	14.25	14.57	16.50	14.74
Total Foodgrains	Kharif	117.96	118.14	125.15	99.85
	Rabi	109.92	116.33	113.95	117.00
	Total	227.88	234.47	239.10	216.85

ANNEX.

## MONTHLY AVERAGE OF WHOLESALE PRICE INDEX OF FOODGRAINS

(BASE 1993-94 =100)

COMMODITY NAME	YEAR	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEP	OCT	NOV	DEC
Foodgrains	1999	159.7	165.9	166.5	168.2	169.7	172.8	175.8	180.5	183.2	182.9	180.9	177.1
	2000	175.4	174.8	175.3	177.6	178.0	178.4	179.0	176.2	172.7	170.5	171.1	172.1
	2001	171.0	169.2	169.8	171.1	173.0	175.7	175.6	174.1	173.3	172.9	172.4	171.2
	2002	168.9	169.7	170.7	170.1	169.9	170.7	172.6	175.8	177.1	175.1	175.9	175.6
	2003	175.2	176.9	177.3	176.1	176.1	177.3	177.5	176.4	175.9	176.6	176.0	174.2
	2004	176.4	177.7	175.4	172.7	173.2	174.1	175.4	178.7	178.9	179.0	178.9	179.3
	2005	179.3	180.2	179.9	179.1	179.2	182.1	184.9	185.6	186.1	187.0	188.4	189.3
	2006	192.7	194.4	194.8	194.5	196.7	198.4	198.8	201.0	206.5	210.6	212.4	214.1
	2007	213.5	213.8	211.1	210.9	210.9	211.2	214.1	215.6	215.5	216.3	216.9	216.3
	2008	217.7	219.1	222.3	223.9	222.8	223.8	228.1	229.7	229.8	235.3	237.5	239.6
	2009	242.2	247.9	248.1	250.6	254.3	256.0	259.8	262.3	266.8	270.0	282.6	280.0
Cereals	1999	158.0	166.5	168.3	170.0	170.7	173.8	177.3	182.7	184.9	183.6	181.9	178.7
	2000	176.7	176.3	176.6	178.4	178.4	178.4	178.3	175.5	172.0	169.4	169.4	170.1
	2001	169.6	168.2	168.2	169.6	171.3	173.3	173.2	171.1	170.4	169.6	169.3	168.4
	2002	166.8	168.4	169.8	168.9	168.6	169.1	171.6	174.8	175.8	173.6	174.4	175.1
	2003	175.6	177.3	177.4	176.0	175.9	177.4	177.4	176.4	176.0	176.3	175.7	174.1
	2004	176.5	178.0	175.7	172.9	173.5	174.6	175.6	178.9	178.7	178.9	179.1	179.7
	2005	180.1	181.5	181.5	180.0	179.5	182.3	184.5	185.1	185.5	186.2	186.6	187.0
	2006	190.3	191.5	191.7	189.1	190.6	192.3	192.8	195.4	199.6	201.5	204.3	206.7
	2007	207.1	207.3	205.8	205.2	205.6	206.3	209.2	211.1	211.5	212.6	213.9	213.7
	2008	215.7	217.2	219.2	220.9	220.2	221.1	224.7	224.8	225	231.3	233.6	236.2
	2009	239.2	244.7	244.9	246.5	250.4	251.6	252.7	254.3	259.4	261.6	290.5	267.0
Rice	1999	148.4	157.1	159.3	167.0	167.3	170.5	172.2	176.9	178.3	178.8	175.8	169.7
	2000	166.9	166.0	166.6	169.9	171.0	171.9	173.1	170.5	167.6	164.3	162.8	164.8
	2001	164.8	163.8	165.1	166.8	169.3	171.0	171.1	168.6	169.8	168.9	168.3	165.6
	2002	161.5	161.6	161.6	162.4	162.5	162.6	166.4	168.0	168.6	167.0	166.9	165.8
	2003	165.9	167.0	168.4	168.3	169.9	171.0	171.9	172.4	172.6	172.7	169.3	163.2
	2004	164.4	165.5	164.5	163.3	164.9	166.6	167.1	169.0	170.2	170.1	169.1	168.7
	2005	168.5	170.2	170.3	170.9	170.5	173.7	175.8	177.5	177.8	178.1	176.8	173.5
	2006	173.0	173.3	173.6	174.6	176.4	177.3	177.3	178.3	179.7	181.5	182.0	181.1
	2007	181.1	181.9	183.7	185.5	186.0	186.5	188.4	190.6	192.6	193.2	194.1	193.1
	2008	195.5	196.8	198.9	201.7	200.8	200.7	203.1	203.2	203	214.9	218.5	222.2
	2009	225.2	230.5	232.2	231.3	233.8	235.8	237.4	238.8	244.8	245.6	248.0	249.6
Wheat	1999	162.9	171.7	173.2	163.4	161.7	164.7	170.8	175.0	178.6	179.3	180.9	180.2
	2000	180.8	180.7	180.3	179.8	178.4	178.8	178.3	177.4	175.8	175.9	177.1	176.1
	2001	175.6	174.0	172.0	173.9	175.1	176.3	177.2	175.6	172.7	173.5	174.8	175.5
	2002	173.9	177.0	178.4	173.0	171.5	172.0	172.3	173.0	175.0	175.2	177.1	178.6
	2003	179.1	182.1	179.9	176.5	174.8	176.2	176.1	176.0	176.3	178.0	183.2	187.1
	2004	190.9	192.6	188.6	180.3	178.0	179.4	179.8	183.9	183.7	184.6	186.7	187.7
	2005	188.5	189.6	187.2	180.9	180.0	183.6	186.1	184.8	184.9	187.0	191.0	196.2
	2006	205.5	209.0	209.4	198.9	199.2	200.0	201.1	207.4	216.8	221.2	228.4	233.7
	2007	234.5	232.1	224.5	218.5	217.0	217.1	222.6	224.3	224.2	227.1	230.2	229.8
	2008	231.4	232.6	233.4	233.4	232.6	233.8	240.8	239.9	241.7	238.5	239.3	240.9
	2009	243.6	246.8	244.2	246.8	249.9	249.0	248.6	247.6	253.4	260.7	279.7	269.9

Figures for the month of December 2009 are provisional

ANNEX.

**ANNEXURE - V**  
**(Para 3.10)**

**PERCENTAGE OF LEVY RICE TO BE DELIVERED IN STATES/UTs**  
**UNDER LEVY ORDERS DURING KMS 2009-10**

Sl. No.	Name of the State/UTs	Category	Quantum of Levy
1	2	3	4
1.	ANDHRA PRADESH	MILLERS/DEALERS	75% **
2.	ASSAM	MILLERS	50%
3.	BIHAR	MILLERS/DEALERS	50%
4.	CHHATISGARH	MILLERS/DEALERS	50%
5.	DELHI	MILLERS/DEALERS	75%
6.	GUJARAT	MILLERS	50 %
7.	HARYANA	MILLERS/DEALERS	75% +25%@
8.	HIMACHAL PRADESH	MILLERS/DEALERS	50%
9.	JAMMU & KASHMIR	MILLERS/DEALERS	50%
10.	JHARKHAND	MILLERS/DEALERS	50%
11.	KARNATAKA	MILLERS/DEALERS	33.33%
12.	MADHYA PRADESH	MILLERS/DEALERS	30%
13.	MAHARASHTRA	MILLERS/DEALERS	30%
14.	NAGALAND	MILLERS/DEALERS	50%
15.	ORISSA	MILLERS	75%
16.	PUNJAB	MILLERS/DEALERS	75%
17.	RAJASTHAN	MILLERS/DEALERS	50%
18.	TAMIL NADU	MILLERS/DEALERS	30%
19.	UTTAR PRADESH	MILLERS/DEALERS	75% *
20.	UTTARAKHAND	MILLERS/DEALERS	75%
21.	WEST BENGAL	MILLERS/Wholesalers	50%
22.	CHANDIGARH	MILLERS/DEALERSMMM	75%
23.	PONDICHERY	MILLERS/DEALERS	10% (20% transport levy)

\* Increased from 60% to 75%.

@ Permission to deliver option levy of 25% over and above the existing compulsory levy of 75%.

\*\* permission to A.P. Rice Millers to deliver advance levy upto 100% in form of raw rice upto 31.3.2010 and adjustment of advance levy collected will be made against the levy rice delivered by millers till September, 2010.

ANNEX.

STATUS OF IDENTIFICATION OF HOUSEHOLDS UNDER AAY  
(INITIAL & ADDITIONAL)

(Fig. in lakhs)(As on 30.11.2009)

Sl. No.	States/UTs	No. of Initial BPL Families as on 1.3.2000	Estimated No. of AAY families					AAY families identified & RC issued				
			Initial 25.12.00	1st exp. 05.06.03	2nd exp. 03.08.04	3rd exp. 12.05.05	Total	Initial	1st exp.	2nd exp.	3rd exp.	Total
1	Andhra Pd	40.63	6.228	3.117	2.991	3.242	15.578	6.228	3.117	2.991	3.242	15.578
2	Arunachal Pd	0.99	0.151	0.077	0.073	0.079	0.380	0.151	0.077	0.073	0.079	0.380
3	Assam	18.36	2.815	1.408	1.352	1.465	7.040	2.815	1.408	1.352	1.465	7.040
4	Bihar	65.23	10.000	5.003	4.802	5.205	25.010	10.000	5.003	4.802	4.480	24.285
5	Chattisgarh	18.75	2.874	1.439	1.380	1.496	7.189	2.874	1.439	1.380	1.496	7.189
6	Delhi	4.09	0.626	0.315	0.301	0.326	1.568	0.626	0.315	0.301	0.260	1.502
7	Goa	0.48	0.073	0.037	0.035	0.039	0.184	0.073	0.037	0.035		0.145
8	Gujarat	21.20	3.250	1.626	1.561	1.691	8.128	3.250	1.626	1.561	1.661	8.098
9	Haryana	7.89	1.209	0.606	0.581	0.629	3.025	1.209	0.606	0.581	0.528	2.924
10	Himachal Pd	5.14	0.787	0.395	0.378	0.411	1.971	0.787	0.395	0.378	0.411	1.971
11	J & K	7.36	1.129	0.564	0.542	0.587	2.822	1.129	0.564	0.542	0.322	2.557
12	Jharkhand	23.94	3.665	1.841	1.762	1.911	9.179	3.665	1.841	1.762	1.911	9.179
13	Karnataka	31.29	4.797	2.400	2.303	2.497	11.997	4.797	2.400	2.303	2.497	11.997
14	Kerala	15.54	2.382	1.192	1.144	1.240	5.958	2.382	1.192	1.144	1.240	5.958
15	Madhya Pd	41.25	6.324	3.164	3.037	3.291	15.816	6.324	3.164	3.037	3.291	15.816
16	Maharashtra	65.34	10.017	5.011	4.810	5.215	25.053	10.02	5.011	4.810	4.801	24.639
17	Manipur	1.66	0.255	0.127	0.122	0.132	0.636	0.255	0.127	0.122	0.132	0.636
18	Meghalaya	1.83	0.281	0.140	0.135	0.146	0.702	0.281	0.140	0.135	0.146	0.702
19	Mizoram	0.68	0.105	0.051	0.050	0.055	0.261	0.105	0.051	0.050	0.055	0.261
20	Nagaland	1.24	0.189	0.096	0.091	0.099	0.475	0.189	0.096	0.091	0.099	0.475
21	Orissa	32.98	5.055	2.530	2.428	2.632	12.645	5.055	2.530	2.428	2.632	12.645
22	Punjab	4.68	0.717	0.359	0.345	0.373	1.794	0.717	0.359	0.345	0.373	1.794
23	Rajasthan	24.31	3.726	1.865	1.790	1.940	9.321	3.726	1.865	1.790	1.940	9.321
24	Sikkim	0.43	0.067	0.032	0.032	0.034	0.165	0.067	0.032	0.032	0.034	0.165
25	Tamil Nadu	48.63	7.455	3.730	3.580	3.881	18.646	7.455	3.730	3.580	3.881	18.646
26	Tripura	2.95	0.452	0.227	0.217	0.235	1.131	0.452	0.227	0.217	0.235	1.131
27	Uttar Pd	106.79	16.371	8.191	7.861	8.522	40.945	16.37	8.191	7.861	8.522	40.945
28	Uttarakhand	4.98	0.763	0.382	0.367	0.397	1.909	0.763	0.382	0.367		1.512
29	West Bengal	51.79	7.939	3.973	3.813	4.132	19.857	7.939	3.973	2.887		14.799
30	A & N	0.28	0.043	0.021	0.021	0.022	0.107	0.043				0.043
31	Chandigarh	0.23	0.035	0.018	0.017	0.018	0.088	0.015				0.015
32	D&N Haveli	0.18	0.028	0.013	0.013	0.015	0.069	0.028	0.013	0.011		0.052
33	Daman & Diu	0.04	0.006	0.003	0.003	0.003	0.015	0.006	0.003	0.003	0.003	0.015
34	Lakshdweep	0.03	0.004	0.003	0.002	0.003	0.012	0.004	0.003	0.002	0.003	0.012
35	Pondicherry	0.84	0.128	0.065	0.062	0.067	0.322	0.128	0.065	0.062	0.067	0.322
	Total	652.03	99.946	50.021	48.001	52.030	249.998	99.926	49.982	47.035	45.806	242.749

\* Out of the 50 lakh households in the 2nd expansion, 48 lakh households (from BPL) had been earmarked for expansion state wise and the remaining 2 lakh households were to be identified subsequently by the State where error of inclusion came to light.

\*\* The left over expansion of 2 lakh families of 2nd expansion have been included in the 3rd expansion of AAY scheme to 52 lakh families from 50 lakh families.



DIRECTORATE OF SUGAR  
(STAT-II SECTION)

STATEMENT SHOWING RANGE OF STATUTORY MINIMUM PRICE OF SUGARCANE NOTIFIED  
AND THE PRICE PAID BY THE SUGAR MILLS IN DIFFERENT STATES OF THE COUNTRY.

(IN RS. PER QUINTAL)

STATE	2003-04		2004-05		2005-06(P)		2006-07(P)		2007-08(P)		2008-09(P)	
	SMP	PRICE PAID #	SMP	PRICE PAID##	SMP	PRICE PAID ###	SMP @	PRICE PAID@@	SMP \$	PRICE PAID@@	SMP \$	PRICE PAID
UTTAR PRADESH	73.00 to 92.50	92.50 to 100.00	74.50 to 95.62	104.50 to 112.00	79.50 to 92.70	112.50 to 120.00	80.25 to 94.65	122.50 to 130.00	81.18 to 95.58	81.18 to 123.00	81.18 to 95.58	137.50 to 145.00
UTTARANCHAL	75.81 to 90.00	92.50 to 100.00	76.00 to 89.46	104.50 to 112.00	79.50 to 90.06	112.50 to 120.00	80.25 to 86.55	124.50 to 132.00	81.18 to 91.98	110.00 to 132.00	81.18 to 92.88	143.00 to 148.00
BIHAR	73.00 to 83.20	73.45 to 83.20	75.38 to 85.06	72.27 to 95.00	81.26 to 86.54	79.91 to 117.13	82.95 to 87.45	82.95 to 108.00	81.18 to	87.50 to 96.00	81.18 to 87.48	81.18 to 120.00
PUNJAB	73.00 to 93.40	96.00 to 100.00	74.50 to 92.88	96.00 to 100.00	79.50 to 94.46	111.00 to 115.00	80.25 to 92.85	126.00 to 132.00	81.18 to 99.18	126.00 to 132.00	81.18 to 101.88	155.00 to 165.00
HARYANA	79.80 to 93.40	104.00 to 110.00	75.38 to 96.50	111.00 to 117.00	83.90 to 94.46	121.00 to 135.00	80.25 to 91.05	126.00 to 138.00	81.18 to 95.58	126.00 to 138.00	81.18 to 95.58	160.00 to 170.00
ASSAM	-	-	-	-	-	-	-	-	-	-	-	-

## ANNEX.

STATE	2003-04		2004-05		2005-06(P)		2006-07(P)		2007-08(P)		2008-09(P)	
	SMP	PRICE PAID #	SMP	PRICE PAID##	SMP	PRICE PAID ###	SMP @	PRICE PAID@@	SMP \$	PRICE PAID@@	SMP \$	PRICE PAID
WEST BENGAL	73.85	79.60	74.50	N.A.	79.50	N.A.	80.25	103.00	81.18		81.18	119.00
ORISSA*	77.25 to 83.20	73.62 to 83.00	74.50 to 92.10	80.00 to 92.10	79.50 to 90.06	87.50 to 92.00	80.25 to 88.35	88.35 to 94.50	81.18 to 96.48	90.00 to 98.00		90.00 to 91.98
MADHYA PRADESH	81.50 to 91.70	82.00 to 86.98	80.66 to 95.62	77.50 to 117.23	79.50 to 99.74	95.00 to 142.61	80.25 to 100.95	80.25 to 132.74	81.18 to 100.08	93.72 to 108.14	81.18 to 97.38	81.18 to 118.00
RAJASTHAN	-	N.A.	-	86.30 to 107.50				96.00 to 115.00	81.18			139.70 to 153.20
MAHARASHTRA*	73.00 to 118.90	56.00 to 111.89	74.50 to 110.58	67.80 to 110.00	79.50 to 112.94	75.00 to 120.00	80.25 to 121.65	85.00 to 112.00	81.18 to 118.98	81.18 to 123.48	81.18 to 123.48	81.18 to 123.48
GUJARAT*	85.75 to 101.05	99.50 to 134.00	82.10 to 102.00	96.20 to 165.00	82.14 to 102.38	94.00 to 184.10	82.95 to 103.65	82.95 to 137.30	84.78 to 106.38	44.50 to 106.38	83.88 to 106.38	86.58 to 108.89
ANDHRA PRADESH	73.00 to 101.90	73.00 to 101.90	74.50 to 101.78	74.50 to 103.40	79.50 to 106.78	79.50 to 115.00	80.25 to 101.85	80.25 to 125.00	81.18 to 104.58	81.18 to 104.58	81.18 to 103.68	115.00 to 150.00
TAMILNADU	73.00 to 103.60	73.00 to 103.60	74.50 to 100.02	74.50 to 100.02	79.50 to 93.56	101.40 to 115.48	80.25 to 97.35	80.25 to 113.30	81.18 to 97.38	102.60 to 119.60	81.18 to 97.38	110.00 to 127.00

STATE	2003-04		2004-05		2005-06(P)		2006-07(P)		2007-08(P)		2008-09(P)	
	SMP	PRICE PAID #	SMP	PRICE PAID##	SMP	PRICE PAID###	SMP @	PRICE PAID@@	SMP \$	PRICE PAID@@@	SMP \$	PRICE PAID
KARNATAKA*	73.00 to 108.70	81.00 to 107.00	74.50 to 99.14	82.00 to 130.00	79.50 to 101.50	95.00 to 138.00	80.25 to 113.55	80.25 to 120.00	81.18 to 109.08	81.18 to 109.08	81.18 to 113.58	81.18 to 113.58
KERALA	73.00	-	-	-	-	-	-	-	-	-	-	-
PONDICHERY	84.05 to 85.75	91.00	85.94	101.00	85.66	108.00	80.25	113.00	81.18	113.00	81.18	120.70
NAGALAND	-	-	-	-	-	-	-	-	-	-	-	-
GOA	79.80	80.00	78.02	74.50 to 105.00	79.50	80.00 to 125.00	82.95	82.95 to 110.00	86.58	70.00 to 80.00	105.00 to 135.00	105.00 to 135.00
CHATTISGARH			86.82	N.A.	90.06	NA	86.55	NA	81.18	NA	81.18	NA

(P) PROVISIONAL (N.A.) NOT AVAILABLE (#) AS ON 31.01.2004 (##) AS ON 30.9.2005 (###) AS ON 15.01.2006 (@) For 357 sugar mills only (@@) Based on information received from the sugar mills for the F.E. 31.01.07 (@@@) Based on return of 190 sugar mills received for the F.E. 31.01.2008. (S) For 475 sugarmills.

(\*) IN RESPECT OF THE STATES OF MAHARASHTRA, GUJARAT, KARNATAKA & ORISSA, THE FINAL CANE PRICE IS DECIDED AFTER THE CLOSE OF SUGAR SEASON. IN THE CASE OF MAHARASHTRA, THE AVERAGE HARVESTING & TRANSPORTATION CHARGES @ RS.25/- PER QUINTAL ARE NOT INCLUDED IN THE PRICE PAID.

ANNEX.

