



सत्यमेव जयते

Government of India

# ANNUAL REPORT

## 2006-2007



MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION  
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)



Hon'ble Minister for Agriculture, Consumer Affairs, Food and Public Distribution, Shri Sharad Pawar, witnessing protected cultivation technology demonstration in the Pusa Krishi Vigyan Mela - 2007.



Dr. Akhilesh Prasad Singh, Minister of State for Consumer Affairs, Food and Public Distribution, the Chief Guest at the 46<sup>th</sup> Convocation of the National Sugar Institute held on 23<sup>rd</sup> October 2006 in Kanpur.



Hon'ble Minister for Agriculture, Consumer Affairs, Food & Public Distribution, Shri Sharad Pawar, witnessing the thematic pandal of Pusa Krishi Vigyan Mela - In the Service of Farmers - 2007.

**ANNUAL REPORT  
2006-2007**

**DEPARTMENT OF FOOD AND PUBLIC  
DISTRIBUTION**  
(Ministry of Consumer Affairs,  
Food and Public Distribution)



GOVERNMENT OF INDIA  
NEW DELHI



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# Chapter-1

**DEPARTMENT OF  
FOOD AND  
PUBLIC DISTRIBUTION**

# 1

## Department of Food and Public Distribution

### ORGANISATION

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.

**1.1** The Department of Food and Public Distribution works under the overall guidance of the Union Minister of Consumer Affairs, Food and Public Distribution, Shri Sharad Pawar who is assisted by the Minister of State Dr. Akhilesh Prasad Singh.

**1.2** Shri T. Nanda Kumar has been working as Secretary, Department of Food and Public Distribution with effect from 02.07.2006. His predecessor was Sh. R.N. Das.

**1.3** The sanctioned staff strength of the Department is indicated at **Appendix-I**. The organisational chart of the Department of Food and Public Distribution is at **Appendix-II**.

### FUNCTIONS

**1.4** 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 foodgrains 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 statutory minimum prices 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.

**1.5** In discharging its various functions, the Department of Food and Public Distribution has under its administrative control three Public Sector Undertakings, viz, Food Corporation of India (FCI), Central Warehousing Corporation (CWC) Hindustan Vegetable Oils Corporation Limited (HVOC); two attached offices, namely, Directorate of Sugar and Directorate of Vanaspati, Vegetable Oils and Fats, and subordinate offices, viz., National Sugar Institute, Kanpur; Save Grain Campaign Offices; Indian Grain Management Research Institute, Hapur and its three Field Stations.

**HIGHLIGHTS****(A) PUBLIC DISTRIBUTION SYSTEM (PDS)**

- (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 subsidised rate of Rs.2/- per kg.. for wheat and Rs. 3/ per kg. for rice. The scale of issue that was initially 25 kgs. per family per month has been increased to 35 kgs. per family per month with effect from 1<sup>st</sup> April, 2002.
- (ii) The AAY Scheme was expanded in 2003-2004 by adding another 50 lakh households from amongst the BPL families (1<sup>st</sup> expansion).
- (iii) The Antyodaya Anna Yojana (AAY) was again expanded with effect from 1<sup>st</sup> August, 2004 by another 50 lakh BPL families by including, inter-alia, all households at the risk of hunger (2<sup>nd</sup> expansion).
- (iv) 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. With this increase, 2.5 crore households (i.e. 38% of BPL) have been covered under the AAY (3<sup>rd</sup> expansion).
- (v) A meeting of the State Food Ministers/State Food Secretaries under the Chairmanship of MOCAF&PD was held on 29.3.2006 to strengthen the TPDS. Based on the discussions held in this meeting as well as other observations contained in the PEO Report & ORG Marg report, nine action points were evolved.

- (vi) A Committee, under the Chairmanship of Shri L. N. Vijayaraghavan, Principal Commissioner, Food & Civil Supplies, Government of Tamil Nadu has also been constituted to review the performance of TPDS.
- (vii) As a step towards streamlining the PDS operation, instructions were issued to all States/UTs to display prominently, name of the State, destination, commodity, agent's name in the wind shield & rear side of the truck/ vehicle carrying PDS articles from FCI godown to FPS.

**(B) VILLAGE GRAIN BANKS SCHEME**

- (i) A Centrally Sponsored Scheme of Grain Banks in Tribal Villages was launched during 1996-97 by the Ministry of Tribal Affairs in 11 States. During 1996-97 to 2004-05 Ministry of Tribal Affairs released Rs.10.26 crores for establishing 4858 Grain Banks. The main objective of the scheme is to provide safeguard against starvation during the period of natural calamity or during lean season.
- (ii) The scheme was transferred to this Ministry on 24.11.2004. The revised Village Grain Bank Scheme for establishment of Village Grain Banks in chronically food scarce areas was approved by Ministry of Finance on 15.2.2006 for the year 2005-06 and 2006-07 subject to its evaluation in the 11<sup>th</sup> Plan. During 2005-06, Rs. 19.76 crores have been sanctioned for 3282 Village Grain Banks. During 2006-07, Rs. 41.85 crores have been sanctioned for 6721 Village Grain Banks. An amount of Rs. 16.91 crores have been projected for establishment of 2000 Grain Banks during 2007-08.

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## DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

### (C) PROCUREMENT OF FOODGRAINS

- (i) During Kharif Marketing Season (KMS) 2005-06 (October, 2005 to September, 2006) there was record procurement of 276.6 lakh tonnes of paddy/rice which was 29.8 lakh tonnes more than the previous record of 246.8 lakh tonnes in KMS 2004-05.
- (ii) Procurement of coarsegrains in KMS 2005-06 was 11.5 lakh tonnes, which was 3.2 lakh tonnes higher than KMS 2004-05.
- (iii) Till 31<sup>st</sup> December, 2006, 128.7 lakh tonnes of rice has been procured in KMS 2006-07 (October, 2006 to September, 2007) compared to 133.41 lakh tonnes in the same period in KMS 2005-06.
- (iv) 92.2 lakh tonnes of wheat have been procured for the Central Pool during the Rabi Marketing Season (RMS) 2006-07 (April, 2006 to March, 2007) compared to 147.9 lakh tonnes during RMS 2005-06.
- (v) The scheme of Decentralised 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. Due to encouragement provided by the Central Government for this scheme, eleven States have already opted for this scheme.
- (vi) There was record procurement of 110 lakh tonnes of paddy/rice by DCP States in KMS 2005-06, which was 16 lakh tonnes more than the previous record of 94 lakh tonnes in KMS 2004-05.

### (D) ALLOCATION/OFFTAKE OF FOODGRAINS

- (i) The offtake of wheat and rice from the Central Pool under Targeted Public Distribution System (TPDS) during the first nine months (April 2006-December, 2006) of the financial year 2006-07 was 226.231 lakh tonnes. This comprises of 100.86 lakh tonnes under Below Poverty Line (BPL), 62.313 lakh tonnes under Antyodaya Anna Yojana (AAY) and 63.058 lakh tonnes under Above Poverty Line (APL).
- (ii) The offtake under various Welfare Schemes was 37.528 lakh tonnes during April, 2006-December, 2006.
- (iii) During the first nine months of the current financial year 2006-07 (April 2006 - December, 2006) the offtake of foodgrains from the Central Pool was 263.858 lakh tonnes (100.86 lakh tonnes under BPL, 62.31 lakh tonnes under AAY, 63.06 lakh tonnes under APL and 37.63 lakh tonnes under other schemes) as against the offtake of 311.64 lakh tonnes of foodgrains (117.94 lakh tonnes under BPL, 54.76 lakh tonnes under AAY, 59.12 lakh tonnes under APL and 79.82 lakh tonnes under other Schemes) during the corresponding period of last year 2005-06 (April 2005-December, 2005).

### (E) EXPORT AND IMPORT OF FOODGRAINS

- (i) The scheme for sale of foodgrains from Central pool was undertaken in the year 2000 to liquidate the excess stocks in the Central Pool, which would have led to huge expenditure on storage and handling charges. Over the next three years, this objective was met and the stock level came within manageable limits. On a review, it was decided to stop fresh allocation from 11<sup>th</sup>

August, 2003. After meeting the pending commitments of exports, sale of foodgrains for commercial exports have been totally stopped with effect from 1<sup>st</sup> October, 2004.

- (ii) Keeping in view the reduced wheat stocks in the Central Pool, the need to keep a check on the open market prices of wheat as well as to augment the domestic availability of wheat and not to compromise in the matter of food security, Government decided to permit the State Trading Corporation (STC) to import 55 lakh MTs of wheat in 2006.
- (iii) The Cabinet has allowed this Department to enter into counter trade or extend commodity assistance in the form of foodgrains to the poor or needy countries on terms decided on a case to case basis. The humanitarian assistance in the form of foodgrains has been extended to various countries on the recommendations of the Ministry of External Affairs.

## (F) SUGAR

- (i) In order to curb the prices of sugar in the domestic market, the Government banned export of sugar w.e.f. 22<sup>nd</sup> June, 2006 vide Notification dated 4<sup>th</sup> July, 2006 upto the end of current financial year except exports permitted through ISEC subject to the quantitative ceiling notified by the Directorate General of Foreign Trade (DGFT) from time to time. However, in view of the estimated higher production of sugar in 2006-07 (October-September) sugar season, Government vide Notification dated 4<sup>th</sup> January, 2007 relaxed ban on export of sugar and allowed exports against Advance Licences. The Government has further

relaxed the ban and has allowed export of sugar under OGL vide Notification dated 23<sup>rd</sup> January, 2007. As on 21-2-2007, release orders under Advance License Scheme for 2,25,030 MTs of sugar for export have been issued. For export of sugar under OGL, release orders for 2,04,135 MTs. have been issued as on 21-2-2007.

- (ii) The Central Government have fixed the Statutory Minimum Price (SMP) of sugarcane for the year 2006-07 sugar season at Rs.80.25 per quintal linked to a basic recovery rate of 9% subject to a premium of Re.0.90 for every 0.1 percentage point in increase in recovery above that level. Further, the Central Government in advance, have fixed the SMP of sugarcane for the 2007-08 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 percentage point increase in recovery above that level.

### Amendment of the Sugarcane (Control) Order, 1966 – Distance between two sugar factories

- (iii) Sugar industry was deleted from the list of industries requiring compulsory licensing under provisions of the Industries (Development and Regulation), Act, 1951 vide Press Note No.12 dated 31.08.98. However, while de-licensing the sugar industry, the Government also decided that in order to avoid unhealthy competition among sugar factories to procure sugarcane, a minimum distance of 15 kms. would continue to be observed between an existing and a new mill by exercise of powers under the Sugarcane (Control) Order, 1966. The Press Note also laid down that the entrepreneurs would be required to file an Industrial Entrepreneur Memoranda (IEM) with the Secretariat of

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## DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

Industrial Assistance (SIA) in the then Ministry of Industry in terms of Press Note dated 22.08.91. However, difficulties arose in the maintenance of the requisite distance of 15 kms. Further, the judicial pronouncements were that the minimum distance criteria of 15 kms as mentioned in Press Note date 31.08.98 is directive in nature and not mandatory and the said Press Note provides for the minimum distance to be observed between an existing sugar mill and a new sugar mill and not between the two proposed sugar mills.

- (iv) After consultation with the State Governments of major sugarcane producing States, representatives of Apex bodies of the Sugar Industry and Farmers, concerned Central Government Departments/ Planning Commission and Commission for Agricultural Cost & Prices (CACP) an amendment to the Sugarcane (Control) Order, 1966 has been made vide Notification no. S.O. 1940(E) dated 10<sup>th</sup> November 2006. It provides that no new sugar factory shall be set up within the radius of 15 kms. of any existing sugar factory or another new sugar factory. However, the State Governments have been authorised to fix minimum distance higher than 15 kms for their respective States where they consider it necessary and expedient in public interest, with the prior approval of the Central Government.

### **Repeal of the Sugarcane Press Mud (Control) Order, 1959**

- (v) Press Mud was declared as essential item vide GSR No. 503/ Ess. Com. dated 15.04.1959. Accordingly, the Sugarcane Press-Mud (Control) Order, 1959 dated 29.04.1959 was issued which provided that no producer of sugar would sell press-mud

except to a purchaser who furnished to him a certificate in writing that he would sell or use the press-mud purchased by him only as manure. Press mud was deleted from the list of essential commodities vide GSR 1036 (E) dated 27.12.1993 by the Department of Consumer Affairs. The advice of Ministry of Law and Justice was solicited whether a repeal order is required to be issued in this regard. On the advice of Ministry of Law and Justice, this Department issued an order notified vide Notification dated 07.09.2006 repealing the Sugarcane Press Mud (Control) Order, 1959.

### **(G) SAVE GRAIN CAMPAIGN**

- (i) To augment the limited infrastructure and resources available with the SGC and in order to cover larger number of farmers/villages, active collaboration and support both in terms of money and in kind was ensured from the State Governments, NGOs Gram Panchayats, Corporate Houses like SAIL, TATA Steel etc
- (ii) At present, Indian Grain Storage Management and Research Institute (IGMRI) situated at Hapur (UP) and its field stations at Ludhiana (Punjab) Hyderabad (AP), and Jorhat (Assam) are carrying out research and training activities in the field of post harvest grain management. These institutions are organising various types of training programmes on all aspects of post harvest technology of foodgrains for the benefit of Central and State Government officers, public undertakings, pest control operators, Agricultural Engineering graduates, food science and quality control graduate girls and also for foreign participants. The technology developed by these institutes is transferred to the farming community through Save Grain Campaign and also to the corporate level

officers for adoption/introduction of scientific storage of foodgrains.

## (H) WAREHOUSING

- (i) A Notification amending the Central Warehousing Corporation Rules, 1963 has come in to force with effect from 1.12.2006, making provision for four posts of Non-Official Directors and two posts of Government Directors in place of existing three posts of Non-official Directors and three posts of Government Directors respectively on the Board of CWC. The process to appoint three Non-Official Directors on the Board of CWC is in advance stage. This would enable delegation of greater financial powers and autonomy to CWC, a Mini Ratna Company. Prior to this, three posts of functional Directors have been created on the Board of CWC by amending Warehousing Corporation Act, 1962. The Gazette Notification to this effect has come into force w.e.f. 15.11.2005. The process to appoint three functional Directors on the Board of CWC is also in advance stage.

## (I) EDIBLE OILS

- (i) With effect from 01.03.2006, customs duty on Vanaspati has been raised from 30% to 80%. In addition, edible oils (except soyabean oil, rapeseed oil, and mustard oil) attract education cess 2% of the aggregate of customs duty.
- (ii) With effect from 01.03.2006, all these oils attract a special additional duty of customs @ 4%. With effect from 08.08.2006, special additional duty of customs on vanaspati

imported from Nepal under Tariff Rate Quota (TRQ) has been exempted.

- (iii) Import of vanaspati including bakery shortening and margarine under the Indo-Sri Lanka Free Trade Agreement was to be made only by National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED). The said Public Notice has been withdrawn with effect from 21<sup>st</sup> November, 2006. Vide Public Notice No. 69(RE-2006)/2004-09 dated 21<sup>st</sup> November, 2006 issued by the Ministry of Commerce & Industry, the total quantum of import of vanaspati including bakery shortening and margarine under Indo-Sri Lanka Free Trade Agreement has been restricted to 2.5 lakh MTs per annum as per arrangements indicated in the said Notice.
- (iv) With effect from 11.8.2006, import duty on Crude Palm Oil/Crude Palmolein has been reduced from 80% to 70% and import duty on refined Palm Oil/RBD Palmolein reduced from 90% to 80%.
- (v) With effect from 24.1.2007, import duty on Crude Palm Oil/Crude Palmolein has been reduced from 70% to 60%, import duty on refined Palm Oil/RBD Palmolein reduced from 80% to 67.5%, import duty on Crude Sunflower Oil reduced from 75% to 65% and import duty on Refined Sunflower Oil reduced from 85% to 75 %.

## (J) INTERNATIONAL COOPERATION

- (i) India is a member of two International bodies, namely the International Grains Council (IGC) and International Sugar Organisation (ISO). A payment of Rs. 13,59,224/- has been made to IGC towards India's membership contribution for the year 2006-07.



Shri T. Nanda Kumar, Secretary (Food & Public Distribution) addressing the Annual Convention 2007 of the International Federation of Warehousing Logistics Association (IFWLA) at Taj Mahal Hotel, New Delhi.



# Chapter-2

## **FOOD MANAGEMENT**

# 2

## Food Management

The main elements of the Government's food management policy are procurement, storage and movement of foodgrains; public distribution and maintenance of buffer stocks. These and other related aspects of this policy, such as production, procurement and issue prices of foodgrains, quality control, imports and exports, behaviour of market prices, etc. during the year 2006-07 are discussed in the succeeding paragraphs.

### FOODGRAINS PRODUCTION DURING 2005-06 AND PRODUCTION PROSPECTS DURING KHARIF 2006-07

#### FOODGRAINS PRODUCTION DURING 2005-06

2.1 The rainfall from the south-west monsoon in 2005, for the country as a whole, was 99% of its long period average. However, higher than normal temperatures were recorded during February and March, 2006 which affected the wheat crop in some of the major growing States.

2.2 The foodgrains production during 2005-06 is estimated at 208.59 million tonnes which is 10.23 million tonnes or 5.16% more than 198.36 million tonnes of foodgrains production in 2004-05. The kharif foodgrains production estimated at 109.87 million tonnes in 2005-06 is 6.56 million tonnes or 6.35% more than 103.31 million tonnes of kharif production in 2004-05. The rabi foodgrains production estimated at 98.72 million tonnes is 3.67 million tonnes or 3.86% more than 95.05 million tonnes of rabi foodgrains production in 2004-05.

#### FOODGRAINS PRODUCTION PROSPECTS DURING KHARIF 2006-07

2.3 The cumulative rainfall from 1<sup>st</sup> to 30<sup>th</sup>

September 2006 was excess to normal in 20 meteorological sub-divisions and deficient/scanty in 14 out of the 36 meteorological sub-divisions in the country. For the country as a whole, the rainfall from the south-west monsoon in 2006 was 1 % below the long period average.

2.4 As per the 2<sup>nd</sup> advance estimates released on 05.02.2007, the foodgrains production is estimated at 209.17 million tonnes during 2006-07 which is 0.28% more than last year's foodgrains production. The production of total rice is estimated at 90.13 million tonnes while production of total coarse cereals is estimated at 32.02 million tonnes. Production of total pulses is estimated at 14.52 million tonnes which is 8.68% more than last year's production of 13.39 million tonnes.

2.5 The details of final estimates of production for 2005-06 and the 2<sup>nd</sup> advance estimates for 2006-07 are given in the **Annexure-I**.

#### PRICE POSITION OF FOODGRAINS

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

2.7 The WPI of foodgrains registered an increase of 1.1 % during January-March, 2006, when it rose to 194.8 in March, from 192.7 in January, 2006. Thereafter it fell negligible to reach 194.5 in April before rising again to 210.6 in October, i.e. a rise of 8.3% during April -October, 2006.

2.8 The index of cereals, which stood at 190.3 in January, 2006 rose to 191.7 in March, 2006 recording a rise of 0.7%, but declined by 1.4% to 189.1 in April, 2006, it again rose to 201.5 (6.6%) in October, 2006.

2.9 The WPI of rice which stood at 173.0 in January, 2006 rose to 181.5 in October, 2006 recording a rise of 4.9% during January-October 2006.

2.10 The WPI of wheat rose by 1.9% during January -March, 2006 reaching 209.4 in March from 205.5 in January, 2006. Thereafter, it declined to 198.9 in April, 2006 recording a fall of 5.0%. But, thereafter the index started rising and stood at 221.2 in October, 2006 marking an increase of 11.2% between April-October 2006.

## PROCUREMENT

2.11 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. 580/- and Rs. 610/- per quintal respectively for the 2006-2007 Kharif Marketing Season (October, 2006- September, 2007). The MSP of wheat was fixed at Rs. 650/- per quintal for the Rabi Marketing Season 2006-2007. The comparative MSP of wheat and paddy since 2002-2003 to 2007-2008 (marketing seasons) is given below:-

## Scheme of Decentralised Procurement of Foodgrains

2.12 The scheme of Decentralised Procurement of foodgrains was introduced by the Government in 1997-98 with a view to encourage local procurement to the maximum extent thereby extending the benefits of MSP to local farmers, to enhance efficiency of procurement and PDS, to provide foodgrains more suited to the local taste under the PDS and also to effect savings in transportation and handling costs of the FCI. Under the decentralised 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. In the event of the total quantity of wheat and rice thus procured falling short of the total allocation made by the Central Government for meeting the requirements of TPDS and other schemes, the Central Government, through FCI, meets the deficit out of the Central Pool stocks.

(Rs. per quintal)

YEARS	WHEAT	PADDY	
		COMMON	GRADE-A
2002-2003	620	530*	560*
2003-2004	620 **	550	580
2004-2005	630	560	590
2005-2006	640	570	600
2006-2007	650#	580@	610@
2007-2008	750		

\* The Government approved the payment of special drought relief price of Rs.20 per quintal for paddy.

\*\* The Government approved the payment of special drought relief price of Rs.10 per quintal for wheat.

# 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 31.3.07.

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**2.13** 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, Uttaranchal, Andaman & Nicobar Islands, Orissa, Tamil Nadu, Gujarat, Karnataka and Kerala.

**2.14** The total procurement of rice in the States which have adopted decentralised 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 further to 110 lakh tonnes during KMS 2005-06.

#### Procurement of Rice

**2.15** 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 2002-2003 is given below:-

**2.16** For the year 2006-07, procurement of rice is in progress and is estimated at 270 lakh tonnes. The State-wise percentage of the procurement of rice to the Central Pool during 2005-2006 and 2006-2007 is given below:

#### PROCUREMENT OF RICE (INCLUDING PADDY IN TERMS OF RICE) DURING 2005-2006 KHARIF MARKETING SEASON FOR THE CENTRAL POOL Total Procurement = 276.56 Lakh Tonnes

States	Quantity procured	% of Quantity Procured to Total Procurement
Andhra Pradesh	49.72	17.97
Chhattisgarh	32.64	11.80
Haryana	20.54	7.43
Madhya Pradesh	1.36	0.49
Maharashtra	1.94	0.70
Orissa	17.85	6.45
Punjab	88.55	32.02
Tamil Nadu	9.26	3.35
Uttar Pradesh	31.51	11.39
Uttaranchal	3.36	1.21
Others	19.83	7.17

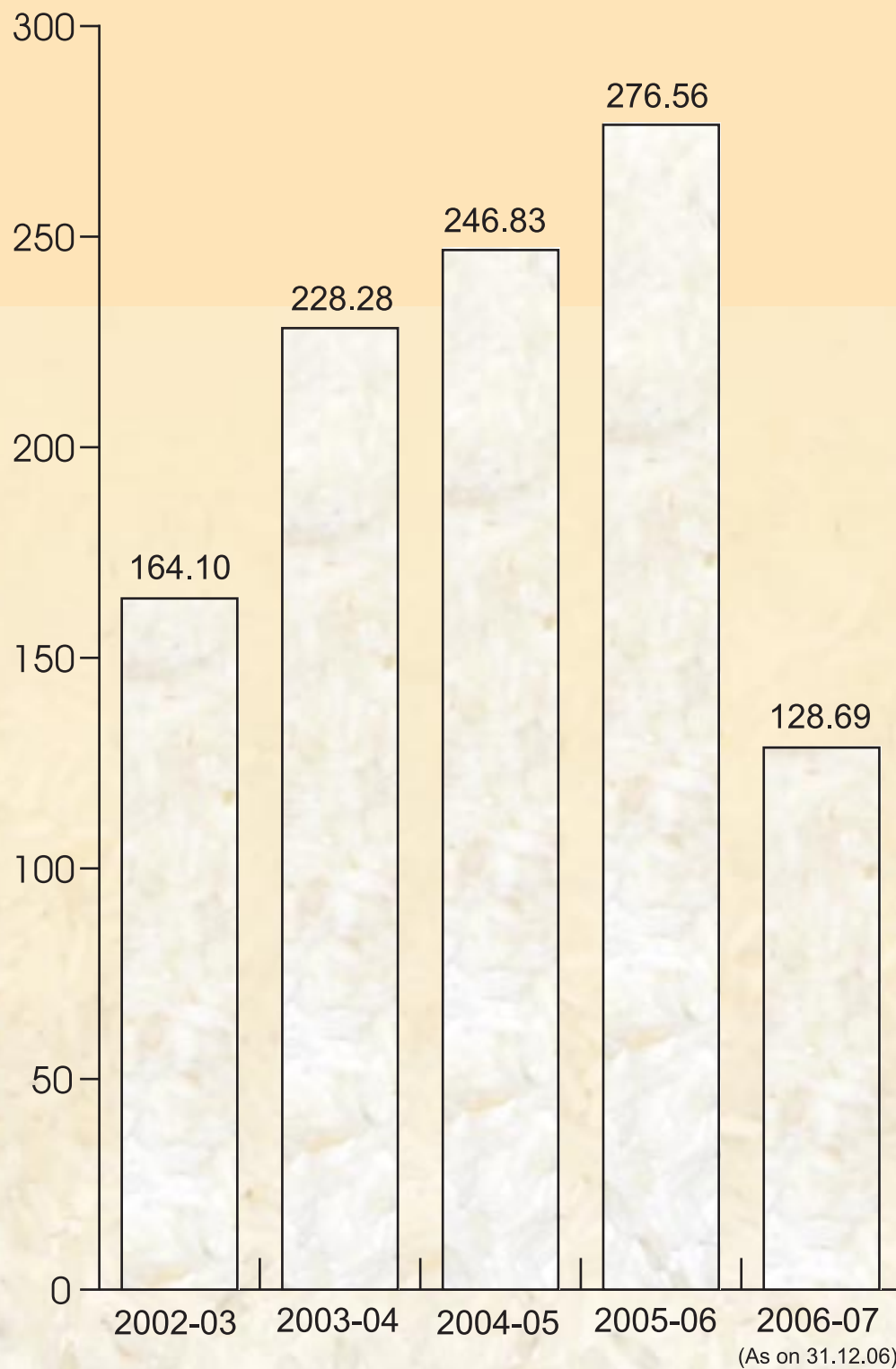
#### PROCUREMENT OF RICE FOR CENTRAL POOL (Marketing Season: October-September)

(Figures in lakh tonnes)

Years	Procurement		
	FCI	State Agencies	Total
2002-2003	72.96	91.14	164.10
2003-2004	109.73	118.55	228.28
2004-2005	116.31	130.52	246.83
2005-2006	109.77	166.80	276.56
2006-2007 (upto 31st December 2006)	110.04	18.65	128.69

# PROCUREMENT OF RICE FOR THE CENTRAL POOL (Marketing Season : October-September)

(Fig. in Lakh Tonnes)



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DEPARTMENT OF FOOD AND  
PUBLIC DISTRIBUTION

### PROCUREMENT OF RICE (INCLUDING PADDY IN TERMS OF RICE) DURING 2006-2007 KHARIF MARKETING SEASON FOR THE CENTRAL POOL

Total Procurement= 128.69 Lakh Tonnes (As on 31.12.2006)

States	Quantity procured in Lakh Tonnes	% of Quantity Procured to Total Procurement
Andhra Pradesh	9.96	7.74
Chhattisgarh	1.33	1.03
Haryana	16.86	13.10
Madhya Pradesh	0.30	0.23
Maharashtra	0.39	0.30
Orissa	3.48	2.70
Punjab	56.45	
Tamil Nadu	2.23	1.73
Uttar Pradesh	8.30	6.45
Uttaranchal	0.57	0.44
Others	12.62	9

2.17 The share of procurement of paddy by State Agencies out of the total procurement during KMS 2005-06 and 2006-07 in major States has been as under:-

### PROCUREMENT OF PADDY DURING 2005-2006 KHARIF MARKETING SEASON FOR THE CENTRAL POOL

TOTAL PROCUREMENT = 242.19 LAKH TONNES

States	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured by State Agencies to Total Procurement
	FCI	State Agencies	Total	
Andhra Pradesh	1.92	2.84	4.76	59.66
Chhattisgarh	-	19.65	19.65	100
Haryana	0.95	22.62	23.57	95.97
Madhya Pradesh	0.93	0.75	1.68	44.64
Maharashtra	-	0.58	0.58	100
Orissa	3.84	8.39	12.23	68.60
Punjab	10.42	105.71	116.13	91.02
Tamil Nadu	-	3.33	3.33	100
Uttar Pradesh	0.00	10.47	10.47	100
Others	9.15	40.64	49.79	81.62

**PROCUREMENT OF PADDY DURING 2006-2007 KHARIF MARKETING SEASON  
FOR THE CENTRAL POOL**

**Total Procurement = 161.17 Lakh Tonnes  
(As on 31.12.2006)**

States	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured by State Agencies to Total Procurement
	FCI	State Agencies	Total	
Andhra Pradesh	0.17	0.88	1.05	83.80
Chhattisgarh	-	19.65	19.65	100
Haryana	0.11	20.36	20.47	99.46
Madhya Pradesh	0.26	0.19	0.45	42.22
Maharashtra	-	0.39	0.39	100
Orissa	2.40	2.50	4.90	51.02
Punjab	2.27	103.34	105.61	97.85
Tamil Nadu	-	3.33	3.33	100
Uttar Pradesh	0.00	4.10	4.10	100
Others	0.23	0.99	1.22	81.15

**2.18** Government undertakes to purchase all wheat and paddy of prescribed specifications offered on sale by the farmers 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 currently prevailing in various States/UTs for the Kharif Marketing Season 2006-07 is given in the **Annexure-III**.

**Procurement of Wheat**

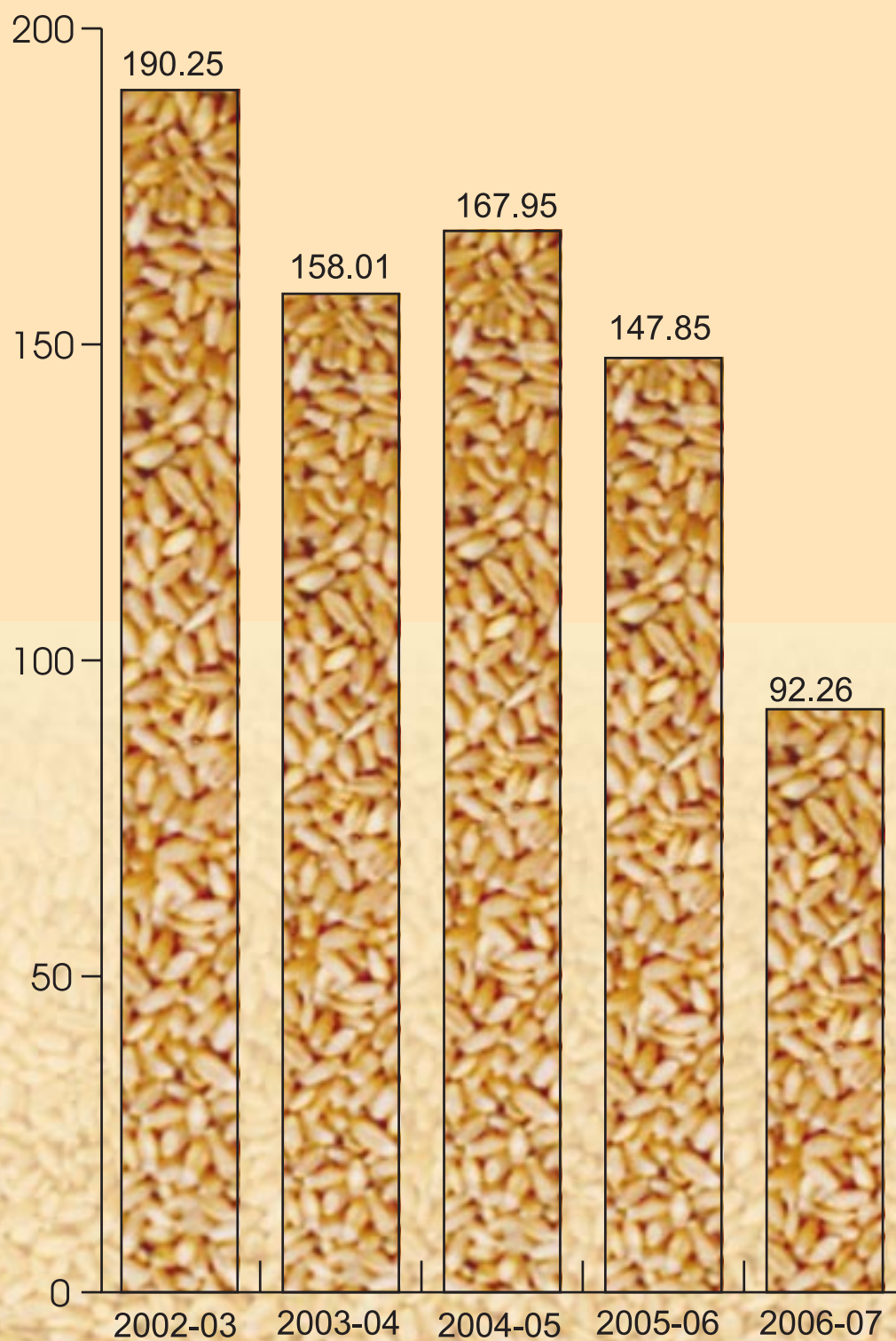
**2.19** The State-wise procurement of wheat during the last 5 years are given below:

(In lakh tonnes)

States	2002-03	2003-04	2004-05	2005-06	2006-07
Haryana	58.55	51.22	51.15	45.29	22.29
M.P.	4.24	1.88	3.50	4.84	Neg
Punjab	98.63	89.38	92.40	90.10	69.46
Rajasthan	4.61	2.59	2.79	1.59	0.02
U.P.	21.11	12.13	17.40	5.60	0.49
Others	2.78	0.81	0.71	0.43	0.00
All India	190.25	158.01	167.95	147.85	92.26

# PROCUREMENT OF WHEAT FOR THE CENTRAL POOL (Marketing Season : April-March)

(Fig. in Lakh Tonnes)





2.20 The State-wise percentage of procurement of wheat during 2006-07 is given below:-

**PROCUREMENT OF WHEAT DURING 2006-2007 RABI MARKETING SEASON**

**Total Quantity Procured = 92.26 Lakh Tonnes**

States	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured to Total Procurement
	FCI	State Agencies	Total	
Haryana	2.69	19.60	22.29	24.16
M.P.	0.00	0.00	0.00	0.00
Punjab	10.63	58.83	69.46	75.29
Rajasthan	0.02	0.00	0.02	0.02
U.P.	0.05	0.44	0.49	0.53

**CENTRAL ISSUE PRICE**

2.21 Wheat and rice are issued from the Central Pool to State Governments/UTs at uniform Central Issue Prices (CIP) for distribution under the TPDS. The CIPs of foodgrains issued under the TPDS are fixed below the economic cost. The Central Government bears a huge subsidy burden on this account, especially for making available foodgrains at highly subsidised rates under BPL and AAY categories.

2.22 After streamlining and restructuring of the Public Distribution System (PDS) with focus on the poor (Targeted PDS), two different CIPs were fixed one for families Below the Poverty Line (BPL) and the other for families Above the Poverty Line (APL).

2.23 The CIPs of rice under TPDS are as under: -

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

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

2.24 CIP of Common rice to APL families is applicable to J&K, H.P., North Eastern States, Sikkim and Uttaranchal. The CIPs are as follows :-

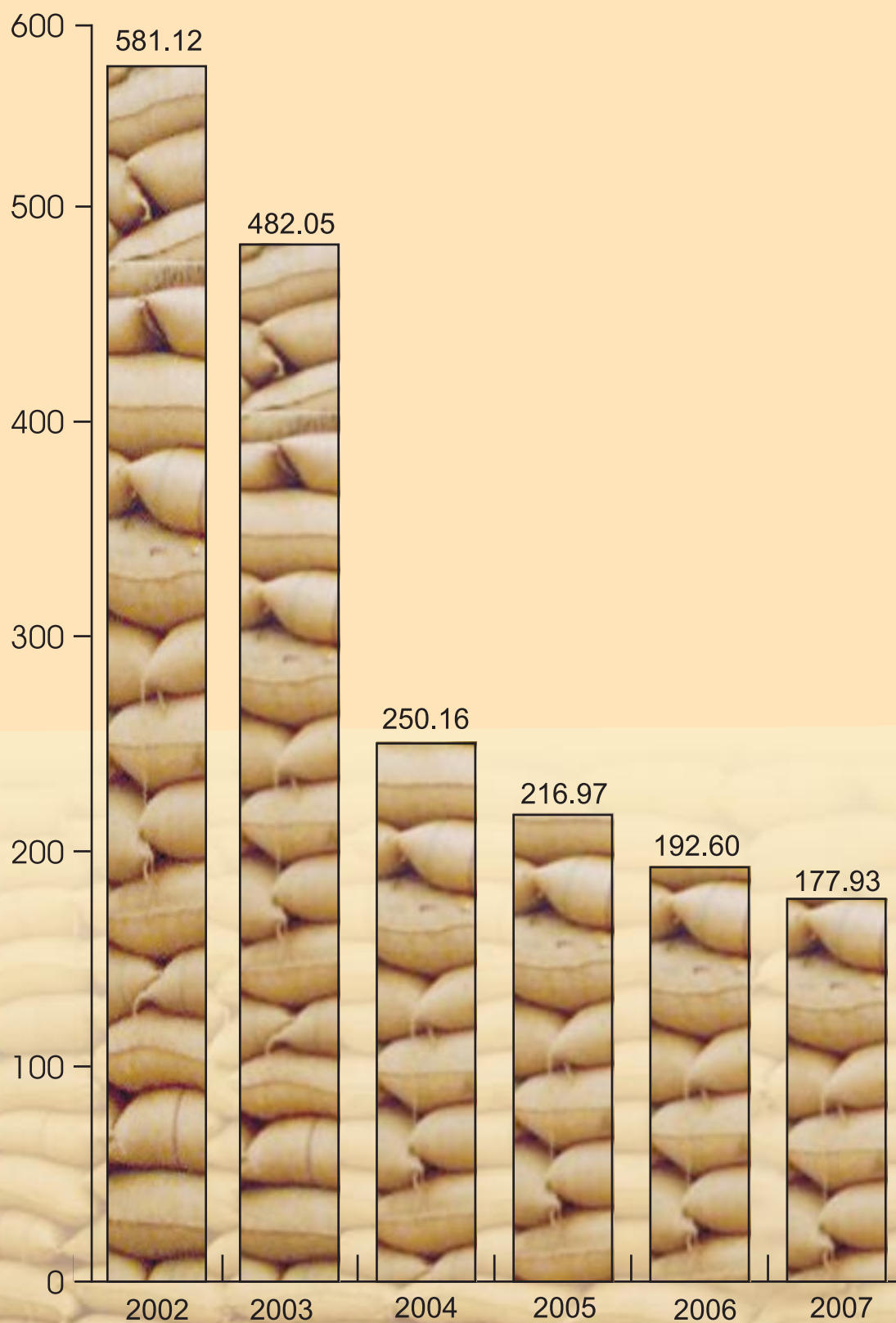
(Rs. per quintal)

Rice	APL	BPL	With effect from
Common	550	350	01.12.1997
Grade'A'	700	350	01.12.1997
Common	700	350	29.01.1999
Grade'A'	905	350	29.01.1999
Common	1135	590	01.04.2000
Grade'A'	1180	590	01.04.2000
Common	1087	565	25.07.2000
Grade 'A'	1130	565	25.07.2000
Common	795	565	12.07.2001
Grade 'A'	830		12.07.2001
Common	695	565	01.04.2002
Grade 'A'	730		01.04.2002
Common	795	565	01.07.2002 till date
Grade 'A'	830		01.07.2002 till date

# STOCK POSITION OF FOODGRAINS IN THE CENTRAL POOL

(As on 1st January)

(Fig. in Lakh Tonnes)



**CIP OF WHEAT UNDER TPDS (BPL AND APL)**

(in lakh tonnes)

(Rs. per quintal)

BPL	APL	Effective from
250	450	01.06.1997
250	650	29.01.1999
250	682	01.04.1999
450	900	01.04.2000
415	830	25.07.2000
415	610	12.07.2001
415	510	01.04.2002
415	610	01.07.2002 till date

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

**2.28** While framing the revised buffer norm for Tenth Plan as indicated above, provision has been kept for the following schemes:-

- (i) Targeted Public Distribution System (TPDS)
- (ii) Sampoorna Gramin Rojgar Yojana (SGRY)
- (iii) Sampoorna Gramin Rojgar Yojana (Special Component) & other Welfare Schemes.
- (iv) Mid Day Meal Scheme (MDM)
- (v) National Food For Work Programme (NFFWP)

**CIP of Antyodaya Anna Yojana (AAY)**

**2.25** 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**

**2.26** Food stocks are maintained by the Central Government to (i) meet the prescribed Minimum Buffer Stock norms for food security, (ii) for monthly releases of foodgrains for supply through the Public Distribution System/Welfare Schemes, (iii) to meet emergent situations arising out of unexpected crop failures, natural disasters etc. (iv) for market intervention to augment supply so as to help moderate the open market prices.

**2.27** The revised buffer norms for the remaining period of the Tenth Five Year Plan have been finalised by the Government based on the realistic requirement of foodgrains under the existing and new schemes. The following new norms have been adopted by the Government w.e.f. 1<sup>st</sup> April, 2005.

**STOCK POSITION IN CENTRAL POOL**

**2.29** The stock of foodgrains in the Central Pool as on 1.1.2007 was 177.93 lakh tonnes which comprises of 119.77 lakh tonnes of rice, 57.29 lakh tonnes of wheat and 0.87 lakh tonnes of coarse-grains. The total stock of foodgrains in the Central Pool including coarsegrains as on 1<sup>st</sup> January during the last five years was as follows: -

(in lakh tonnes)

Years	Stock
1st Jan., 2002	581.12
1st Jan., 2003	482.05
1st Jan., 2004	250.16
1st Jan., 2005	216.97
1st Jan., 2006	192.60
1st Jan., 2007	177.93

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2.30 The following table gives stock position of wheat & rice in the central pool vis-à-vis minimum buffer norms:-

(in lakh tonnes)

AS ON	WHEAT		RICE		TOTAL	
	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms
01.01.2002	324.15	84.00	256.17	84.00	580.32	168.00
01.04.2002	260.39	40.00	249.12	118.00	509.51	158.00
01.07.2002	410.74	143.00	219.37	100.00	630.11	243.00
01.10.2002	356.37	116.00	157.70	65.00	514.07	181.00
01.01.2003	288.30	84.00	193.72	84.00	482.02	168.00
01.04.2003	156.45	40.00	171.57	118.00	328.02	158.00
01.07.2003	241.94	143.00	109.74	100.00	351.68	243.00
01.10.2003	184.27	116.00	52.41	65.00	236.68	181.00
01.01.2004	126.87	84.00	117.27	84.00	244.14	168.00
01.04.2004	69.31	40.00	130.69	118.00	200.00	158.00
01.07.2004	191.52	143.00	107.63	100.00	299.15	243.00
01.10.2004	142.23	116.00	60.92	65.00	203.15	181.00
01.01.2005	89.31	84.00	127.63	84.00	216.94	168.00
01.04.2005	40.66	40.00	133.41	122.00	174.07	162.00
01.07.2005	144.54	171.00	100.71	98.00	245.25	269.00
01.10.2005	102.90	110.00	48.49	52.00	151.39	162.00
01.01.2006	61.88	82.00	126.41	118.00	188.00	200.00
01.04.2006	20.09	40.00	136.75	122.00	156.84	162.00
01.07.2006	82.07	171.00	111.43	98.00	193.50	269.00
1.10.2006	64.12	11 0.00	59.70	52.00	123.81	162.00
1.01.2007	57.29	82.00	119.77	118.00	177.06	200.00

### AN OVERVIEW

2.31 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 is sufficient to meet the requirement under Targeted Public Distribution System (TPDS) and Welfare Schemes during 2006-07.

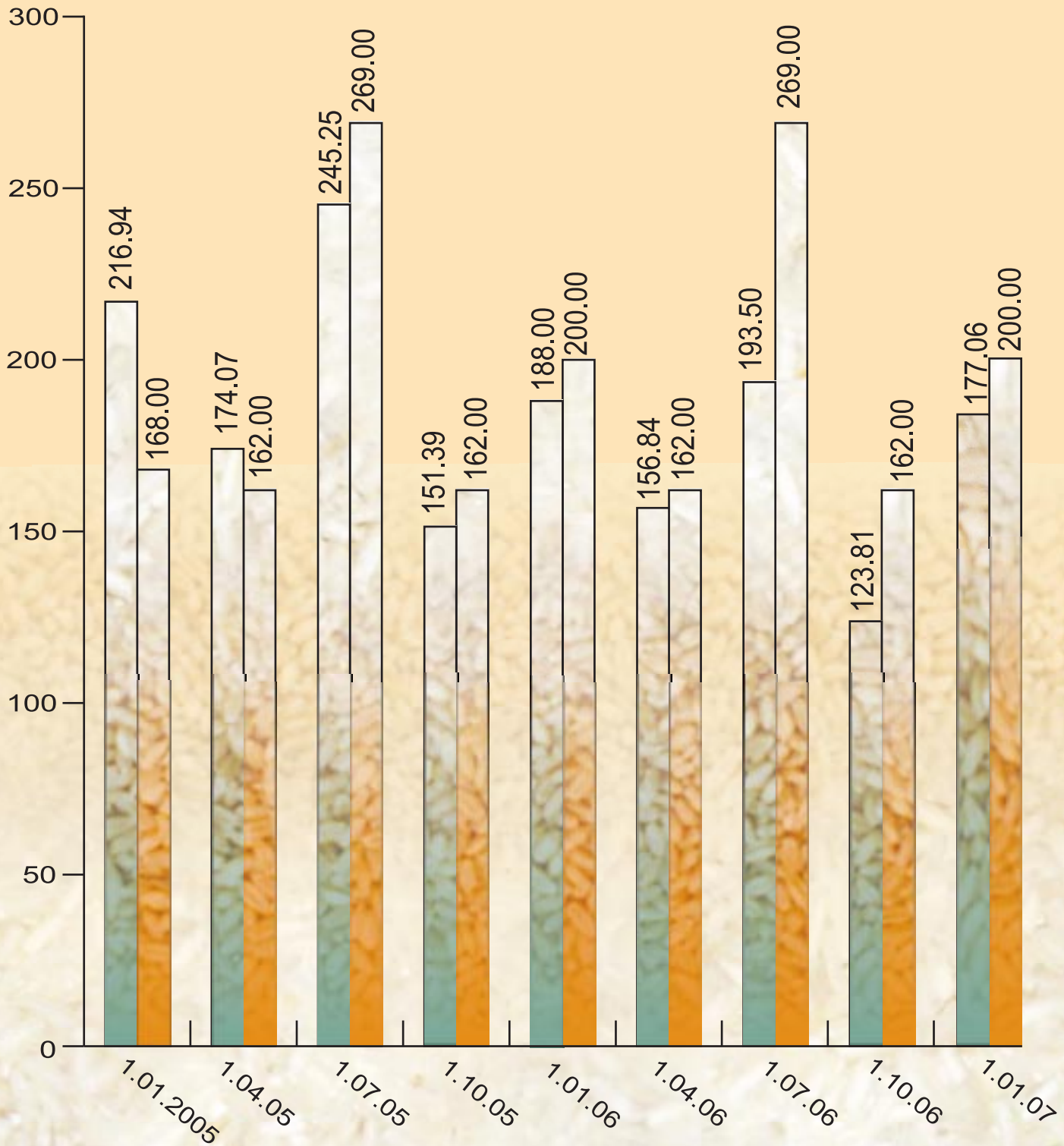
### PUBLIC DISTRIBUTION SYSTEM (PDS)

2.32 The Public Distribution System (PDS) evolved as a major instrument of the Government's economic policy for ensuring availability of foodgrains to the public at affordable prices as well as for ensuring the food security for the poor. PDS with a network of about 4.89 lakh Fair Price Shops (FPSs) is, perhaps, the largest distribution network of its kind in the world.

# STOCK POSITION OF FOODGRAINS IN THE CENTRAL POOL VIS-A-VIS MINIMUM BUFFER NORMS

(Fig. in Lakh Tonnes)

■ Actual Stock (Total)  
■ Minimum Buffer Norms (Total)



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### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

**2.33** PDS is operated under the joint responsibility of the Central and the State Governments. The Central Government has taken the responsibility for procurement, storage, transportation and bulk allocation of foodgrains, etc. The responsibility for effectively distributing the same to the consumers through the network of Fair Price Shops (FPSs) lies with the State Governments. The operational responsibilities including allocations within the State, identification of families below poverty line, issue of ration cards, supervision and monitoring the functioning of FPSs rest with the State Governments.

#### TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

**2.34** PDS as it stood earlier, was viewed as having failed to serve the population below the poverty line, due to its perceived urban bias, negligible coverage in the States with the highest concentration of the rural poor and lack of transparent and accountable arrangements for delivery. Realising this, the Government streamlined the PDS by issuing distinctive ration cards to families Below Poverty Line (BPL) and providing foodgrains to them at specially subsidised prices, with effect from June, 1997. Under the Targeted Public Distribution System (TPDS), the States are required to formulate and implement foolproof arrangements for identification of the poor, for delivery of foodgrains to Fair Price Shops and for its distribution in a transparent and accountable manner at the FPS level.

**2.35** The scheme when introduced was intended to benefit about 6 crore poor families for whom a quantity of about 72 lakh tonnes of foodgrains was earmarked annually. The identification of poor under the scheme is done by the States as per State-wise poverty estimates of the Planning Commission based on the methodology of the 'Expert Group on Estimation of Proportion and Number of Poor' chaired by the Late Prof. Lakdawala. The allocation of

foodgrains to the States/UTs was made on the basis of average consumption in the past, i.e., average annual off-take of foodgrains under PDS during the past ten years. The quantum of foodgrains in excess of the requirement of BPL families @ 10 kgs. per family per month was provided to the States as transitory allocation for which a quantum of 103 lakh tonnes of foodgrains was earmarked annually. Keeping in view the consensus on increasing the allocation of foodgrains to BPL and to better target food subsidy, Government of India increased the allocation to BPL families from 10 kgs. to 20 kgs. per family per month at 50% of economic cost and allocation to APL at economic cost w.e.f. April 1, 2000. The allocation for APL was retained at the same level as at the time of introduction of TPDS. The allocation for BPL families was increased by shifting the population base to the population projection of the Registrar General as on 1.3.2000 instead of the earlier base of 1995. The scale of issue to the BPL families was further increased from 20 kgs. to 25 kgs. per family per month with effect from July, 2001 and to 35 kgs. per family per month with effect from April, 2002. At present the number of BPL household is 6.52 crores which includes 2.50 crore households of AAY.

**2.36** The scale of issue under the APL category has also been fixed at 35 kgs. per family per month with effect from 1<sup>st</sup> April, 2002.

**2.37** PDS has always been supplemental in nature and was never meant to meet the full requirements of any section of the people. Thus, the benefits of subsidy would have to thinly spread amongst 6.52 crore BPL families on the basis of the projected population as on 1<sup>st</sup> March, 2000.

**2.38** 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 TPDS, the States were required to issue foodgrains at a margin of not more than 50 paise per kg. over and above the CIP for BPL families. Flexibility



Old FPS with customers waiting in a line at Visnagar Village, Distt. Mehsana, Gujarat



An outside view of a Modern FPS at Visnagar Village, Distt. Mehsana, Gujarat

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to States/UTs has been given in fixing the retail issue prices by removing the restriction of 50 paise per kg. over and above the CIP for distribution of foodgrains under TPDS except in case of 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.

### CONFERENCE/REGIONAL CONFERENCES ON TPDS

**2.39** Five Regional Conferences were held during 2005-06 on Strengthening of TPDS. A meeting of the State Food Ministers/State Food Secretaries under the Chairmanship of MOACAF&PD was also held on 29.3.2006 to strengthen the TPDS. Based on the discussions held in these Conferences/ Meeting as well as other observations contained in the PEO Report & ORG Marg report, nine action points were evolved.

**2.40** A Committee under the Chairmanship of Shri L. N. Vijayaraghavan, Principal Commissioner, Food & Civil Supplies, Government of Tamil Nadu has also been constituted to review the performance of TPDS.

### MODEL CITIZENS' CHARTER

**2.41** 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 States/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.

### VIGILANCE COMMITTEES

**2.42** 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.

**2.43** 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 emphasised. 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 Committees 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 Committees.

**2.44** Vigilance Committees at the following levels are at present functioning in most of the States:-

1. FPS level
2. Block/Mandal/Taluk level
3. District level
4. State level

### INVOLVEMENT OF PANCHAYATI RAJ INSTITUTIONS (PRIs)

**2.45** 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 them.
- Redressal of grievances.

**2.46** 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 13<sup>th</sup> January, 2000 to all the Chief Ministers and Administrators of UTs, calling for active participation by Panchayati Raj Institutions in PDS and a better computerised monitoring mechanism.

**2.47** 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.

**2.48** The huge PDS network can play a more meaningful role only if the system translates the macro level self-sufficiency in the foodgrains production achieved by the country into micro level, self-sufficiency i.e. ensuring availability of food for the poor households. TPDS, with its focus on the poor is a step towards this end.

### **PDS CONTROL ORDER, 2001**

**2.49** In order to maintain supplies and securing availability and distribution of essential commodities, Public Distribution System (Control) Order, 2001 has been notified on 31<sup>st</sup> August, 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.

**2.50** The Order requires all the 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

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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 Utilisation 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.

#### AREA OFFICERS SCHEME

**2.51** The Government has introduced the Area Officers Scheme in the Department to provide a mechanism to coordinate with the State Governments/UTs for regular and effective review and monitoring of Public Distribution System (PDS) in States/UTs. Senior Officers from the Department of Food & Public Distribution are appointed as Area Officers for different States under this Scheme. The Area Officers are required to visit their allotted States with an element of surprise and objectivity and make assessment about the functioning of PDS in the State/UT by visiting Fair Price Shops, Stock Agents, FCI Depots, meeting beneficiaries etc. The Scheme has resulted in better coordination and understanding between Central Government and State Governments/UTs for effective monitoring and implementation of PDS.

#### PLAN SCHEMES FOR STRENGTHENING THE PUBLIC DISTRIBUTION SYSTEM

**2.52** Two plan schemes are being operated for strengthening the PDS infrastructure in the States/UTs.

#### Training, Research and Monitoring

**2.53** In order to strengthen and upgrade the skills of personnel engaged in management of the PDS, the Ministry operates a plan scheme which provides financial assistance to State Governments/UT

Administrations for training their personnel. The scheme was introduced in the VI<sup>th</sup> Five Year Plan. It provides financial assistance for the following purposes:-

- (i) Training Programmes for junior and middle level officials of the State Governments/UT Administrations engaged in supply management of essential commodities through PDS.
- (ii) Training Programmes for officials of the State Civil Supplies Corporations.
- (iii) Seminars/Workshops for senior level officials of the States/UTs engaged in supply management of essential commodities and Central Ministries/Organisations concerned.
- (iv) Research studies on various aspects of PDS.

**2.54** The outlay for the year 2006-07 for this scheme is Rs. 60 lakhs. In the year 2003-04, a research study '*Evaluation Study of TPDS and AAY*' was commissioned under this scheme. The concerned agency has submitted its report to the Department in 2005-06 and the report has been accepted by the Government. A concurrent evaluation study has been launched in six States namely Assam, Bihar, Chhattisgarh, Mizoram, Rajasthan and Uttar Pradesh. During 2005-06, two more studies in this regard have been awarded to different institutions for concurrent evaluation in another twelve States.

#### ALLOCATION OF FOODGRAINS FROM CENTRAL POOL

#### ALLOCATION UNDER TPDS

**2.55** The ratio of rice and wheat in the allotment of foodgrains under Below Poverty Line/Above Poverty Line has been streamlined keeping in view the food habits of each State w.e.f. 1<sup>st</sup> August, 2005. There is however, no change in the overall allocation to each State/UT under TPDS.

**2.56** During the first nine months of the current financial year 2006-07 (April 2006-December, 2006)

the offtake of foodgrains from the Central Pool was 263.858 lakh tonnes, which comprises of the following:-

(In lakh tonnes)

SCHEMES	OFFTAKE		
	RICE	WHEAT	TOTAL
<b>(A) TPDS</b>			
BPL	65.573	35.287	100.860
APL	43.334	19.724	63.058
AAY	41.121	21.192	62.313
<b>SUB-TOTAL (A)</b>	<b>150.028</b>	<b>76.203</b>	<b>226.231</b>
<b>(B) WELFARE SCHEMES</b>			
SGRY	9.251	4.062	13.313
SGRY (SPL. COMP.)	5.330	0.207	5.537
MDM	9.202	2.482	11.684
WBNP	0.869	1.758	2.627
NFFWP	1.215	0.172	1.387
EFP	0.092	0	0.092
Hostels/Welfare Institutions	1.167	0.201	1.368
ANNAPURNA	0.438	0.208	0.645
WFP	0.354	0.310	0.664
NPAG	0.105	0.044	0.149
VGBS	0.056	0.007	0.063
<b>SUB -TOTAL (B)</b>	<b>28.079</b>	<b>9.449</b>	<b>37.528</b>
<b>(C) OPEN SALE</b>	<b>0.087</b>	<b>0.012</b>	<b>0.099</b>
<b>TOTAL (A+B+C)</b>	<b>178.194</b>	<b>85.663</b>	<b>263.858</b>

### ANTYODAYA ANNA YOJANA (AAY)

2.57 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 subsidised rate

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of Rs.2/- per kg.. for wheat and Rs. 3/ per kg. for rice. The scale of issue that was initially 25 kgs. per family per month has been increased to 35 kgs. per family per month with effect from 1<sup>st</sup> April, 2002.

**2.58** The AAY Scheme was expanded in 2003-2004 by adding another 50 lakh households from amongst the BPL families (1<sup>st</sup> expansion).

**2.59** The Antyodaya Anna Yojana (AAY) was again expanded with effect from 1<sup>st</sup> August, 2004 by another 50 lakh BPL families by including, inter-alia, all households at the risk of hunger (2<sup>nd</sup> expansion).

**2.60** 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. With this increase, 2.5 crores (i.e. 38% of BPL) have been covered under the AAY (3<sup>rd</sup> expansion). The status of identification of Households under AAY are given in the **Annexure-IV**.

### ALLOCATION OF FOODGRAINS FOR OTHER WELFARE SCHEMES

#### MID-DAY MEAL SCHEME

**2.61** The Mid-Day Meal Scheme was launched by the Ministry of Human Resource Development (Department of Education) with effect from 15<sup>th</sup> August, 1995 for the benefit of students in primary schools under Employment Assurance Scheme (EAS)/earlier Revamped Public Distribution System (RPDS) blocks (2368). The Scheme covers students of Class I-V in the Government Primary Schools / Primary Schools aided by Government and the Primary Schools run by local bodies.

**2.62** Foodgrains (wheat and rice) are supplied free of cost @ 100 gram per child per school day where cooked/processed hot meal is being served with a minimum content of 300 calories and 8-12 gms. of protein each day of school for a minimum of 200 days and 3 kgs. per student per month for 9-11 months in a year, where foodgrains are distributed in raw form. In drought affected areas the mid day meal is

distributed in summer vacations also.

**2.63** To cut down delays in implementation of the scheme, Department of Elementary Education & Literacy has been authorised to make State/UT-wise allocation of foodgrains under intimation to this Department. Food Corporation of India (FCI) releases foodgrains to States/UTs at BPL rates as per allocation made by the Department of Elementary Education and Literacy.

**2.64** Allocation/offtake of foodgrains under the scheme during 2001-2002, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 is as under:-

(Figures in lakh tonnes)

Years	Allocation			Offtake		
	Rice	Wheat	Total	Rice	Wheat	Total
2001-02	18.67	9.96	28.63	13.48	7.28	20.76
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	17.27
2006-07	17.17	4.17	21.34	9.20	2.48	11.68 (Upto Dec. 2006)

### WHEAT BASED NUTRITION PROGRAMME (WBNP)

**2.65** This Scheme is implemented by the Ministry of Women & Child Development. The foodgrains allotted under this Scheme are utilised by the States/UTs under Integrated Child Development Scheme (ICDS) for providing nutritious/ energy food to children below 6 years of age and expectant /lactating women.

**2.66** Allocation/offtake of foodgrains under the scheme during 2001-2002, 2002-03, 2003-04, 2004-

05, 2005-06 and 2006-07 is as under: -

(Figures in lakh tonnes)

Years	Allocation			Offtake		
	Rice	Wheat	Total	Rice	Wheat	Total
2001-02	0.80	1.75	2.55	0.32	1.03	1.35
2002-03	1.47	3.27	4.74	0.69	2.13	2.82
2003-04	1.04	3.72	4.76	0.61	2.47	3.08
2004-05	1.16	3.42	4.58	0.85	3.57	4.42
2005-06	1.02	2.82	3.84	2.07	2.73	4.80
2006-07	1.68	2.96	4.64	0.87	1.76	2.63*
*(upto 31/12/06)						

#### SCHEME FOR SUPPLY OF FOODGRAINS TO HOSTELS/WELFARE INSTITUTIONS (5% OF BPL ALLOCATION)

**2.67** With a view to meet the requirement of Hostels /Welfare Institutions viz. NGOs/ Charitable Institutions which help the shelterless/homeless poor and other categories not covered under TPDS or under any other Welfare Schemes, an additional allocation of foodgrains (rice and wheat) equal to 5% of the BPL allocation of each State/UT is made to States/UTs at BPL rates. This scheme was introduced during 2002-03 to liquidate the stock of foodgrains.

**2.68** As per the directions of the Parliamentary Standing Committee the allocation under the scheme was reviewed and rationalised on the basis of average offtake of foodgrains during the last three years.

**2.69** Allocation/offtake of foodgrains under the scheme during 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 is as under: -

(Figures in lakh tonnes)

Years	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	1.36	0.35	1.71*	1.17	0.20	1.37**
*(upto Jan., 2007)			**(upto Dec-2006)			

Note:- offtake figure during 2002-03 & 2003-04 includes lifting against SC/ST/OBC Hostels Scheme, (1994) also.

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

**2.70** 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 2/3<sup>rd</sup> students belonging to SC/ST/OBC are eligible to get 15 kgs. foodgrains per resident per month. In such hostels, foodgrains are provided for all the resident students, including those who belong to other categories. Only Karnataka and Andhra Pradesh are availing this scheme.

**2.71** Allocation/offtake of foodgrains under the scheme during 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 is given on next page: -

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(Figures in lakh tonnes)

Years	Allocation			Offtake		
	Rice	Wheat	Total	Rice	Wheat	Total
2001-02	-	-	1.96	0.76	0.07	0.83
2002-03	0.36	-	0.36			*
2003-04	1.63	-	1.63			*
2004-05	1.34	-	1.34#	-	-	-
2005-06**	-	-	-	-	-	-
2006-07	No allocation made					

\*Offtake figures are combined with offtake against 5% BPL allocation.

# Allocation was made on 5.5.2005.

\*\* The State of A.P. was allocated 1,33,963 MTs of rice and the State of Karnataka was allocated 28,332.30 MTs of rice and 14,166.15 MTs of wheat as expost facto approvals for 2005-06.

#### ANNAPURNA SCHEME

**2.72** The Ministry of Rural Development launched the scheme in 2000-2001. Indigent senior citizens of 65 years of age or above who though eligible for old age pension under the National Old Age Pension Scheme (NOAPS) but are not getting the pension are covered and 10 kgs. of foodgrains per person per month are supplied free of cost under the scheme.

**2.73** From 2002-2003 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 funds for the transferred scheme are being released by the Ministry of Finance as Additional Central Assistance (ACA) to the State Plan and the States have the requisite flexibility in the choice of beneficiaries and implementation of the Scheme. The implementation of the Scheme at the groundlevel rests with the States/UTs.

**2.74** The foodgrains are released to the State Governments on the existing norms at BPL rates. Allocation/offtake of foodgrains under the scheme during 2001-2002, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 is as under: -

(Figures in lakh tonnes)

Years	Allocation			Offtake		
	Rice	Wheat	Total	Rice	Wheat	Total
2001-02			1.62*			0.93*
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	0.44	0.21	0.65®

®(upto 31-12-06)

\* bifurcation of rice and wheat is not available.

# Offtake includes lifting against backlog quota.

#### SAMPOORNA GRAMIN ROZGAR YOJANA (SGRY)

**2.75** The Prime Minister in his Independence Day Speech on 15.8.2001 announced the introduction of a Universal Food for Work Programme to be called "Sampoorna Gramin Rozgar Yojana" in all the States/UTs for organising various employment generation programmes. Under the Scheme, 50 lakh tonnes of foodgrains are to be allotted to the States/UTs free of cost by Ministry of Rural Development. The Ministry of Rural Development reimburses the cost of foodgrains at economic cost prevailing at the time.

**2.76** The Ministry of Rural Development which is the nodal Central Ministry for the programme launched the scheme on 25.9.2001

**2.77** The Ministry of Rural Development has been

authorised to communicate to FCI directly, for the allocations to be made to various State Governments under the scheme.

2.78 Allocation/offtake of foodgrains under the scheme during 2001-2002, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 is as under:-

(Figures in lakh tonnes)

Years	Allocation			Offtake		
	Rice	Wheat	Total	Rice	Wheat	Total
2001-02	23.64	11.14	34.78	11.69	5.64	17.33
2002-03	28.01	13.90	41.91	21.15	18.87	40.02
2003-04	73.55	39.35	112.90	63.49	42.73	106.22
2004-05	32.64	16.99	49.63	30.27	19.73	50.00*
2005-06	24.81	12.58	37.39	24.21	15.71	39.92
2006-07	12.03	4.59	16.62	9.25	4.06	13.31 (upto 12/06)

\* Offtake includes lifting against backlog quota.

### SPECIAL COMPONENT OF SAMPOORNA GRAMIN ROZGAR YOJANA

2.79 With a view to extending support to the people affected by Natural Calamities in States/UTs, foodgrains are released under the Special Component of SGRY by the Ministry of Rural Development, being nodal Ministry for the Scheme, after the approval of the Department of Food and Public Distribution.

2.80 Allocation and offtake of foodgrains under the scheme during 2002-03, 2003-04, 2004-2005, 2005-06 and 2006-07 is as under: -

(Figures in lakh tonnes)

Years	Allocation			Offtake		
	Rice	Wheat	Total	Rice	Wheat	Total
2002-03	37.02	26.38	63.40	31.89	13.33	45.22
2003-04	43.05	22.79	65.84	32.55	21.89	54.44
2004-05	14.37	10.68	25.05	12.29	7.90	20.19
2005-06	5.99	7.15	13.14	7.44	9.82	17.26
2006-07	4.94	0.10	5.04	5.33	0.21	5.54 (upto 12/ 06)

Offtake includes lifting against backlog quota.

### NUTRITIONAL PROGRAMME FOR ADOLESCENT GIRLS (NPAG)

2.81 A Pilot Project – “Nutritional 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 the most populous districts (excluding the capital district) in remaining smaller States/UTs in the country. This scheme was restarted in 2005-06. The Department of Women and Child Development, Ministry of Human Resource Development administers the scheme at the central level and State/ UT Governments implement the scheme.

2.82 As per the revised guidelines of the programme, adolescent girls (age group 11-19 years) as identified by weight would be covered irrespective of financial status of the family to which they belong. Free foodgrains @ 6 kgs. per beneficiary per month is provided to the adolescent girls (weight < 35 kgs.) initially for a period of three months. Those beneficiaries, who cross the cut off point for weight, would not receive foodgrains any further. Those who, in spite of receiving foodgrains for three consequent

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months do not show improvement in nutritional status, are investigated by Anganwadi Workers and, if necessary referred to Doctors for investigation and treatment, but continue to receive free foodgrains for the next three months.

**2.83** The funds for the year 2005-06 were given as 100% grant to States so that they can provide foodgrains through the Public Distribution System free of cost to the families of identified undernourished persons. The Ministry of Finance releases Special Central Assistance to the States/UTs.

**2.84** The Department of Food and Public Distribution provide foodgrains at BPL rates to the States /UT Governments for implementing the programme through the Ministry of Human Resource Development. Annual allocation and offtake of foodgrains under the programme during 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 is as under:-

(Figures in lakh tonnes)

Years	Allocation			Offtake		
	Rice	Wheat	Total	Rice	Wheat	Total
2002-03	0.40	0.22	0.62	0.11	0.00	1.12
2003-04	2.22	0.29	2.51	0.63	0.00	0.63
2004-05	Programme was not in operation.					
2005-06	0.68	0.35	1.03	0.40	0.08	0.48
2006-07	0.41	0.03	0.44	0.10	0.04	0.14*

\*(upto 12/06)

### EMERGENCY FEEDING PROGRAMME (EFP)

**2.85** Emergency Feeding Programme, is a food-based intervention targeted for old, infirm and destitute persons belonging to BPL households to provide them food security in their distress conditions. This was introduced in May, 2001. The Scheme is being implemented by Government of Orissa in eight KBK Districts namely Bolangir, Kalahandi, Koraput,

Malkangiri, Nawarangpur, Naupada, Rayagada and Sonepur of Orissa covering 2 lakh beneficiaries. Under the scheme, foodgrains (rice) at BPL rates are being allocated to the State Government since May, 2001 by the Department of Food & Public Distribution. During 2006-07, 14,400.00 MTs of rice was allocated for 2 lakh beneficiaries @ 6 kgs./beneficiary/month upto August, 2006. From September, 2006 - March, 2007 an additional quantity of 2110 MTs of rice has been allocated for the 2 lakh beneficiaries @ 7.5 kgs./ per beneficiary /month. Thus a total allocation for the year 2006-07 becomes 16510 MTs for the period from September, 2006 to March, 2007.

**2.86** Cooked food containing, inter-alia, rice - 200 gms. Dal (pulse) - 40 gms. vegetables - 30 gms. is provided in the diet of each EFP beneficiary daily by the State Government. The funds were earlier provided from the Additional Central Assistance (ACA), but now it has been termed as Special Central Assistance (SCA). The scheme is being implemented in the KBK districts under the Revised Long Term Action Plan (RLTAP) and SCA is allocated by the Planning Commission.

**2.87** Following quantity of rice has been allocated during 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 under the Scheme:-

(Figures in '000' tonnes)

Years	Annual allocation	Offtake
2001-02	12.00	4.97
2002-03	14.40	13.41
2003-04	14.40	14.10
2004-05	14.40	14.18
2005-06	14.40	12.20
2006-07	16.51**	0.98*

\*(upto 09/2006)

\*\* includes additional allocation of 2.11 thousand MTs.



**NATIONAL FOOD FOR WORK PROGRAMME (NFFWP)**

**2.88** The scheme for National Food for Work Programme has been launched with effect from 13.10.2004. This programme is being implemented in 150 most backward districts of the country so that the generation of supplementary wage employment and providing of food security through creation of need based economic, social and community assets in these districts is further intensified. Most of the backward districts, which would benefit from the scheme are in the tribal belts. The scheme will provide 100 days of employment at minimum wages for at least one able-bodied person from each household in the country.

**2.89** Allocation and offtake of foodgrains under the scheme during 2004-05, 2005-06 and 2006-07 is as under:-

(Figures in lakh tonnes)

Years	Allocation			Offtake		
	Rice	Wheat	Total	Rice	Wheat	Total
2004-05	14.24	5.75	19.99	3.06	0.65	3.71
2005-06	6.65	2.53	9.18	6.59	4.08	10.67*
2006-07	0.00	0.00	0.00	1.21	0.17	1.38**

\* offtake includes backlog quota.

\*\* (upto 11/06)

**VILLAGE GRAIN BANKS SCHEME**

- A Centrally Sponsored Scheme of Grain Banks in Tribal Villages was launched during 1996-97 by the Ministry of Tribal Affairs in 11 States. During 1996-97 to 2004-05 Ministry of Tribal Affairs released Rs. 10.26 crores for establishing 4858 Grain Banks.
- The scheme was transferred to this Ministry on 24.11.2004.

- The revised Village Grain Bank Scheme for establishment of Grain Banks in chronically food scarce areas was approved by the Ministry of Finance on 15.2.2006 for the year 2005-06 and 2006-07 subject to its evaluation in the XI<sup>th</sup> Plan.
- The main objective of the scheme is to provide 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.
- The revised scheme envisages inclusion of all willing BPL/AAY families in the villages which will be identified by the State Government in food deficit areas. The quantity to be lent and the period of repayment will be decided by the Group themselves. To ensure recovery of grains lent, it is proposed to tie-up the scheme with the entitlement of the members under TPDS.
- Village Panchyat/Gram Sabha, Self Help Group or NGOs etc. identified by the State Government shall be eligible for running the Grain Banks. Each Executive Committee to run the Village Grain Banks will have a woman on its Board.
- A provision of Rs.20.20 crores was made for 2005-06 (Plan) by Planning Commission out of which an amount of Rs.19.76 crores was sanctioned for the establishment of 3282 Grain Banks. During 2006-07, a provision of Rs.50.00 crores has been made for establishment of Grain Banks. 6721 Grain Banks have been sanctioned so far. A statement showing number of Grain Banks sanctioned to different States during 2006-07 is at **Annexure-V**. The estimated cost of one

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grain bank is as under:

a)	Cost of foodgrains @ 1 quintal per family for average 40 families per grain bank.	40 qtls. of foodgrains at Rs.11500.00 per MT (based on the average present economic cost of foodgrains) i.e. Rs. 46,000/-
b)	Transportation cost @ Rs.90/- per quintal.	90 x 40 = Rs. 3,600/- (Rs.1800 to be borne by the State Government)
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. 60, 000 per bank</b>

### IMPORT OF FOODGRAINS

**2.90** The decision to import 55 lakh MTs of wheat on Government account through the State Trading Corporation (STC) was taken in public interest on account of low level of stock in the Central Pool, high ruling open market prices, and high level of purchases by private traders and low levels of production and procurement. The basic objective was to ensure adequate availability for the commitments under the Targeted Public Distribution System, other food-based welfare schemes and emergency relief measures like flood/drought, etc. Had timely decision not been taken for import of wheat to meet the deficit and augment the domestic availability of wheat, there may have been a negative impact on food security for the nation.

**2.91** The Government of India decided to import 55 lakh MTs of wheat through the State Trading Corporation in 2006. In terms of the Government directives issued from time to time, 5 global tenders were floated by the State Trading Corporation for import of wheat. The technical evaluation of the bids was undertaken by the Inter Ministerial Technical Committee (IMTC). STC evaluated the bids commercially and negotiated lowest possible prices, based on which decisions were finalised for purchase of wheat.

**2.92** Orders were placed on successful bidders for import of the entire authorised quantities of wheat as per following details:-

Tender No.	Date of Tender	Contracted Quantity (Lakh MTs)	Delivery Schedule	Quantity Arrived* (Lakh MTs)
I <sup>st</sup>	10.02.06	5.0	July - Aug' 06	5.0
II <sup>nd</sup>	08.05.06	8.0	July - Oct' 06	7.35
III <sup>rd</sup>	12.06.06	22.0	Sept. '06 - Jan '07	19.54
IV <sup>th</sup>	27.07.06	3.3	Sept.- Oct, '06	3.07
V <sup>th</sup>	30.08.06	16.7	Nov. '06-Feb. '07	8.73
	<b>Total</b>	<b>55.0</b>		<b>43.69</b>

(\*As on 31.12.06)



Chairman cum Managing Director, FCI, Shri Alok Sinha supervising the import operations at Mundra Port with other senior officials of FCI

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**2.93** As against the total authorised and contracted quantity of 55 lakh MTs of wheat, a quantity of 43.69 lakh MTs had arrived at the Indian Ports as on 31.12.2006. STC sells quantities of imported wheat on high seas basis to the FCI for clearing, stevedoring, packing, weighment and road/rail transportation to its godowns.

**2.94** The balance quantities of the wheat contracted for import are expected to arrive by March 2007.

#### **OPEN MARKET SALES SCHEME (DOMESTIC) OMSS (D)**

**2.95** In addition to maintaining buffer stocks and for making a provision for meeting the requirements of the TPDS and other Welfare Schemes the FCI on the instructions from the Government has been resorting to sale of wheat at predetermined prices to the open market from time to time to enhance the supply of wheat especially during the lean season and thereby to have a healthy and moderating influence on the open market prices especially in the deficit regions.

#### **SALE OF WHEAT UNDER OMSS (D)**

**2.96** The Open Market Sales Scheme (Domestic) for wheat was introduced in October, 1993. Various pricing patterns like State-wise, Centre-wise, Zone-wise etc. have been adopted on different pricing parameters. The prices of wheat under the OMSS (D) were being reviewed and revised on a quarterly basis. The prices were last revised w.e.f. 1<sup>st</sup> October, 2005 for the quarter ending December, 2005. The OMSS price of wheat was Rs.825/- per quintal in Punjab and Rs.926/- per quintal in Kerala.

**2.97** The quantity of wheat disposed of under the OMSS (D) during the last three years and during the current year has been as under:

Years	Quantity (lakh MTs)
2003-04	9.26
2004-05	2.39
2005-06	10.50

**2.98** Sale of wheat under OMSS (D) was suspended since April, 2006 due to low level of stock in the Central Pool. However, in order to check the rise in prices of wheat in open market, around 4 lakh MTs of wheat was released to State Governments under OMSS(D) for distribution to consumers during the months of February, 2007 and March 2007.

#### **DISPOSAL OF RICE UNDER OMSS (D)**

**2.99** Stocks of rice which are old, and not acceptable to the State Governments for the TPDS and the OWSs, are sold through public tenders from time to time. The stocks of rice sold in the open market during the last three years have been as under:-

Years	Quantity (lakh MTs)
2003-04	4.05
2004-05	0.80
2005-06	0.20
2006-07 (upto December, 06)	0.01 (Tentative)

#### **ALLOTMENT OF MAIZE TO THE POULTRY INDUSTRY**

**2.100** As per existing policy of Government, coarsegrains are being procured by the State Governments and their Agencies primarily to extend the benefits of Minimum Support Price (MSP) to the farmers. Keeping in view the limited demand of coarsegrains under TPDS the balance stocks remaining after making allocation under TPDS are disposed of through tender sale by the FCI. During KMS 2005-06 a total quantity of 11.5 lakh MTs of

coarsegrains was procured for the Central Pool, out of which 2.81 lakh MTs was allocated to various States under TPDS. Requests were received from the poultry industry for release of maize at subsidised rates in the wake of bird flu. The matter was considered and orders were issued by the Government of India for allocation of 1.25 lakh MTs of maize to the poultry industry at the cut off rates obtained in tender sale (Rs. 570 – 590 per qtl.). Further allocation of 3.88 lakh MTs of maize has been made to the poultry industry at the subsidised rate of Rs. 450 per qtl. The maize has been released to the Animal Husbandry Departments of the States of Andhra Pradesh, Tamil Nadu, Maharashtra, Karnataka, Orissa, Kerala, Madhya Pradesh, Gujarat, Goa, Chhatisgarh, Uttar Pradesh, Haryana, Punjab and Rajasthan. The stocks of maize left over after meeting the requirements of TPDS and the poultry industry have been disposed of through tender.

## FOOD SUBSIDY

**2.101** Food subsidy is provided in the budget of the Department of Food and Public Distribution to meet the difference between the economic cost of foodgrains and their sales realisation at Central Issue Prices 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.

**2.102** 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, Uttaranchal, Tamil Nadu, Orissa, Karnataka, Kerala, Andaman & Nicobar Islands and Gujarat 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.

**2.103** The year-wise break-up of subsidy released on foodgrains during the last nine years to FCI and the States operating the Decentralised Procurement Scheme is as under:

(Rs. in crores)

Years	Subsidy Released		
	FCI	States	Total
1997-98	7472	28	7500
1998-99	8646	54	8700
1999-00	8857	343	9200
2000-01	11462	548	12010
2001-02	16724	770	17494
2002-03	22674	1502	24176
2003-04	23874	1286	25160
2004-05	23280	2466	25746
2005-06	19871	3200	23071
2006-07 (as on 31-12-06)	17577.87	2242.12	19820.00

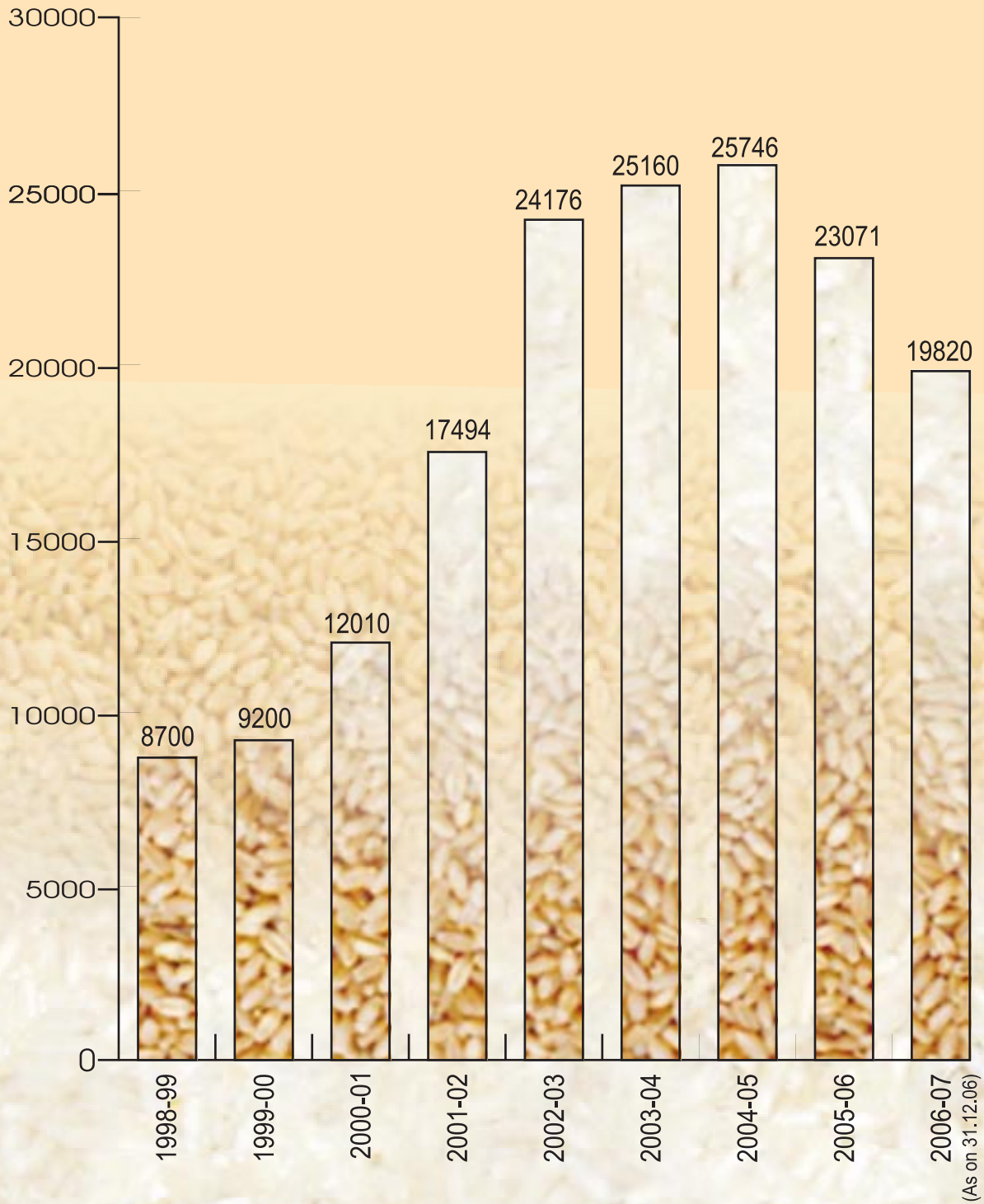
### Subsidy for 2006-07

**2.104** The quantum of food subsidy depends on the level of procurement of foodgrains and offtake under TPDS and other welfare schemes. Both procurement and offtake are determined by the market prices prevailing in respect of agricultural commodities.

**2.105** A provision of Rs. 23,986 crores was made in BE 2006-07 for food subsidy. This also includes a

# SUBSIDY ON FOODGRAINS

(Figures In Crore Rupees)



(As on 31.12.06)

provision of Rs.367 crores as buffer subsidy against the estimate of Rs.331 crores in RE 2005-06.

## MOVEMENT OF FOODGRAINS

### Overview

**2.106** The overall movement of foodgrains by the Food Corporation of India (FCI) during the year 2006-07 is estimated to be about 26.78 million tonnes as against 31.56 million tonnes during the previous year. Overall movement of foodgrains on the Inter-State account has decreased while the same on the Intra-State account has increased during this year, as compared to the same period in the previous year.

### Network Optimisation of Rail Movement by Linear Programming

**2.107** With the objective to bring about substantial and sustainable efficiency improvement in the functioning of FCI, a major improvement initiative is the Network Optimisation of Rail Movement by Linear Programming method/model. This measure is aimed at enabling the FCI to draw up the plans for the movement of foodgrains through rail in a scientific manner by optimising the network of the rail routes for achieving the shortest distances and thereby optimally minimising or reducing the cost of transportation on account of freight. When fully operationalised, the measure is expected to significantly reduce the expenditure incurred by the FCI each month on transportation of the foodgrains.

## OTHER ACTIVITIES

### Disaster Management

**2.108** The Movement Division 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

**2.109** With a view to improving the storage practices at farm level and to minimise the post harvest losses in foodgrains, under its Post Harvest Operation Scheme, the Department of Food & Public Distribution continued its activities as follows:-

### RESEARCH AND DEVELOPMENT AND INSTITUTIONAL TRAINING ON STORAGE

**2.110** The Indian Grain Storage Management and Research Institute (IGMRI), Hapur and its three field stations located at Hyderabad, Jorhat and Ludhiana carried out Research and Development activities on various aspects of storage and preservation of foodgrains both at farm and commercial levels. The techniques of scientific storage of foodgrains at farm level developed by the IGMRI are transferred to the farming community through the Save Grain Campaign (SGC) network.

**2.111** IGMRI also conducts long term as well as short term tailor made specialised training courses on storage and inspection of foodgrains, pest control technology etc. for the benefit of the officers of storage agencies, pest control operators, foreign nationals sponsored by FAO, UNDP etc. under ITEC/Colombo Plan. The Long Term Training Course (LTTC) conducted by the IGMRI has been recognised by the Directorate of Plant Protection, Quarantine and Storage, Ministry of Agriculture for grant of license to pest control operators.

**2.112** The following Research & Development projects have been undertaken by the IGMRI during 2006-07:-

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### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

- i) Suitability of HDPE/PP bags for packaging of wheat and rice for longer duration storage in commercial godowns.
- ii) Assessment of drilage loss in maize during storage in commercial godowns.
- iii) Study on bio-efficacy of ITC's Azadirachten 1500 ppm (minimum) neem formulation namely warehouse neem 1&2, to control storage pests of foodgrains in collaboration with CWC.
- iv) A comparative study on the efficacy of 2% Zinc phosphide and 0.25% a.i. Bromodiolone in controlling of house rodents.
- 2.113** The performance of IGMRI under various activities during 2006-2007 (upto December 2006) is summarised below:-

Sl. No.	Items/Activities	Annual Target	Achievement
1.	Training		
	(i) LTTC*/STTC**	28	21
	(ii) Artisan Training	13	8
2.	Analysis of foodgrain samples for physical quality parameters (No. of samples)	2250	1494
3.	Monitoring of foodgrain samples for mycotoxin contamination (No. of samples)	370	278
4.	Analysis of foodgrain samples for pesticidal residue (No. of samples)	710	356
5.	Research and Development Projects under Annual Action Plan	4	Projects are in various stages of progress

\*Long Term Training Course

\*\*Short Term Training Course

### SAVE GRAIN CAMPAIGN (SGC)

**2.114** The SGC scheme is being implemented through a network of 12 SGC offices in close collaboration with the State Governments, NGOs, Corporate Houses like SAIL, Tata Steel, etc. The main objective of the scheme is to disseminate the know-how developed by the IGMRI among the farming community for minimising the post harvest losses in foodgrains.

**2.115** The main functions of SGC are:

- i) To educate, motivate and persuade the

farmers through training, demonstration, publicity etc. to adopt recommended measures at farm level to minimise the foodgrains losses.

- ii) To organise stipendiary and non-stipendiary training courses for farmers /farm women on scientific methods of preservation of foodgrains.
- iii) To popularise improved storage structures like metal bins, pucca kothies, RCC ring bins etc. among farmers.

**2.116** The performance of SGC under its various



activities during 2006-2007 (upto December 2006) is summarised below:-

Sl. No.	Activities	Annual Targets	Achievements (Upto December, 2006)
1.	Training Courses	1104	944
2.	Villages covered	780	729
3	Film /Slide shows	1104	944
4.	Exhibitions arranged/ participated	780	691
5.	Construction/ improvement of non-metallic storage structures	14400	10824

### QUALITY STANDARDS FOR FOODGRAINS

**2.117** The Government exercises due control over the quality of foodgrains which are procured for the central pool and stored by various agencies for distribution through Targeted Public Distribution System. Quality specifications of foodgrains for procurement under Central Pool are announced before commencement of Rabi and Kharif marketing seasons keeping in view the interest of the producers as well as the consumers and the provisions under the Prevention of Food Adulteration Act/Rules (PFA).

**2.118** During the year under report (upto December, 2006) 2488 samples of foodgrains and wheat products were collected and got analysed for physical and chemical parameters in the Central Grain Analysis Laboratory (CGAL). The CGAL also trained 62 persons on analysis of foodgrains upto December, 2006.

### MONITORING QUALITY OF FOODGRAINS

**2.119** Three Quality Control Cells are functioning at New Delhi, Kolkata and Hyderabad under the direct

control of 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 and inspection of procurement centers, food storage depots, rail heads, rice mills and fair price shops are conducted by the officers of these Cells to ensure that quality of foodgrains is conforming to laid down specifications/standards by the Government of India. It is also ensured that the guidelines/instructions issued by Government about proper storage and maintenance of foodgrains are followed by the FCI and State agencies. These cells attend to various complaints received from State Governments, VIPs, media and public about the quality of foodgrains during procurement, storage and distribution. The complaints are referred to either FCI or State Governments for investigation or some cases are also investigated by quality control officers directly.

**2.120** The details of inspections carried out by these cells during 2006-2007 are as follows:-

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### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

Sl.No.	Items/Activities	2006-2007	
		Annual Target	Achievements (upto December, 2006)
1.	Inspection of Food Storage Depots	500	316
2.	Inspection of Procurement Centres	300	279
3.	Inspection of Rail Heads	140	105
4.	Inspection of Fair Price Shops	720	560
5.	Inspection of Rice Mills	120	67
6.	Collection of samples for checking physical quality parameters.	2600	2148
7.	Investigation of complaints	Nil	8

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

2.121 The Department of Food & Public Distribution had prepared a proposal for enacting a Parliamentary Legislation for making the warehouse receipt a negotiable instrument to increase credit flow in the agriculture sector. The Department has drafted a Warehousing (Development & Regulation) Bill, 2005 in consultation with all the stakeholders. The Bill had been introduced in Lok Sabha on 7<sup>th</sup> December 2005 and it was referred to the Standing Committee on Consumer Affairs, Food & Public Distribution on 19<sup>th</sup> December, 2005 for consideration. The Standing Committee has submitted its report to the Speaker of Lok Sabha on 31<sup>st</sup> October, 2006. The report has been laid on the table of the House on 23<sup>rd</sup> November, 2006. The recommendations of the Standing Committee have been examined and action has been initiated to send Note for the Cabinet.

#### **NATIONAL POLICY ON HANDLING, STORAGE & TRANSPORTATION OF FOODGRAINS**

2.122 With a view to minimise storage and transit

losses and to introduce modern technology, the Government had approved the National Policy on Handling, Storage and Transportation of Foodgrains in June 2000. Under this policy, integrated bulk handling, storage and transportation facilities to the tune of 5.5 Lakh MTs are being created at identified locations in producing and consuming areas through private sector participation on Build-Own-Operate (BOO) basis.

2.123 A Service Agreement had been signed between M/s. Adani Exports Limited & FCI on 28<sup>th</sup> June, 2005. The project is to be implemented in 36 months. The construction work of silos at different locations is in progress.

#### **FORMATION OF A SUBSIDIARY COMPANY FOR DEVELOPMENT OF RAILSIDE WAREHOUSING COMPLEXES/MULTIMODAL LOGISTICS HUB, BY CENTRAL WAREHOUSING CORPORATION**

2.124 The Central Warehousing Corporation had entered into a Memorandum of Understanding (MoU) with the Ministry of Railways for developing Railside Warehouse Complexes at 22 locations throughout the



Wheat being discharged through grabs and hoppers at Mundra Port

## Ch-2

### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

country, whereby it was agreed that the Railways will lease out the desired area of land, where the necessary infrastructure shall be set up by the CWC at its own cost, in the land which shall be on lease for 30 years and 5% of gross revenue shall be shared with the Railways.

**2.125** CWC has been permitted to form a Subsidiary Company for development of Railside Warehousing Complexes.

#### STORAGE AND WAREHOUSING

**2.126** The Ministry aims at providing the storage capacity required for (i) buffer and operational stock of foodgrains to cater for the public distribution system

and (ii) general warehousing. The broad approach is to provide scientific storage capacity and reduce dependence on the capacity under cover and plinth.

**2.127** 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 foodgrains that with CWC and SWCs is used for storage of foodgrains as well as certain other items. The position of covered storage/warehousing capacity available with the FCI/CWC/SWCs during the period between 31.3.2002 and 31.12.2006 is given in the table below:-

(In Lakh MTs)

Agencies	As on 31.3.2002			As on 31.3.2003		
	Owned	Hired	Total	Owned	Hired	Total
FCI	127.41	151.60	279.01	128.18	137.70	265.88
CWC	68.45	20.72	89.17	76.11	15.03	91.14
SWCs	101.77	83.72	185.49	151.55	47.76	199.31
Agencies	As on 31.3.2004			As on 31.3.2005		
	Owned	Hired	Total	Owned	Hired	Total
FCI	128.15	108.50	236.65	129.09	104.61	233.70
CWC	80.75	12.84	93.59	84.38	17.49	101.87
SWCs	158.05	48.76	206.81	128.84	66.36	195.20
Agencies	As on 31.3.2006			As on 31.12.2006		
	Owned	Hired	Total	Owned	Hired	Total
FCI	129.31	99.05	228.36	129.41	89.02	218.43
CWC	80.22	20.16	100.38	81.49	21.81	103.30
SWCs	127.64	69.41	197.05	126.11	63.56	189.67



Inside view of a CWC Godown showing disinfestation operation

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### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

2.128 CAP storage capacity owned / hired by the FCI for the last five years is as under:-

(In lakh MTs)

Year	Owned	Hired	Total
2001-2002	23.54	55.85	79.39
2002-2003	22.68	28.78	51.46
2003-2004	22.08	13.64	35.72
2004-2005	22.48	4.13	26.61
2005-2006	22.11	5.09	27.20
2006-2007 (As on 31.12.2006)	22.13	8.55	30.68

2.129 During the Tenth Five Year plan (2002-2007) the FCI and CWC propose to construct an additional storage capacity of 4.35 lakh MTs and 15.00 lakh MTs

respectively. The achievement during the Tenth Five Year Plan upto January 2007 is 3.62 lakh MTs in respect of FCI and 13.41 lakh MTs in respect of CWC.

2.130 The details of storage capacity constructed by FCI, CWC and SWCs during the year 2005-2006 and the capacity expected to be constructed by these agencies during 2006 -2007 are given in the table below: -

(In Lakh MTs)

Agencies	Year	
	2005-06	2006-07(Target)
FCI	22.51	20.84
CWC	2.76	5.90
SWCs	0.61	1.71(BE)
Total	25.88	28.45

2.131 Storage capacity constructed by the FCI and the CWC during 1999-2000, 2000-2001, 2001-2002, 2002-03, 2003-04, 2004-05, 2005-06 and capacity expected to be constructed during 2006-07 are as under:-

(Figures in lakh tonnes)

Agency	Year								
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	
								Target	Achievement (Upto Jan 2007)
FCI	0.84	0.39	1.62	0.94	1.33	0.97	0.23	0.21	0.15
CWC	1.96	2.01	3.24	3.59*	2.98	1.17	2.76	5.91	2.91
<b>Total</b>	<b>2.80</b>	<b>2.40</b>	<b>4.86</b>	<b>4.53*</b>	<b>4.31</b>	<b>2.14</b>	<b>2.99</b>	<b>6.12</b>	<b>3.06</b>

\* including 1.64 lakh MTs constructed for FCI under 7 years guarantee scheme

# Chapter-3

## **SUGAR**

# 3

## Sugar

### GENERAL

Due to favorable monsoon and pragmatic policies of the Government, there had been a rise in sugar production during 1998-1999 to 2002-2003 sugar seasons (October – September), which had resulted in increase in production and carryover stocks in each of these seasons. During the season 2002-2003, the country achieved an all time high-level production of 201.32 lakh tonnes. However, due to drought in major sugar producing States like Maharashtra, Karnataka & Tamil Nadu and wooly aphids pest infestation, the sugar production fell to 139.58 lakh tonnes and 130.00 lakh tonnes in 2003-04 and 2004-05 sugar seasons, respectively. During 2005-06 sugar season, the sugar production is provisionally placed at 193.21 lakh tonnes and it is estimated that during 2006-07, sugar production will be 227 lakh tonnes.

### STATUS OF SUGAR INDUSTRY

3.1 There were 582 installed sugar factories in the country as on 30.09.2006. The sector-wise breakup is given on the next coloum : -

Sl. No.	Sector	Number of factories
(i)	Private	203
(ii)	Public	62
(iii)	Co-operative	317
	<b>TOTAL</b>	<b>582</b>

3.2 The present installed capacity of the sugar factories in terms of annual sugar production is 197.9716 lakh tonnes. The sector wise installed capacity is as follows:

(As on 30.09.2006)

Sl. No.	Sector	Capacity in lakh tonnes
1.	Co-operative	107.3720
2.	Private	78.6047
3.	Public	11.9949
	<b>TOTAL</b>	<b>197.9716</b>

3.3 The details on sector-wise annual sugar production capacity in some important States is as given below-

(In lakh tonnes)

(Position as on 30.09.2006)

Sl. No.	States	No. of Sugar Mills			Total
		Private	Co-operative	Public	
1.	Andhra Pradesh	6.9125	1.9235	0.2450	9.0810
2.	Uttar Pradesh	37.6526	7.8350	6.8526	52.3402
3.	Gujarat	-	10.7070	-	10.7070
4.	Haryana	1.8300	3.5272	-	5.3572
5.	Kanataka	8.2431	5.8473	1.3460	15.4364
6.	Maharastra	5.4109	64.6782	-	70.0891
7.	Tamil Nadu	8.7260	5.4550	1.0610	15.2420
8.	Other States	9.8296	7.3988	2.4903	19.7187
	<b>TOTAL</b>	<b>78.6047</b>	<b>107.3720</b>	<b>11.9949</b>	<b>197.9716</b>

(Source: Directorate of Sugar)



3.4 The break up of sector wise and crushing capacity-wise number of installed sugar factories is given below –

(As on 30.09.2006)  
(TCD- tonnes crushed per day)

Range	Sectors			Total
	Private	Co-operative	Public	
Below 2500 TCD	53	131	44	228
Above 2500 TCD but below 5000 TCD	99	166	17	282
5000 TCD and above but below 10,000 TCD	43	20	1	64
10,000 TCD & above	8	-	-	8
<b>TOTAL</b>	203	317	62	582 *

(\*- This includes closed sugar mills.)

### SUGAR CANE PRICING POLICY

3.5 The Central Government fixes the Statutory Minimum Price (SMP) of sugarcane in terms of Clause 3 of the Sugarcane (Control) Order, 1966 for each sugar season. The SMP 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 and cane growers. The SMP is fixed having regard to the following factors:-

- cost of production of sugarcane;
- return to the growers from alternative crops and the general trend of prices of agricultural commodities;
- availability of sugar to consumers at a fair price;
- price at which sugar produced from sugarcane is sold by sugar producers; and
- recovery of sugar from sugarcane.

### STATUTORY MINIMUM PRICE OF SUGARCANE

3.6 The Central Government have fixed the SMP of sugarcane for the 2007-08 sugar season at Rs. 81.18 per quintal linked to a basic recovery of 9%, subject to a premium of Re.0.90 for every 0.1% point increase in the 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 Seasons	SMP
2001-02	62.05
2002-03	69.50
2003-04	73.00
2004-05	74.50
2005-06	79.50
2006-07	80.25
2007-08	81.18



View of a Modern Sugar Factory

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

### CANE PRICE PAYMENT AND ARREARS POSITION

3.8 As reported by the sugar mills and the State Governments, the position of cane price payment and arrear for the 2005-06 season as on 15.12.2006 was as under:-

(Amount in Rs. Crores)

i)	Cane price payable	20830.10
ii)	Cane price paid	20822.02
iii)	Cane price arrears	8.08
iv)	Percentage of cane price arrears on cane price payable	0.04

### FINANCIAL PACKAGE FOR ASSISTANCE TO CO-OPERATIVE SUGAR MILLS

3.9 Based on the announcement made by the Finance Minister in the Budget Speech for 2005-2006, the following financial packages have been approved for the Co-operative Sugar Mills in the country:

- (i) All Co-operative Sugar mills in the country which have term loans outstanding as on 31-3-2005, and which are commercially viable and have adequate operational surplus to repay the said term loans will be categorised under Category A or Category B which are as under:-

#### CATEGORY A:

The mills, which can repay the term loan within a period of 5 years including a moratorium of

two years for payment of interest and principal.

#### Category B:

The mills, which can repay the term loan within a period 15 years including a moratorium of two years for payment of interest and principal.

- (ii) The term loans will be restructured / rescheduled to enable repayment within five years (for Category A) or within 15 years (for Category B). The rate of interest on the restructured loans will be reduced to 10% per annum, w.e.f 1<sup>st</sup> April, 2005, irrespective of the original contractual rate. Government of India will provide interest subvention on the restructured loan. The interest subvention is estimated at Rs.560 crores.

3.10 The Committee under NABARD was assigned the task of examining the financial condition of the co-operative sugar factories in consultation with the concerned State Governments, sugar factories and the Banks involved to ascertain their viability and formulate revival packages. Burden of reschedulement of loans was to be borne by the concerned Banks whereas interest subvention due to reduction in rate of interest to 10% per annum was to be initially borne by NABARD but finally provided by the Government of India to NABARD on a year to year basis.

3.11 NABARD formulated a scheme on interest subvention for State/District, Central Co-operative Banks and Urban Co-operative Banks in the country in respect of outstanding term loans of co-operative sugar mills scheduled for disbursement from 2005-06 to 2018-19, for a total amount of Rs.560 crores.

3.12 The scheme is under examination.

### SUGAR POLICY: PARTIAL CONTROL

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

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### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

3.14 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 is requisitioned by the Government as compulsory levy at a price fixed by Government in every sugar season. That levy sugar is distributed under the Public Distribution System (PDS). The non-levy, free sale sugar is allowed to be sold as per the quantity released by the Government under the free sale sugar release mechanism.

#### PHASED DECONTROL OF SUGAR INDUSTRY

3.15 The Government has taken steps for decontrol of the sugar industry. Accordingly, the compulsory levy obligation of the sugar factories was reduced from 40% to 30% w.e.f. 1<sup>st</sup> January, 2000. With effect from 1<sup>st</sup> February, 2001, the compulsory levy obligation has been further reduced to 15%. The levy obligation now stands at 10% of the production w.e.f. 1<sup>st</sup> March 2002.

#### REGULATED RELEASE MECHANISM

3.16 In order to safeguard the interests of sugarcane growers, the producers of sugar and the general public, to stabilise 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) of Section 3 of the said Act. The amended Act provided *inter alia* that, no producer, importer or exporter of sugar shall sell or otherwise disposed of or deliver any kind of sugar except under and in accordance with the directions issued by the Government.

#### INTRODUCTION OF FUTURES/ FORWARD TRADING IN SUGAR

3.17 In May, 2001, the Central Government issued a Notification under the Forward Contracts (Regulation) Act, 1952 allowing futures/forward trading in sugar. Futures contracts in Sugar are presently traded at Four Exchanges including three National level Exchanges viz. the National Multi Commodity Exchange (NMCE), Ahmedabad (w.e.f 6.02.2003), the National Commodities and Derivatives Exchange (NCDEX), Mumbai (w.e.f 27.04.2004) and the Multi Commodity Exchange (MCX), Mumbai (w.e.f 7.02.2005) and M/s. E-Sugar Ltd., Mumbai .

#### LIBERALISATION OF SUGAR TRADE

3.18 Government have withdrawn the stockholding limits on wholesale dealers of sugar with effect from 7<sup>th</sup> July, 2000.

3.19 Government have abolished the turnover limits on wholesale dealers of sugar with effect from 20<sup>th</sup> August, 2001.

#### PRODUCTION, CONSUMPTION AND STOCK OF SUGAR

##### PRODUCTION OF SUGAR

3.20 The sugar production in the country during the season 2002-2003 was 201.32 lakh tonnes. However, due to severe drought in major sugar producing States like Maharashtra, Karnataka and Tamil Nadu and woolly aphid pest infestation, the production in the sugar season 2003-04 and 2004-05 fell to 139.58 lakh tonnes and 130.00 lakh tonnes, respectively. During the last sugar season 2005-2006, the sugar production is provisionally placed at 193.21 lakh tonnes.

3.21 Season-wise production of sugar since 1997-98 is given on next page:

(Lakh tonnes)

Sugar Seasons	Production of Sugar
1997-1998	128.44
1998-1999	154.52
1999-2000	181.93
2000-2001	185.10
2001-2002	184.98
2002-2003	201.32
2003-2004 (P)	139.58
2004-2005 (P)	130.00
2005-2006 (P)	193.21

**3.22** During the sugar season 2006-2007 production of sugar is estimated to be around 227 lakh tonnes as against the production of 193.21 lakh tonnes (Provisional) during the previous season 2005-2006. The increase in sugar production during the last and the current sugar season is mainly due to good monsoon and increase in sugarcane area under cultivation. During the period 1.10.2006 to 31.12.2006, the sugar production is provisionally placed at 74.61 lakh tonnes as compared to 62.01 lakh tonnes during the corresponding period in the last sugar season.

### CLOSING STOCK OF SUGAR

**3.23** The closing stocks of sugar at the end of each sugar season from 1997-1998 have been as under:-

(Lakh tonnes)

Sugar Seasons	Closing Stock
1997-1998	53.70
1998-1999	66.78
1999-2000	93.40
2000-2001	106.63
2001-2002	113.17
2002-2003	116.14
2003-2004	85.00
2004-2005	63.32*
2005-2006 (P)	43.64 ** (Provisional)

(\*) As per the reports received from the Central Excise Authority, the closing stock as on 30.9.2005 was 57.00 lakh tonnes.

(\*\*) As per the reports received from the Central Excise Authority.

(P-) Provisional

### CONSUMPTION OF SUGAR

**3.24** The quantity of levy and non-levy sugar released for internal consumption from 1997-1998 has been as under:-

(Lakh tonnes)

Sugar Seasons	Internal Consumption
1997-1998	139.78
1998-1999	141.35
1999-2000	155.08
2000-2001	162.00
2001-2002	167.48
2002-2003	183.76
2003-2004	175.00
2004-2005	171.44
2005-2006 (Provisional)	183.21

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### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

3.25 The position regarding production, internal consumption and export during the sugar seasons 2002-03 to 2005-06 is indicated below:-

(Qty. in Lakh tonnes)

S.No.	Particulars	2002-2003	2003-2004	2004-2005	2005-2006
1.	Carry over stocks from Previous season	113.19	116.16	85.00	40.00**
2.	Production of sugar	201.32	139.58 @	130.00	189.59
3.	Import of sugar	0.41	5.53	20.74	3.62
4.	Total availability	314.92	261.27	235.74	233.21
5.	Internal consumption	183.76	175.00	171.44	183.21
5.	Exports	15.00	2.94	0.98	13.68
6.	Closing stocks at the end of season	116.16	83.33 *	63.32*	36.32***

\* Central Excise Authorities reported closing stocks at 85 lakh tonnes and 57 lakh tonnes respectively.

\*\* Although Central Excise Authorities have reported carry over stocks at 57 lakh tonnes, but 17 lakh tonnes stock were reduced to account for damaged sugar, sugar sold on Court Orders etc.

\*\*\* Central Excise Authorities have reported closing stocks at 43.64 lakh tonnes.

@ includes sugar converted from imported raw sugar.

#### LEVY SUGAR SUPPLY UNDER PDS

3.26 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.

3.27 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.

3.28 The minimum per head per month quantum

of levy sugar allotted under the PDS was increased 425 gms to 500 gms. with effect from 01.02.2001.

3.29 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 tonnes. However, since the levy percentage has been reduced to 10% of the domestic production, the availability of sugar for levy allocation is varying depending upon the levels of domestic production. Therefore, it has not been possible to supply levy sugar as per the levy quota to each State/UT.

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

3.30 162.26 lakh tonnes (provisional) of non-levy free sale sugar was released for sale in the open

market during 2005-2006 sugar season (October–September) as compared to 146.00 lakh tonnes (provisional) during the previous sugar season 2004-2005.

**3.31** During the sugar season 2006-07 (from 1.10.2006 to 31.12.2006), a quantity of 41.00 lakh tonnes of non-levy (free sale) sugar has been released as compared to 37.00 lakh tonnes released during the corresponding period last year.

### LEVY PRICE OF SUGAR

**3.32** Under the provisions of Sub section 3(C) of Section 3 of the Essential Commodities Act, 1955, the levy sugar price for Public Distribution System is fixed having regard to:

- The statutory minimum price (SMP) fixed for the sugarcane by the Central Government;
- The manufacturing cost of sugar;
- The duty or tax, if any paid or payable thereon; and
- The reasonable return on the capital employed in the business of manufacturing sugar;

**3.33** 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.

**3.34** The levy price for the sugar seasons 2004-05, 2005-06 and 2006-07 will be finalised after the acceptance of the expert body report, which is at present under examination.

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

**3.35** The retail issue price of levy sugar under the

PDS has been fixed at Rs. 13.50 per kg. with effect from 1<sup>st</sup> March, 2002.

### EX-MILL PRICES OF NON LEVY SUGAR

**3.36** The range of ex-mill prices of sugar (S-30 grade) in the major centres of the country during 2004-05 to 2006-07 sugar season up to 31.12.2006 was as under:

(Rupees per quintal)

Sugar Seasons	Ex-mill prices of sugar
2004-05	1410-1840
2005-06	1550-1990
2006-07 (upto 31.12.2006)	1375-1830

SOURCE: Daily Trade Mart Enquiry, Directorate of Sugar

### RETAIL PRICES OF NON-LEVY SUGAR

**3.37** The range of retail prices of non-levy sugar from 2004-05 to 2006-07 sugar seasons (up to 31.12.2006) was as under:

(Rupees per kilogram)

Sugar Seasons	Retail Prices of Sugar
2004-2005	16.00-20.50
2005-2006	18.00-23.00
2006-2007 (till 31.12.2006)	16.00-21.50

SOURCE: Price Monitoring Cell, Department of Consumer Affairs.

### BUFFER SUBSIDY

**3.38** There had been appreciable decline in the market prices of non-levy sugar, which constrained

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the capacity of the sugar mills to pay the cane price to the sugarcane growers. In order to mitigate the hardship of the sugarcane growers, the Government created buffer stock of 20 lakhs MTs of sugar for the period of one year w.e.f. 18.12.2002 to 17.12.2003. Under the Sugar Development Rules, 1983 pertaining to buffer stocks, the interest, storage and insurance charges for the quantity taken on buffer are reimbursed to sugar mills as buffer subsidy, which is to be exclusively used for payment of cane price arrears. Further, on creation of buffer stock, the banks give additional credit, which is also to be used for payment of cane price arrears. The advance buffer subsidy has been paid to 357 sugar mills amounting to Rs. 219.72 crores and the final subsidy claims of 326 sugar mills amounting to Rs. 66.51 crores have been settled up to 31.12.2006.

**3.39** The buffer stock was extended for one more year i.e. up to 17.12.2004. The buffer subsidy claims during the extended period from 18.12.2003 to 30.09.2004 has been settled so far of 262 sugar mills amounting to Rs. 217.05 crores.

**3.40** The buffer subsidy disbursed during the financial years 2003-04, 2004-05 and 2005-06 was to the tune of Rs. 205.70 crores, 198.90 and Rs. 58.93 crores, respectively.

**3.41** The buffer subsidy disbursed during the current financial year 2006-07 up to 31.12.2006 is Rs. 39.75 crores. The B.E. provision for payment of buffer subsidy for the financial year 2006-07 was Rs. 40 crores, a supplementary grant of Rs. 30 crores has been sought under the Supplementary Demand for Grant for financial year 2006-07 (3<sup>rd</sup> and Final Batch).

### EXPORT OF SUGAR

**3.42** Till 15.01.1997, the 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).

**3.43** Through an Ordinance, the Sugar Export Promotion Act, 1958, was repealed w.e.f. 15<sup>th</sup> January, 1997 and thus the export of sugar was decanalised. Under decanalised regime, the export of sugar was being carried out through the Agricultural and Processed Food Products Export Development Authority (APEDA), under Ministry of Commerce. Government removed the quantitative ceiling on export of sugar and also dispensed with the requirement of the Registration-Cum-Allocation Certificates (RCACs) by APEDA w.e.f. 1.4.2001 on sugar exports. Now, the export of sugar can be undertaken by the various sugar mills/merchant exporters, after obtaining the export release orders from the Directorate of Sugar.

**3.44** As per information published by DGCIS, Kolkata, the exports of sugar from financial year 2003-2004 onwards is as under:-

Financial Year (April-March)	Quantity (in M.Ts)	Value (In Rs. Crores)
2003-2004	12,00,599	1216.59
2004-2005	1,08,687	149.52
2005-2006	3.16.850	557.09
2006-2007	11,07,872 (P)	2331.83 (P)
(up to October 2006)		
(P) – Provisional		

**3.45** The export release orders in 2005-06 sugar season were issued only to Advance License holders except that the Indian Sugar Exim Corporation (ISEC), a joint body of Indian Sugar Mills Association (ISMA) and the National Federation of Cooperative Sugar Factories (NFCSF), the Apex Organisation of the sugar industry, was allowed to export 1.5 lakh tonnes of sugar to the Trading Corporation of Pakistan. As



**IMPORT OF SUGAR**

per information received from DGFT, the quantum of export obligation on account of imports in 2004-05 and 2005-06 sugar season (October – September) under Advance License Scheme comes to about 21.9 lakh tonnes. Out of this, about 11.9 lakh tonnes of sugar has been exported during 2005-06 sugar season. However, to curb rise in prices of sugar in the domestic market, the Government banned export of sugar with effect from 22<sup>nd</sup> June, 2006 vide Notification dated 4<sup>th</sup> July, 2006 up to the end of current financial year except exports permitted through ISEC subject to the quantitative ceiling notified by the Directorate General of Foreign Trade (DGFT) from time to time. It was also provided that the ban would not be applicable for export of sugar against irrevocable letters of credit (LC) opened before 22<sup>nd</sup> June, 2006. Subsequently, the Government allowed export of sugar that has left the factory premises before 22.6.2006 and in port premises or in transit after verification of certain documents. Accordingly, permission was given for export of 52539 MTs of sugar.

**3.46** The DGFT vide Notification dated 9<sup>th</sup> August, 2006 amended the Notification dated 4<sup>th</sup> July, 2006 extending the period of export obligation of advance licensee by the period of the prohibition imposed, provided the export obligation period did not expire prior to the imposition of export restriction. Further, the DGFT vide Notification dated 9<sup>th</sup> August, 2006 further amended the Notification dated 4<sup>th</sup> July, 2006 providing that the prohibition on export of sugar shall not apply to export of sugar to Bhutan and Maldives.

**3.47** In view of the estimated higher production of sugar in 2006-07 sugar season, the Government vide Notification dated 4<sup>th</sup> January, 2007 relaxed ban on export of sugar and allowed exports against advance licenses. The Government has now further relaxed the ban and has allowed export of sugar under OGL vide Notification dated 23<sup>rd</sup> January, 2007.

**3.48** Import of sugar, which was placed under Open General License (OGL) with zero duty in March 1994, continued with zero duty upto 27.04.1998. Government imposed a basic customs duty of 5% and a countervailing duty of Rs.850.00 per tonne on imported sugar with effect from 28.4.1998. The basic custom duty was increased from 5% to 20% w.e.f. 14.1.1999 in addition to the countervailing duty. In the Union Budget for the year 1999-2000, duty on imported sugar was further increased from 20% to 25% with surcharge of 10%. The customs duty on imports 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 tonne which is still continuing.

**3.49** As per the information furnished by DGCIS-Kolkata, the import of sugar from financial year 2003-04 to 2006-07 (up to 31.10.2006) are as under:-

Financial Year	Quantity (in lakh MTs)	CIF Value (Rs./Crores)
2003-04	0.74	62.70
2004-05	9.33	976.17
2005-06	5.59	651.80
2006-07 (up to 31.10.2006)	0.010	2.99

(P) PROVISIONAL

**3.50** In order to augment sugar stocks for 2004-05 and enable the Government to meet the normative 3 months' consumption requirement of the country, the Advance License Scheme was liberalised for raw sugar import, in as much as the imported raw sugar under Advance License was allowed to be processed into white sugar, sold in the domestic market, and allowing such importers to fulfill export obligation within 24 months period or such extended period as

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allowed by Directorate General of Foreign Trade (DGFT) by exporting indigenously manufactured white sugar. As per information received from DGFT, the quantum of export obligation on account of imports in 2004-05 and 2005-06 sugar season (October – September) under Advance License Scheme comes to about 21.9 lakh tonnes. Out of this, about 11.9 lakh tonnes of sugar have been exported during 2005-06 sugar season. During the months of January 2006 to June, 2006, the prices of sugar in the domestic market had shown an abnormal increasing trend. As such, the Government permitted import of white sugar without any quantitative restrictions at zero duty up to 30.09.2006 vide Notification No. 63 of 2006-CUS, dated 23<sup>rd</sup> June, 2006.

#### INTRODUCTION OF RELEASE MECHANISM ON IMPORTED SUGAR

**3.51** Government, in order to regulate the sale of imported sugar in the domestic market, has re-introduced the system of release mechanism on imported sugar in December, 1999, whereby imported sugar cannot be sold in the domestic market without the written orders (release order) of the Government. Government with effect from 17.02.2000, have also decided to impose levy obligation by the importers after the said date. However, Government have decided to exempt importers of raw sugar under Advance License Scheme, in the period 1.4.2000-30.09.2005 from levy obligation.

#### IMPORTANT ACTIONS TAKEN BY THE DIRECTORATE OF SUGAR

##### Amendment of the Sugarcane (Control) Order, 1966 – Distance between two sugar factories

**3.52** Sugar industry was deleted from the list of industries requiring compulsory licensing under

provisions of the Industries (Development and Regulation), Act, 1951 vide Press Note No. 12 dated 31.08.98. However, while de-licensing the sugar industry, the Government also decided that in order to avoid unhealthy competition among sugar factories to procure sugarcane, a minimum distance of 15 Kms. would continue to be observed between an existing and a new mill by exercise of powers under the Sugarcane (Control) Order, 1966. The Press Note also laid down that the entrepreneurs would be required to file an Industrial Entrepreneur Memoranda (IEM) with the Secretariat of Industrial Assistance (SIA) in the then Ministry of Industry in terms of Press Note dated 22.08.91. However, difficulties arose in the maintenance of the requisite distance of 15 kms. Further, the judicial pronouncements were that the minimum distance criteria of 15 kms. as mentioned in Press Note date 31.08.98 is directive in nature and not mandatory and the said Press Note provides for the minimum distance to be observed between an existing sugar mill and a new sugar mill and not between the two proposed sugar mills.

**3.53** After consultation with the State Governments of major sugarcane producing States, representatives of Apex bodies of the Sugar Industry and Farmers, concerned Central Government Departments/ Planning Commission and Commission for Agricultural Cost & Prices (CACP) an amendment to the Sugarcane (Control) Order, 1966 has been made vide Notification no. S.O. 1940(E) dated 10<sup>th</sup> November 2006. It provides that no new sugar factory shall be set up within the radius of 15 kms of any existing sugar factory or another new sugar factory. However, the State Governments have been authorised to fix minimum distance higher than 15 kms for their respective States where they consider it necessary and expedient in public interest, with the prior approval of the Central Government.

## REPEAL OF THE SUGARCANE PRESS MUD (CONTROL) ORDER, 1959

**3.54** Press Mud was declared as essential item vide GSR No. 503/ Ess. Com. Dated 15.04.1959. Accordingly, the Sugarcane Press-Mud (Control) Order, 1959 dated 29.04.1959 was issued which provided that no producer of sugar would sell press-mud except to a purchaser who furnished to him a certificate in writing that he would sell or use the press-mud purchased by him only as manure. Press Mud was deleted from the list of essential commodities vide GSR 1036 (E) dated 27.12.1993 by the Department of Consumer Affairs. The advice of Ministry of Law and Justice was solicited whether a repeal order is required to be issued in this regard. On the advice of Ministry of Law and Justice, this Department issued an order notified vide Notification dated 07.09.2006 repealing the Sugarcane Press Mud (Control) Order, 1959.

## LEVY SUGAR PRICE EQUALISATION FUND

**3.55** The Levy Sugar Price Equalisation Fund Act, 1976 (as amended in 1984) has been enforced from 01.04.1976. During the current financial year 2006-07 (upto 31.12.2006) a sum of Rs. 5.99 crores consisting of Excess Realisation (Price) of Rs. 1.12 crores and Rs. 4.87 crores towards interest has been recovered from various sugar mills and the same has been credited to Levy Sugar Price Equalisation Fund. This is against a budgeted target of Rs. 5.00 crores fixed for 2006-07. In the year 2005-06 an amount of Rs. 6.84 crores was recovered and remitted to the said Fund.

**3.56** Ministry of Consumer Affairs, Food and Public Distribution had approved payment of differential claims on account of settlement of levy sugar price based on Notifications dated 22.2.1995 and 13.4.1999 for 1974-75 (w.e.f. 12.7.75) to 1979-80 sugar seasons for sugar dispatches made to FCI/State Government

nominees, Army Purchase Organisation (APO) and export of levy sugar.

**3.57** The allocation, utilisation of funds and number of claims settled on account of settlement of re-fixation of ex-factory prices of levy sugar for 1974-75 to 1979-80 sugar seasons during the financial year 2003-04, 2004-05, 2005-06 and 2006-07 (upto 31.12.06) are given below:-

Year	Sanctioned Budget (in crores)	No. of claims settled	Actual Expenditure (in crores)
2003-04	30.00	7	1.70
2004-05	10.00	47	7.66
2005-06	10.00	22	3.39
2006-07 (upto Dec.06)	10.00	13	2.55

## REIMBURSEMENT OF INTERNAL TRANSPORT AND FREIGHT CHARGES, NEUTRALISATION OF OCEAN FREIGHT CHARGES AND HANDLING & MARKETING CHARGES

**3.58** 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 neutralisation 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 and upto the export made till 18.8.2004 in pursuance of release orders issued upto 20.6.2004 within validity of two months.

**3.59** The allocation and utilisation of funds and number of claims settled under (i) re-imburement of

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internal transport and freight charges (ii) payment of ocean freight charges and (iii) handling and marketing charges during the financial year 2003-04, 2004-05, 2005-06 and 2006-07 (upto 31.12.06) is given below:-

Years	Sanctioned Budget (BE) (in crores)	Internal Transport		Ocean freight and handling & marketing charges		Total Expenditure (in crores)
		No. of claims settled	ActualExp. (in crores)	No. of claims settled	Actual Exp. (in crores)	
2003-04	50.00	418	31.86	-	-	<b>31.86</b>
2004-05	125.00	392	46.09	-	-	<b>46.09</b>
2005-06	90.00	44	5.88	270	31.56	<b>37.44</b>
2006-07 (up to Dec. 06)	50.00	31	7.26	61	8.90	<b>16.16*</b>

(\* Amount as per sanction issued & bills preferred to PAO by SPF Section.)

#### SUGAR DEVELOPMENT FUND (SDF)

**3.60** Under the Sugar Cess Act, 1982, a cess of Rs.14.00 per quintal is being collected on all sugar produced by any sugar factory in India.

**3.61** 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 the purpose of this Act, shall after due appropriation made by Parliament by law, be credited to the Sugar Development Fund (SDF).

**3.62** During the period from 1982-83 to 2006-07 (upto 30.11.2006) a cess amount of Rs.4448.48 crores has been collected. Of this, upto 30.11.2006, Rs.3506.00 crores has been transferred to the Sugar Development Fund.

**3.63** Under the Sugar Development Fund Act 1982, the Fund has to be utilised by the Government of India

for the following: -

- a). Making loans for facilitating the rehabilitation and modernisation of any sugar factory.
- b). Making loans for the 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 having an installed capacity of 2500 tonnes Crushed Per Day 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 from alcohol or molasses.
- g) Defraying expenditure for the purpose of



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- building up and maintenance of Buffer Stock with a view to stabilising price of sugar.
- h) Defraying any other expenditure for the purpose of the Act.

**3.64** Sugar Development Fund is an important source of funds for providing loans at concessional rate to sugar factories to modernise and expand their capacity and utilise the by-products like bagasse and ethanol to improve revenue generation and their viability to encourage the factories to avail more and more SDF loans. The normative project cost for SDF funds has been revised for projects for bagasse based cogeneration of power from Rs.265 lakhs per MW to Rs.293 lakhs for boiler pressure upto 70 ata and Rs.363 lakhs per MW for more than 70 ata. Further, the Government has also increased the SDF loan component from the earlier 30% of cogeneration project cost to 40%.

**3.65** SDF Rules have been further amended on 15.9.2006 to provide for financial assistance from SDF if the project has been appraised and approved by Scheduled banks besides financial institutions for financial assistance for rehabilitation and modernisation of plant and machinery of sugar factory.

**3.66** The Ministry has decided to allow sugar factories to furnish security for SDF loans for the purpose of setting up distilleries for production of ethanol as a charge on the assets of the factories also as an alternative to furnishing a Bank Guarantee.

**3.67** As on 31.12.2006, the amount disbursed to various sugar mills for various schemes during financial year 2006-07 is as follows:-

(Rs. in Crores)

(i)	Loan to sugar factories for modernisation/ rehabilitation of plant and machinery.	54.13
(ii)	Loans to sugar factories for sugarcane development	13.56
(iii)	Grants-in-aid to research institutions.	-
(iv)	Loans to sugar factories for Bagasse based cogeneration power project.	62.51

- (v) Loan to sugar factories for production of anhydrous alcohol/ ethanol from alcohol or molasses. 2.01

**3.68** During the current financial year 2006-07 (upto 31/12/2006), an amount of Rs.155.09 crores (approx.) has been recovered from various sugar mills from the outstanding recoverable dues of SDF.

### NATIONAL SUGAR INSTITUTE, KANPUR

**3.69** The National Sugar Institute, Kanpur is one of the premier Institutes running Post-Graduate Level Courses in the discipline of Sugar Technology, Sugar Engineering, Alcohol Technology, and also provides operative level training in Sugar Boiling Certificate Courses, Sugar Engineering Certificate Courses and Pre Harvest Cane Maturity Survey Certificate Courses. It is catering to the trained technical personnel needs of the Sugar and Fermentation Industry of the country. During the academic season 2006-07, the following number of students were admitted in various courses conducted by the Institute.

Sl. No.	Courses	No. of Students
1.	Associateship of National Sugar Institute (Sugar Technology)	55
2.	Associateship of National Sugar Institute (Sugar Engineering)	14
3.	Diploma in Fermentation & Alcohol Technology	24
4.	Sugar Engineering Certificate Courses	02
5.	Sugar Boiling Certificate Courses	50
6.	Pre-Harvest Cane Maturity Survey Certificate Courses	10

**3.70** The research work done by the various divisions of the Institute from 01.01.2006 to 31.12.2006 are as under:-

## **SUGAR TECHNOLOGY DIVISION**

**3.71** Coordination Research Project was carried out with the two sugar factories in Gujarat viz. Madhi Sugar Unit and Narmada Sugar Unit on their invitation. They have installed Electro magnate system from a Gujarat based manufacturer. The system was basically conditioning on the fluid flow and thereby proved to be beneficial in terms of reductions in Bagasse Pol, Colour of molasses/ massecuite reductions in the chemical content etc. Detailed study was presented/published in 67<sup>th</sup> Convention of STAI held at Ahmedabad on 16<sup>th</sup> August, 2006.

**3.72** Presently the filtrate clarification is being done by floatation method, involving huge investments plus recurring expenditure. The same is being studied on the sedimentation process with filtration as a pre-treatment. The system shall be very easy and simple and clarified filtrate shall be good enough, to be taken directly by the evaporators. As per lab trials, the system provides clarity and purist rise of the clarified filtrate.

**3.73** Some data are being collected on the study of colour audit under different conditions of pan boiling and detailed data collection will be done during the crushing season 2006-07 in some of the factories.

## **BUREAU OF SUGAR STANDARDS**

**3.74** In India quality of sugar is adjudged by visual comparison to lusture whiteness vis-à-vis grain size in solid state as per BIS specifications. The Bureau of Sugar Standards is working in National Sugar

Institute, Kanpur to prepare standards for classification of various grades of sugar produced in sugar factories, organisations dealing with sugar trade etc.

**3.75** The Bureau of Sugar Standards serves the following purposes: -

- (i) Securing greater uniformity of the quality of sugar produced by the sugar factories in India.
- (ii) Raising general standards of quality of sugar made by Indian Sugar Factories.
- (iii) Providing a basis of comparison in case of dispute.

**3.76** Bureau of Sugar Standards which is supplying every year sugar standards to all sugar factories in India has earned a revenue of Rs. 5.27 lakhs by way of sale of 3203 sugar standards in 2006-07.

**3.77** From the ensuing season, the sugar grade M-29 has been abolished and accordingly the latest Sugar Standards set, comprising eight grades, on the basis of Colour and Grade is as follows -  
L-30, L-31, M-30, M-31, S-29, S-30, S-31 and SS-31.

## **AGRICULTURE CHEMISTRY DIVISION**

### **AGRICULTURE FARM**

**3.78** The main function of the farm is to give first hand information about raw material to the students of Sugar Technology, Post Harvest Cane Maturity Courses and ANSI (Sugar Engineering) 1<sup>st</sup> year course. The healthy sugar cane developed at the farm is supplied to the Experimental Sugar Factory and research laboratories to carry out researches in the important aspects of improvement in sugarcane, its varieties and processing quality. This year crop of sweet sorghum and tropical sugar beet has been sown.

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### RESEARCH

**3.79** The Division also undertakes the applied and fundamental research work in the field as mentioned below:-

- (a) Applied research on sugarcane agriculture to improve its yield and quality.
- (b) Studies on deterioration of sugarcane during post harvest and post maturity periods.
- (c) Research on Sugar Chemistry to improve the quality and keeping of sugars.
- (d) Standardisation of analytical methods for analysis of sugars and sugar house products.
- (e) A Ph.D thesis on the topic of "Studies on decays in juice as well as sugar quantity due to post harvest deterioration of sugar cane" was submitted to C.S.S.J.M University, Kanpur for award of Ph.D degree by a Research Scholar.

### ORGANIC CHEMISTRY DIVISION

#### RESEARCH

#### ESTIMATION OF PHOSPHATE IN SUGARCANE JUICE

**3.80** Phosphate is frequently determined in cane juice samples in chemical control labs of sugar factories. The prescribed method for analysing phosphate employs acetate reagent. As uranyl acetate is not available now a days from chemical suppliers, there is a necessity to develop an alternate method which does not require uranyl acetate and at the same time it is free from the interference of other constituents present in cane juice e.g silicate, iron etc. One such method is the Spectro-photo-metric estimation of phosphate which is based on the reaction of phosphoin olybdate and a cationic dye

malachite green yielding a coloured collidial salt complex. There are a few methods reported in literature including that of ICUMSA, but the main drawback is the high unstable blank values obtained by these methods. In order to reduce the blank readings and increase sensitivity of the coloured complex, National Sugar Institute (NSI), Kanpur, has changed the reagent composition and used a more efficient stabilising surfactant than that used in ICUMSA method. The method was applied for the determination of phosphate in cane juice and gave satisfactory results in the range of 0.5-3.0 pg P/ml.

### BIO CHEMISTRY DIVISION

**3.81** Research work is being done by the Biochemistry Division on the following topics:-

#### 1. ALCOHOL PRODUCTION FROM SWEET SORGHUM AND RICE BRAN CAKE

**3.82** Alcohol in India is manufactured from molasses though in some States broken rice and spoilt wheat is also allowed. Indian alcohol industry, from time to time, has faced the shortage of molasses especially during the months of May to August. This has necessitated the need to look for alternate renewable raw materials, which could be used for the fermentative production of ethanol. Sweet sorghum and rice bran cake are such materials. Possibility of use of these materials for alcohol production has been studied. Sweet sorghum, basically a crop of South India and Maharastra was grown at NSI farm and it was ready in four months and at the same time it required only 25% water as compared to the sugarcane and the expressed juice amounting nearly 50% of weight of stalk had a reducing sugar content of 15-18% and Pol of 5.1-5.4%.

**3.83** The juice after suitable dilution and addition of nutrients was subjected to fermentation by Baker's



yeast. The results obtained showed that the wash did not contain any unfermentable sugar and ethanol content in wash final (v/v) 9.23% litres/ 1000 litres of juice corresponding to 36.92 litres / tonne sorghum stalk. The yield of ethanol was 111.7 litres / 1000 litres of juice corresponding to 44.68 litres / tonne sorghum stalk when the juice prior to fermentation was treated with alpha amylase and glucoamylase.

**3.84** Rice bran cake obtained as a by-product from rice mills after polishing of rice contains starch to an extent of 35-40%. This material after homogenisation was subjected to gelatinisation after adding sufficient quantity of water at 15 p.s.i for one hour. The gelatinised starch was then treated with alpha amylase and glucoamylase for different periods of time and the resulting material was subjected to fermentation by yeasts. With rice bran cake the unfermentable sugar content was only 0.2% and alcohol %(v/v) in wash was 6.76% with a fermentation efficiency value of 92.47% producing an ethanol yield of 233 Bulk litre/ tonne.

## 2. PRODUCTION OF WHITE BUTTON MUSHROOMS FROM BAGASSE

**3.85** Mushrooms are ordinarily produced from paddy and wheat straw. In this study, white button mushroom (*Agaricums Bisporus*) has been produced from bagasse and its production was compared with that of wheat and paddy straw. The mushrooms were produced from bi-compost prepared from bagasse, bagasse plus paddy straw and bagasse plus wheat straw containing potash, urea, super phosphate, calcium ammonium nitrate etc. The compost was then incubated with spawns at different layers. In about 6-10 days fermentation started and these were manually picked and analysed for various biomolecules and it was found to contain proteins 3.5%, calcium 8%, carbohydrates 3.39% and a moisture content of 80-85%. Protein content on dry wt. basis was 35.54% showing it to be of good nutritive value at the same

time % yield was 79.6% on bagasse, 78.1% on wheat straw and 74.54% on bagasse plus wheat straw.

**3.86** Preliminary studies have been done on the isolation of bacterial and yeast strains from deteriorated and combusted and normal molasses. The results showed the presence of good number of the morphine bacterial. Further work is in progress.

## CHEMICAL ENGINEERING DIVISION

### RESEARCH ACTIVITIES

#### STUDY OF DEEP BED FILTRATION

**3.87** A prototype of deep filter has been designed to carry out experiments under coordinated research scheme in sugar factories. Consent is being sought from the factories on their count.

## PHYSICAL CHEMISTRY DIVISION

**3.88** In the Physical Chemistry Division, the following project works were carried out :-

- a) The Electro Chemical Treatment has been taken up for different parameters viz BOD, COD, DO, AO, colours, SS, pH, conductance etc. in the sugar factory and distillery effluent.
- b) The Electro Chemical Clarification of raw cane juice has been taken up by the different electrodes viz Graphite-graphite, Graphite-MS, MS-MS electrodes etc.
- c) Effect of pH on the measurement of colours in solution phase in sugar.
- d) Dissociation constant of sucrose, which was not expected to dissociate.

## DESIGN & DEVELOPMENT DIVISION

- |      |                           |   |    |
|------|---------------------------|---|----|
| (i)  | Development of new design | - | 01 |
| (ii) | Drawing supplied          | - | 02 |

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### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

(iii) Display charts	-	09
(iv) No. of Prints	-	166

#### ADVISORY AND EXTENSION VISITS

3.89 The experts of the Institute visited factories to investigate the problems referred and rendered technical advice on payment of prescribed fees. During the period under report, 24 sugar factories have been visited under advisory services and 25 under extension services.

#### EXPERIMENTAL SUGAR FACTORY

3.90 In the curriculum of various courses of Sugar Technology and Sugar Engineering disciplines there is provision to provide technical know-how to the students in working condition of sugar plant. For this purpose, NSI, Kanpur has a 100 TCD vacuum sugar plant wherein on-the-job training are being provided to the students of different courses to acquaint them with process of manufacturing of sugar.

3.91 The experimental sugar factory worked for 32 days during 2005-06. During the period 7260.07 qtls sugarcane was crushed and 146 qtls white sugar was produced.

#### REFRESHER COURSE – 2006

3.92 A refresher course was organised from 11<sup>th</sup> to 15<sup>th</sup> September 2006 for updating the latest technical know-how to middle and upper classes of Sugar Technologists and Sugar Engineers working in sugar factories. In this course 31 officers from sugar industry situated in different parts of the country

participated and got opportunity to discuss their technical problems with more experienced guest faculty speakers from Institute as well as Sugar Industry/Sugar Organizations.

#### PUBLICATION

3.93 The Institute undertakes research on the problems of Sugar Industry, Alcohol, Allied Industry and By-products utilisation etc. on the basis of findings of research work carried out by the different divisions of the Institute. 11 research papers were published by different members of the Institute in Indian and International Sugar Journals.

3.94 Bi annually in-house technical journal 'SHARKARA' is being published by the Institute.

#### CONVOCATION

3.95 46<sup>th</sup> Convocation of the Institute was held on 27<sup>th</sup> October, 2006 in the Institute auditorium. Dr. Akhilesh Prasad Singh, Minister of State for Food, Consumer Affairs and Public Distribution was the Chief Guest on this occasion. The function was presided over by Dr. Joy. I. Cheenath, former Joint Secretary (Sugar & Sugar Administration).

#### PLACEMENT

3.96 Renowned sugar groups, namely M/s. Bajaj Hindustan Limited, M/s. Triveni Engineering Industries Ltd., M/s. SIEL Ltd., M/s Dwarikesh Sugar Ltd., etc. have already appointed all students of the final year discipline of sugar Technology, Sugar Engineering and Alcohol Technology.

# Chapter-4

## **EDIBLE OILS**

# 4

## 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

4.1 There are two sources of oils – primary sources and secondary sources. The primary sources include those oilseeds, which are cultivated. The main

edible oils from these sources are groundnut, rapeseed/mustard seed, soyabean, sunflower seed, sesame seed, niger seed and safflower seed. The main secondary sources of oils include coconut oil, cottonseed oil and rice bran oil. The production of oilseeds and net availability of edible oils from domestic sources (primary source and secondary source) for the years 2004-2005 and 2005-2006 are recorded below:-

(in lakh tonnes)

Name of the Oilseeds	2004-2005		2005-06*	
	Oilseeds	Oils	Oilseeds	Oils
<b>A. Primary Source</b>				
Groundnut	67.74	15.58	78.67	18.09
Rapeseed/Mustard	75.93	23.54	78.87	24.45
Soyabean	68.77	11.00	83.50	13.36
Sunflower	11.87	3.92	14.88	04.91
Sesame	6.74	2.09	06.97	02.16
Nigerseed	1.12	0.34	01.07	00.32
Safflower Seed	1.74	0.52	01.95	00.59
Castor	7.93	3.17	09.67	03.87
Linseed	1.70	0.51	1.73	00.52
<b>Subtotal</b>	<b>243.54</b>	<b>60.67</b>	<b>277.31</b> (Estimated)	<b>68.27</b>
<b>B. Secondary Source</b>				
Coconut		5.50		4.20
Cottonseed		4.30		5.70



The source of Sunflower Oil

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Ricebran		6.20		6.80
Solvent Extracted Oils		3.50		4.30
Tree & Forest Origin		0.80		1.30
Sub Total		20.30		22.30
<b>Total (A+B)</b>		<b>80.97</b>		<b>90.57</b>
<b>C. Less: Export &amp; Industrial Use</b>		<b>8.50</b>		<b>8.20</b>
<b>D. Net Domestic availability of edible oils</b>		<b>72.47</b>		<b>82.37</b>

Source: (i) Ministry of Agriculture  
(ii) Net availability of edible oils: Directorate of Vanaspati, Vegetable Oils & Fats  
\* 4<sup>th</sup> Advance Estimates (Declared on 15.07.2006)

4.2 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 and meeting the shortfall 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.

#### **DIRECTORATE OF VANASPATI, VEGETABLE OILS & FATS**

4.3 The Directorate of Vanaspati, Vegetable Oils & Fats (DVVO&F) of the Ministry of Consumer Affairs, Food & Public Distribution is the only specialised 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 highly qualified technical personnel. 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.

4.4 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.

#### **QUALITY AND TESTING**

4.5 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 by the officers from the Headquarters.

## R&D PROGRAMME FOR DEVELOPMENT OF VEGETABLE OILS

4.6 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 sent for analysis for checking conformity with the prescribed requirements.

4.7 A well-equipped laboratory exclusively devoted to the analytical work pertaining to oils and fats is available with DVVO&F. During the financial year 2005-06, of the 3254 samples of edible oils and fats analysed in the laboratory of the DVVO&F, 30 samples of vanaspati did not conform to the prescribed standards of quality. In the case of failure of samples, appropriate action has been taken against the defaulting units.

### AVAILABILITY OF EDIBLE OILS IN PACKED FORM

4.8 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. The power for implementation of the Order is basically delegated to the State Governments.

4.9 Some of the salient features of the Packaging Order are edible oils including edible mustard oil be sold only in packed form, packers have to be registered themselves with a registering authority, packer to have his own analytical facilities or adequate arrangements for testing the samples of edible oils to the satisfaction of the Government, only oils which conform to the standards of quality as specified in the Prevention of Food Adulteration Act, 1954 and Rules made thereunder be allowed to be packed, etc.

4.10 The DVVO&F is presently operating a Plan Scheme on "Research and Development and Modernisation of the Laboratory of the DVVO&F" during the X<sup>th</sup> 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 utilisation of these materials. In addition, the scheme is also aimed at to equip the laboratory of the DVVO&F introducing modern equipments for testing of oils & fats.

4.11 The approved outlay for Development Programme in Oilseeds and Oils of the DVVO&F during the X<sup>th</sup> Five Year Plan period (2002-2007) has been Rs.125 lakhs. Actual expenditure in 2005-06 and 2006-07 (upto October, 2006) have been Rs.35.37 lakhs and Rs. 9.90 lakhs respectively.

4.12 The specific thrust areas identified for R&D work are:-

- Application of frontier areas of technology such as membrane refining technology, bio-refining, bio-interesterification etc., of oilseed / oil processing.
- Storage stability of unrefined and refined edible vegetable oils.
- Nutraceutical/nutritional aspects of value added co-products/by-products of oil industry particularly with regard to the suitability for human consumption.
- Development of simple, reliable, low cost analytical methods/techniques for detection/determination of adulterants in fats and oils including vanaspati.
- Proposal for tie-up arrangement between R&D institutes/organisations and industry for up-scaling of technology developed.
- Addition of micronutrients to vegetable oils.
- Networking project on Rice Bran Oil.

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4.13 Some of the important areas of work funded by the DVVOF under the R&D Scheme are:-

R&D Project	Institute
Modernisation of huller rice mills.	CSIR, New Delhi
Development of 1 TPD high efficiency oil expeller.	MERADO, Ludhiana
Recovery of waste from vegetable oils processing industries.	HBTI, Kanpur
Study on the use of high erucic acid containing rapeseed oil/mustard oil in vanaspati.	GSRF, New Delhi
Development of low cost packaging materials for vanaspati/vegetable oils/fats.	IICT, Hyderabad
Development of economic and functional packages for food products with emphasis on edible oils and vanaspati, new products development such as development of fat spread.	IIP, Mumbai
Study on Shelf-life of RBD Palmolein	GSRF, New Delhi
Development of a Digital Moisture Probe	CSIO, Chandigarh
Design and Development of economic and functional packages for food products.	CFTRI, Mysore
Optimisation of process parameters and upscaling of ceramic membrane technology for rice bran oil in miscella state	CGCRI, Kolkata
Development of methodologies for the efficient extraction of total natural antioxidants mainly from green leafy vegetables (GLV) for improving the quality and stability of edible vegetable oils.	Dr.Subhash Mukherjee Memorial Reproductive Biology Research Centre, Kolkata.
Development of simple reliable low cost analytical methods/techniques for detection/determination of adulterants in edible oils and vanaspati	OTRI, Anantapur
Investigation of micotoxins in mustard oilseeds and oil processed from them.	MRPC, New Delhi
Design parameter optimization for membrane based process for refining of oil from oil bearing seeds of N.E. Region.	RRL, Jorhat
Development of Micronutrients Enriched High Performance Multiple Blended Oil Medium.	GSRF., New Delhi.

#### RESEARCH PAPERS PUBLISHED

4.14 Some of the Research Papers published by the concerned Research Institutes out of the R&D projects funded by the DVVO&F are as under:-

(i) Recovery of oil from spent bleaching earth-  
Journal of Oil Technologists Association of India- 27, No.-2; 159; 1991.

- (ii) Use of High Erucic rapeseed/Mustard Oil in Vanaspati – Journal of Oil Technologists Association of India, 26,4, P-109, 1994.
- (iii) Detection of Interesterified fats in hydrogenated fats – Journal of American Oil Chemists Society 69,1051,1992.
- (iv) Rice Bran Oil enrichment of edible oil – Presented in seminar of Solvent Extractors



- Association of India 30.6.2002.
- (v) Preparation and surfactant properties of diethanolamides of Castor, Karanja and neem seed proteins – Journal of Oil Technologists of India - 111-115, 1992.
  - (vi) Preparation and surfactant properties of N-acyl condensates of neem seed protein isolate and Hydrolysate – Journal of Oil Technologists of India - 55-56, 1992.
  - (vii) Bleaching of commercial soybean lecithin - Journal of Oil Technologists of India - 183-186,2000
  - (viii) A simple method to Enrich Phospholipid Content in Commercial Soybean Lecithin – Journal of American Oil Chemists Society, Vol.78, No. 5,555, 2001.
  - (ix) Aqueous enzymatic extraction of oil from mustard seeds – Journal of Oil Technologists Association of India, Vol.32, No.2, 51, 2000.
  - (x) Separation, characterisation and estimation of chlorogenic acid from aqueous extraction of sunflower meal – Journal of Oil Technologists Association of India, Vol.33, No.3, 108, 2001.
  - (xi) Evaluation of Antioxidant Effectiveness of a Few Selected Vegetables- Environmental & Nutritional Interactions, 1, 287-297, 1997.
  - (xii) Studies on the Antioxidant Activity of Oil Extract of Curry Leaf in Oil – Journal of Oil Technologist's Association of India, 37(1); 7; 2005.
  - (xiii) Evaluation of Total Antioxidant Capacity of some Vegetables, Spices and Tea- Journal of Food Science & Technology – 43(5); 467-469, 2006.

## ASSESSMENT OF PRODUCTION AND SUPPLY OF EDIBLE OILS

**4.15** Production of oilseeds, which increased significantly in the 1980's, hit a plateau in the 1990's. After a continuous decline in oilseeds production for several years, the production of domestic oilseeds has picked up since the year 2003-04. Despite this momentum, 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.

**4.16** Figures pertaining to production of major cultivated 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 tonnes)

Oil Year (Nov.- Oct.)	Production of Oilseeds	Net availability of edible oils from all domestic sources	Total Availability/ Consumption of Edible Oils (from domestic and import sources)
2001-2002	206.63	61.46	104.68
2002-2003	148.39	46.64	90.29
2003-2004	251.86	71.40	124.30
2004-2005	243.54	72.47	117.89
2005-2006	277.31	82.37	125.25

Source: (i) Production of oilseeds: Ministry of Agriculture  
(ii) Net availability of edible oils: Directorate of VVO&F  
(iii) Import of edible oils: DGCI&S, Kolkata, Ministry of Commerce & Industry

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DEPARTMENT OF FOOD AND  
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### PER CAPITA CONSUMPTION OF EDIBLE OILS & FATS IN THE COUNTRY AS COMPARED TO WORLD PER CAPITA CONSUMPTION OF EDIBLE OILS DURING THE LAST FEW YEARS.

4.17 Per capita consumption of edible oils in the country as compared to world per capita consumption of edible oils during the last few years has been as under :-

(Kg/Annum)

Years	India	World
2000-2001	11.7	18.95
2001-2002	11.8	19.37
2002-2003	11.3	19.80
2003-2004	11.5	20.24
2004-2005	11.8	21.13
2005-2006	12.0 (Forecast)	22.12 (Forecast)

Source: Oil World Annual, 2005

### IMPORT POLICY ON EDIBLE OILS

4.18 Since there has been a continuous excess of demand 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.

4.19 In pursuance of the policy of liberalisation 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 edible

vegetable palmolein under Open General Licence (OGL) at 65% duty. This was followed by enlarging the basket of oils under OGL import with revision of import duty structure.

4.20 In order to harmonise the interests of farmers, processors and consumers and at the same time, regulate large import of edible oils to the extent possible, Government has rationalised the duty structure of edible oils. The brief highlights of the import policy of edible oils since 1994 have been given in **Annexure-VII**.

### IMPORT OF VANASPATI FROM NEPAL UNDER INDO-NEPAL TREATY OF TRADE.

4.21 The Indo-Nepal Treaty of Trade allowed import, among others, of edible oils including Vanaspati from Nepal on duty-free, licence free and quantity-free basis. The Indo-Nepal Trade Treaty was revised in 1996. In that revision, the local content (Nepalese material content, Nepalese labour content & the Indian material content), which was 50% in 1993, was completely deleted. Consequently there has been surge in import of vanaspati from Nepal.

4.22 The India-Nepal Trade Treaty has been revised on 2<sup>nd</sup> March, 2002 to safeguard the interest of domestic 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 canalised through the Central Warehousing Corporation (CWC) and State Trading Corporation (STC) w.e.f. 16<sup>th</sup> May, 2002 and 6<sup>th</sup> June, 2003 respectively. W.e.f. 23.10.2003, State Trading Corporation has been made the sole agency to make imports of vegetable fats (vanaspati) from Nepal.

4.23 Further w.e.f. 4.10.2004, STC and the associates to be appointed by STC have been made agencies to import the specified quantity of vegetable oils (Vanaspati) subject to the overall responsibility of STC who will ensure its distribution and monitoring as per Government policy.

## TARIFF VALUE

4.24 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 value on import of Crude Palmolein, Crude Soyabean Oil, Others-Palm Oils and Others-Palmolein has been notified and tariff value on these oils has been revised from time to time. As per last revision made vide Notification dated 15.09.2006, the tariff values of Crude Palm Oil, RBD Palm Oil, Others-Palm Oil, Crude Palmolein, RBD Palmolein, and Others-Palmolein, Crude Soyabean Oil are US \$ 447 PMT, US\$ 476 PMT, US\$ 462 PMT, US\$ 481 PMT, US\$ 484 PMT, US\$ 483 PMT and US\$ 580 PMT respectively.

## IMPORT DUTY ON NON-EDIBLE OILS

4.25 In order to eliminate possible diversion of non-edible oils to the edible products, concessional import of non-edible grade Crude Palm Oil (CPO) has been withdrawn with effect from 30.09. 2005.

## EXCISE DUTY ON REFINED EDIBLE OILS, VANASPATI, BAKERY SHORTENING AND MARGARINE

4.26 In the Union Budget 2003-04, excise duty @ 8% had been levied w.e.f. 01.03.2003 on refined edible oils, vanaspati, bakery shortening and margarine bearing a brand name and put up in unit containers for retails sale.

4.27 Excise duty had been revised and levied w.e.f. 30.4.2003@ Re.1/- per kg.. on refined edible oils and Rs. 1.25 per kg.. on bakery shortening and vanaspati. Excise duty on margarine had been removed. By virtue of Notification No.56/2004-Central Excise dated 31<sup>st</sup> December, 2004, excise duty @ Rs.1.25/kg. had also been levied on interesterified fat. Excise duty on refined edible oils/vanaspati/bakery shortening/interesterified fat etc. has been withdrawn vide Notification No. 4/2005-Central Excise dated 01.03.2005.

## EXCISE DUTY ON FOOD GRADE HEXANE

4.28 In order to enhance export earnings from de-oiled cakes and also reduce the cost of solvent extracted oils in the domestic market, excise duty on food grade hexane has been reduced from 32% to 16% w.e.f. 9.7.2004.

## EXPORT PROMOTION OF OILSEEDS, MINOR OILS & FATS AND OIL MEALS.

4.29 Export of oilseeds, minor oils and fats and oil cakes exported during the last four years are

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as under:-

(Qty.in lakh tonnes)  
(Value in Rs.Crore)

Year (Apr-Mar)	Oilseeds		Minor Oils and Fats		Oilcake/ extraction		Total	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
2002-2003	2.10	591.6	1.65	530.7	19.02	1530.7	22.77	2653.0
2003-2004	3.85	1287.3	2.62	1096.6	33.71	3065.1	40.18	5449.5
2004-2005	3.66	1261.2	2.60	1027.7	27.34	2323.9	33.60	4612.8
2005-06(P)	3.48	1106.1	1.84	636.0	44.48	3557.3	49.80	5299.3

Source: Solvent Extractors' Association of India, Mumbai

**4.30** Some of the important measures taken in this regard are:-

- (i) Exports of all oilseeds such as HPS groundnut, sesame seeds, sunflower seeds, mustard seeds, etc. when exported for consumption, have been made free without any quantitative or licensing requirements.
- (ii) Export of vegetable oils such as coconut oil, cottonseed oil, kardi oil, linseed oil, mustard oil, niger seed oil, palm oil, palm kernel oil, rice bran oil, salad oil, sunflower oil, soya bean oil have been made free.
- (iii) Export restrictions like registration and packaging requirements have been removed on groundnut oil.

#### **HIGH POWERED PRICE MONITORING BOARD (HPPMB)**

**4.31** A High Powered Price Monitoring Board

(HPPMB) has been set up under the Chairmanship of the Cabinet Secretary basically to regularly monitor the availability and prices of essential commodities. The DVVO&F has been servicing the HPPMB and the Committee of Secretaries (CoS) as regards the availability and prices of edible oils including vanaspati.

#### **F.I.P.B. PROPOSALS**

**4.32** As a result of Government Policy of liberalization, a number of proposals are being received from investors or from Indian counterparts for collaboration with foreign companies for investment in the oilseed sector. The various components of the proposals are modernisation of the industry, production of quality products, capturing market opportunities both domestic and international etc. The proposals are examined on merits and appropriate advice is rendered to the Ministry. This is also a continuing exercise.

# Chapter-5

## **PUBLIC SECTOR UNDERTAKINGS**

# 5

## Public Sector Undertaking

### FOOD CORPORATION OF INDIA

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

5.1 Functions of the 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 the North Eastern States and Jammu & Kashmir.

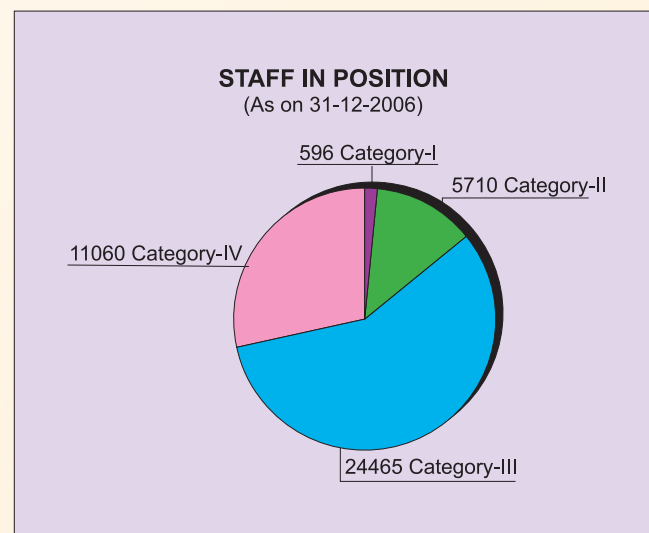
5.2 The Government of India fixes the MSP, incidentals and central issue prices of foodgrains, distributed through PDS.

### ORGANISATIONAL SET-UP

5.3 The Food Corporation of India coordinates its functions through a country-wide network of offices with Headquarters at New Delhi with 5 Zonal Offices, 23 Regional Offices, one Port Office at Kandla and 165 District Offices under its control.

5.4 The category-wise staff in position as on 31-12-2006 in the Corporation is given in the next column :

Category	Staff in position
I	596
II	5710
III	24465
IV	11060
<b>Total</b>	<b>41831</b>



### CAPITAL STRUCTURE

5.5 The authorised/subscribed capital of the FCI is as under:-

(Rs. in crores)

	As on 31.03.2004	As on 31.03.2005	As on 31.03.2006	As on 31.12.2006
Authorised Capital	2500.00	2500.00	2500.00	2500.00
Subscribed Capital	2392.46* (1.00) @	2437.47* (4.86) @	2473.25* (3.34) @	2475.60*

(\*) Includes Rs. 15.50 crores as on 31.03.04, Rs. 54.64 crores, as on 31.3.05 and Rs.69.64 crores as on 31.03.06 for IISFM.

(@) Figures shown in the brackets represent subscribed capital for N.E. Region during the year.

**AUDIT & ACCOUNTS**

**5.6** The responsibility of auditing of the accounts of the Food Corporation of India rests with the Comptroller and Auditor General of India. (C&AG) The accounts of the Corporation for the year 2003-2004 alongwith report of the C&AG and reply thereto have been laid before both the Houses of Parliament during December, 2005.

**5.7** The Annual Report and the Accounts for the year 2004-05 alongwith the Report of the C&AG and reply thereto have also been sent to the Ministry on 9.1.2007 for laying the same before both the Houses of Parliament.

**5.8** The turnover of the Corporation for the last six years is indicated below :-

(Figures in Rs. crores)

Years	Purchase	Sales	Total
2000-2001	23257.90	11071.37	34329.27
2001-2002	31249.31	18778.75	50028.06
2002-2003	38154.05	31552.66	69706.71
2003-2004	38374.52	31149.18	69523.70
2004-2005	36932.40	24339.75	61272.15
2005-2006 (Prov.)	34652.00	23023.47	57675.47

**PROCUREMENT****RABI SEASON****Report for the period up to 31.12.2006**

**5.9** Rabi Season 2006-07 had started from April, 2006. Government of India had fixed Rs. 650/- per qtl. as Minimum Support Price (MSP) to be paid to

the farmers for their FAQ wheat stocks. An incentive bonus of Rs. 10/- per quintal to farmers had been allowed for direct procurement of wheat in FCI depots. Further on 20.4.2006, Government of India announced an incentive bonus of Rs.50/- per quintal to be paid to farmers in addition to MSP. Arrangements were made to procure wheat by FCI as well as State Agencies in advance and support price operations of wheat were organised in more than 9000 (8862 + Centres operated by Bihar Government) wheat procurement centres as against 8723 during 2005-06. However, the total procurement of wheat by FCI and State Governments and its agencies was 92.25 lakh MTs during RMS 2006-07 as against 147.85 lakh MTs procured during RMS 2005-06.

**5.10** Though Government of India announced an incentive bonus of Rs.50/- per quintal for farmers, the procurement of wheat during current Rabi Season was low for the following reasons :-

1. Aggressive participation of private players, including multinational companies.
2. Higher market prices.
3. Arrivals in the mandis were also less than last year and
4. Negative market sentiment.

**KHARIF**

**5.11** During KMS 2005-06, Government of India did not allow preponement of KMS 2005-06 to any State except Punjab, where paddy procurement started on 26.9.2005. During KMS 2006-07, however advancement of the procurement season for paddy/ rice to 25<sup>th</sup> September, 2006 was allowed in respect of Punjab, Haryana and Kerala.

**MINIMUM SUPPORT PRICES**

**5.12** The Minimum Support Prices fixed by the Government of India for KMS 2006-07 in respect of

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Paddy/Coarsegrains are as under:-

(Rs. per quintal)

	KMS 2005-06	KMS 2006-07
<b>PADDY</b>		
Common	570	580
Grade 'A'	600	610
<b>COARSEGRAINS</b>		
Bajra	525	540
Maize	540	540
Ragi	525	540
Jowar	525	540 (Hybrid) 555 (Maldand)

#### PADDY PROCUREMENT (KMS) 2006-07

5.13 During Kharif 2006-2007, till 31.12.2006, the total procurement of paddy is reported to be at 162.66 lakh tonnes as against 164.41 lakh tonnes procured during the corresponding period last year. The quantum of market arrivals of paddy in Punjab during the current Kharif 2006-2007 is of the order of 124.66 lakh MTs (position as on 31.12.2006) as against 137.65 lakh MTs during the entire season last year. FCI/State Agencies have procured about 105.61 lakh MTs of paddy in Punjab (as on 31.12.2006) as against 116.13 lakh MTs procured during corresponding period last year. Out of this, FCI procured a quantity of 2.27 lakh MTs, which works out to be about 2.15%.

5.14 In Haryana, till 31.12.2006 FCI/Agencies have procured 20.45 lakh MTs of paddy out of the total arrival of 28.70 lakh MTs (as on 31.12.2006) as against 23.53 lakh MTs of paddy procured during corresponding period last year. Procurement of paddy

by FCI in Haryana is 0.11(0.53%) lakh MTs out of the total procurement of 20.45 lakh MTs.

#### RICE PROCUREMENT

5.15 The procurement of levy rice by FCI/Agencies for the Central Pool during Kharif 2006-07 (up to 31.12.2006) was 23.56 lakh MTs as against 27.08 lakh MTs during the corresponding period last year.

5.16 The total procurement of rice (including paddy in terms of rice) during KMS 2006-07 as on 31.12.2006 for the Central Pool was 132.55 lakh MTs as against 137.24 lakh MTs procured during the corresponding period last year.

#### COARSEGRAINS

5.17 In the State of Rajasthan, Gujarat, Maharashtra, Karnataka, A.P., Madhya Pradesh and Chhattisgarh, FCI has engaged State Government and its Agencies as sub-agents of FCI to procure coarsegrains to make use of the infrastructure available with the State Agencies. However, procurement of coarsegrains as on 31.12.2006 during KMS 2006-07 was only 192 MTs.

#### TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

5.18 The supply of foodgrains under TPDS and other schemes to ration card holders are made by the State/UT Governments and their agencies against the monthly allocation of foodgrains under TPDS and annual allocations under other schemes. FCI ensures adequate foodgrain stocks at all its base depots throughout the country for TPDS and other welfare schemes at all times.

5.19 The offtake of wheat and rice under TPDS and all other welfare schemes of Government of India during the year 2006-07 (upto 31<sup>st</sup> December, 2006) are given on next page.



Figures in million tonnes (Provisional)

Name of Scheme	Category	2006-2007 (upto 31.12.2006)		
		Wheat	Rice	Total
TPDS	APL	1.87	3.20	5.07
	BPL	3.48	5.32	8.80
	AAY	2.08	3.38	5.46
	<b>TOTAL</b>	<b>7.43</b>	<b>11.90</b>	<b>19.33</b>
ALL OTHER SCHEMES*		1.06	2.95	4.01
<b>GRAND TOTAL</b>		<b>8.49</b>	<b>14.85</b>	<b>23.34</b>

Note: Above figures are excluding stocks utilised by the State Governments from their stocks procured under decentralised procurement scheme.

(\*): All other schemes included Mid Day Meal , Nutrition Programme, Welfare Institutions and

Hostels, Relief Works, Annapurna, WFP, SGRY, NFFWP, NPAG, Grain Banks, Emergency Feeding Programme, Defence/BSF/CRPF, Bhutan etc.

**5.20** Due to operational constraints of railways and linked storage capacity in the North East, the induction of stocks in the North-Eastern States is a perpetual problem which becomes more acute during the monsoon. FCI has been taking all possible steps to induct as much of 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, local law and order problems also contribute to difficulty in movement of foodgrains in some states in the North East.

**5.21** The state-wise issues under all the schemes during year 2006-07 (upto 31<sup>st</sup> December, 2006) and comparative position of the corresponding period during the year 2005-06 is as under:

(Figures in lakh tonnes)

States	WHEAT		RICE	
	2005-06 (Upto 31.12.05)	2006-07 (Upto 31.12.06)	2005-06 (Upto 31.12.05)	2006-07 (Upto 31.12.06)
Assam	2.04	1.76	10.14	11.37
Arunachal Pradesh	0.05	0.05	0.52	0.55
Tripura	0.22	0.16	1.45	1.73
Manipur	0.12	0.06	0.51	0.68
Nagaland	0.60	0.24	0.80	1.00
Mizoram	0.05	0.07	0.56	0.63
Meghalaya	0.05	0.05	0.96	1.04
Total	<b>3.13</b>	<b>2.39</b>	<b>14.94</b>	<b>17.00</b>



Provision of scientific storage space for foodgrains-an important aspect of Food Management Policy

5.22 It may be seen from the table on pre page that during the offtake of year 2006-07 (upto 31<sup>st</sup> December, 2006) the total offtake of wheat has decreased and rice has increased.

5.23 The comparative stock position of wheat, rice and sugar in the North Eastern States as on 31<sup>st</sup> December, 2005 and 31<sup>st</sup> December, 2006 is as under:

(Figures in lakh tonnes)

AS ON	WHEAT	RICE	SUGAR	TOTAL
31.12.2005	0.17	0.94	0.01	1.12
31.12.2006	0.07	0.86	0.05	0.98

5.24 The stocks as on 31.12.2006 of wheat and rice are less as compared to stock as on 31.12.2005.

5.25 Offtake of foodgrains in the NE Region for the period from April, 2005 to December, 2005 & April 2006 to December, 2006 is as under :

(Figures in lakh tonnes)

Period	Wheat	Rice	Total
April 2005 to December, 2005	3.13	14.94	18.07
April 2006 to December, 2006	2.39	17.00	19.39

5.26 Further, the estimated offtake\* of foodgrains in respect of NE Region for the balance period of 2006-07 is as under:-

(Figures in lakh tonnes)

Period	Wheat	Rice	Total
January, 2007 (actual)	0.27	1.77	2.04
February, 2007	0.24	1.78	2.02

(\*): Estimated Offtake is based on the average offtake of last three months

5.27 The total offtake of foodgrains of NE Region for the year 2005-06 and 2006-07 (estimated) are as under:

(Figures in lakh tonnes)

Period	Wheat	Rice	Total
April 2005 to March 2006 (Actual)	4.30	21.86	26.16
April 2006 to March 2007 (Estimated)	3.11	22.32	25.43

#### DETAILS OF WHEAT LIFTED BY THE WORLD FOOD PROGRAMME AGAINST DONATION OF ONE MILLION TONNE OF WHEAT FOR SUPPLY OF FORTIFIED BISCUITS TO AFGHANISTAN BY GOVERNMENT OF INDIA.

5.28 The following quantity of wheat has been lifted by the World Food Programme/Associates against the supply of Ist to IVth Tranche of Fortified Biscuits to Afghanistan as a part of pledge donation of one million tonne of wheat to Afghanistan by the Government of India, as on 31.12.2006:-

Years	Quantity
2002-03	0.15 LAKH MTs (Approx.)
2003-04	0.40 LAKH MTs (Approx.)
2004-05	1.18 LAKH MTs (Approx.)
2005-06	0.75 LAKH MTs (Approx.)
2006-07 (Upto Dec, 2006)	0.07 LAKH MTs (Approx.)
TOTAL	2.55 LAKH MTs (Approx.)

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5.29 Apart from the above, 14,989.932 MTs of wheat was lifted by WFP for supply of 3,331 MT of Nutritious Biscuits to Iraq for School Feeding Programme in Iraq under Government of India's donation of 14,991 MTs of wheat to Iraq during 2005-06. Ministry of External Affairs has already issued cheque for Rs. 3,62,42,191/- in full and final payment, vide their letter No. G-124/1/05 dated 29.1.2007 and the amount has been credited into FCI's account.

### IMPORT & EXPORT

#### IMPORT

5.30 In order to meet the shortfall in procurement of wheat, Government of India decided to import wheat to the tune of 55.00 lakh MTs. The STC Ltd., New Delhi during March – September' 2006 floated five tenders for importing 55.00 Lakh MTs of wheat & executed contracts with foreign suppliers as per details below:-

Tender	Quantity (In lakh tonnes)	Weighted average rate (MTs)	Discharge Ports	Shipment Schedule
Ist	5.00	178.75	Chennai, Tuticorin, Vizag	April-May, '06
IIInd	8.00	191.39	Mundra, Vizag & Chennai	July-Sept. '06
IIIrd	22.00	197.82	Mundra, Kandla & Mumbai	Sept.'06-Jan.'07
IVth	3.30	210.48	Vizag, Chennai, Tuticorin & Cochin	Sept-Oct.'06
Vth	16.70	228.94	Mundra, Kandla, Vizag, Chennai & Kakinada	Nov'-06-Jan'-07

5.31 FCI is receiving the stocks on High Seas Sales basis and the following quantities have arrived/discharged at the Indian Ports as on 31.12.2006 :-

(Qty. in lakh MTs)

PORT	QUANTITY ARRIVED	QUANTITY DISCHARGED
1. CHENNAI	4.77	4.77
2. COCHIN	0.76	0.75
3. KANDLA	8.86	8.75
4. MUMBAI	1.04	0.74
5. MUNDRA	21.13'	17.16
6. TUTICORIN	1.99	1.99
7. VISHAKHAPATNAM	5.24	4.82
8. KAKINADA	0.53	0.00
<b>TOTAL</b>	<b>44.32</b>	<b>38.98</b>

#### EXPORT

5.32 There has been no export/sale of wheat/rice, for export purposes, during the year 2006-07 (till 31.12.2006)

### FOODGRAIN STORAGE & GENERAL WARE HOUSING

5.33 Details of Covered Storage Capacity available with FCI during the last 5 years are as under:-

(Figures in lakh MTs)

Owned	Hired	Total	Owned	Hired	Total
AS ON 31.3.2002			AS ON 31.3.2003		
127.41	151.60	279.01	128.18	137.70	265.88
AS ON 31.3.2004			AS ON 31.3.2005		
128.15	108.50	236.65	129.09	104.61	233.70
AS ON 31.3.2006			AS ON 31.12.2006		
129.31	99.05	228.36	129.41	89.02	218.43

5.34 CAP storage capacity owned / hired by the FCI for the last six years is as under:-

(Fig. in lakh MTs)

Years	Owned	Hired	Total
2001-2002	23.54	55.85	79.39
2002-2003	22.68	28.78	51.46
2003-2004	22.08	13.64	35.72
2004-2005	22.48	4.13	26.61
2005-2006	22.11	5.09	27.20
2006-2007 (As on 31.12.2006)	22.13	8.55	30.68

5.35 State-wise storage capacity available with the FCI in different States in the country as on 31<sup>st</sup> December, 2006 is as under:

(Figures in lakh tonnes)

Sl. No.	Name of the States/ UTs	Storage capacity (Covered & CAP)
1.	Bihar	5.21
2.	Jharkhand	1.18
3.	Orissa	5.91
4.	West Bengal	9.96
5.	Sikkim	0.11
6.	Assam	2.55
7.	Arunachal Pradesh	0.18
8.	Meghalaya	0.30
9.	Manipur	0.22
10.	Mizoram	0.18

(Figures in lakh tonnes)

Sl. No.	Name of the States/ UTs	Storage capacity (Covered & CAP)
11.	Nagaland	0.30
12.	Tripura	0.34
13.	Delhi	3.70
14.	Haryana	21.66
15.	Himachal Pradesh	0.27
16.	J & K	1.21
17.	Punjab	63.61
18.	Chandigarh	1.05
19.	Rajasthan	9.13
20.	U. P.	25.24
21.	Uttranchal	1.58
22.	Andhra Pradesh	34.26
23.	Kerala	5.33
24.	Karnataka	6.15
25.	Tamil Nadu	7.74
26.	Pondicherry	0.52
27.	Gujarat	5.66
28.	Maharashtra	15.60
29.	Goa	0.15
30.	Madhya Pradesh	5.11
31.	Chhattisgarh	14.70
	<b>TOTAL</b>	<b>249.11</b>

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**5.36** During X<sup>th</sup> Five Year Plan (2002-07), FCI is expected to create additional storage capacity of about 4.35 lakh tonnes with the financial outlay of Rs. 126.66 crores. Out of this, construction of 3.62 lakh tonnes capacity has already been completed upto 31<sup>st</sup> January, 2007.

**5.37** Details of storage capacity constructed by the FCI during 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 are given in the table below:-

(Figures in lakh MTs)

Agency	Years		
	1999-2000	2000-01	2001-02
FCI	0.84	0.39	1.62
	Year	Target	Achievements
	2002-03	1.37	0.94
	2003-04	1.35	1.33
	2004-05	0.98	0.97
	2005-06	0.40	0.23
	2006-07 (Up to 12/2006)	0.21	0.15

#### QUALITY CONTROL

**5.38** 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 laid down specifications of Government of India and are inspected regularly during storage to monitor the quality. Representative samples are also subjected to physical and chemical analysis to ensure whether the quality standard meets the parameters of PFA. This is done through a net work of 195 laboratories

throughout the country. Many of the laboratories located at Zonal and Regional levels are well equipped to carry out physical and chemical analysis of the foodgrains and also study the geological characteristics and insecticide residues. The district and other laboratories generally undertake physical analysis of foodgrains.

**5.39** Senior QC officers undertake frequent visits to the procurement and storage points to inspect the quality of foodgrain stocks and advise QC staff on the spot to ensure procurement of foodgrains confirming to specifications and its maintenance during storage at all levels. Appropriate action is also initiated against defaulters, if any, in order to tighten the supervisory arrangements and fixing responsibilities on all those found responsible for procurement of stocks beyond the specifications and standards. Senior QC officers are deployed to oversee procurement of wheat, paddy and rice.

#### PRESERVATION

**5.40** To preserve the foodgrains in good & sound condition is an important activity of the 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 there is crunch of covered storage space.

**5.41** Regular inspection of stocks by trained and experienced QC officials/officers is undertaken. Periodical disinfestation measures are undertaken through prophylactic and curative treatments with the permitted insecticides to ensure the health of the grains so that it may be preserved in the highest category possible. Preventive measures are also undertaken to control rodents, birds and pest infestation by appropriate methods.

**5.42** The stocks of foodgrains strictly conforming to the uniform specifications of the Government of



Farmers are being given training on storage techniques

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### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

India and within PFA standards are issued to the State Governments by adhering to the joint sampling system scrupulously.

#### CENTRAL POOL STOCKS

5.43 The stocks position as on 01-01-2007 is as under:-

(Figures in lakh tonnes)

	Rice	Wheat	Total
All India	119.77	57.29	177.06

5.44 Total quantity of foodgrains treated (stocks with FCI) is as under :-

(Figures in lakh tonnes)

Years	Prophylactic Treatment	Curative Treatment
2002-2003	2186.35	504.90
2003-2004	1016.65	276.40
2004-2005	959.55	276.93
2005-2006	789.72	255.80
2006-2007 (April, 06 to Dec., 06)	729.43	260.08

#### SLIDING DOWN OF STOCKS (WHEAT & RICE)

5.45 Sliding down of wheat and rice stocks during the year 2006-2007 up to December, 2006 was as under :-

(Figures in lakh tonne)

1.Higher to lower category	NIL
2.To feed category	0.87

#### NON-ISSUABLE FOODGRAINS AND ITS DISPOSAL:

5.46 Foodgrains which do not conform to PFA and cannot be reconditioned for normal issue are considered 'non-issuable grain'. Damages to the stock can occur in the godowns, in CAP storage or in transit. Such stocks need to be salvaged to segregate sound grains, for issues under normal channels. Stocks not fit for normal issues will have to be dealt with as 'Non-issuable grain.'

5.47 The non-issuable stocks on receipt in the godowns or on detection in the depot, are properly checked and segregated on the basis of conditions and proportion of sound grains present in different lots.

5.48 The issuable foodgrains classified under various categories are disposed off as per procedure. Fresh allocations and sale of non-issuable foodgrains held by the FCI and State Agencies is made only to bonafide State Owned Departments/Agencies who are users of non-issuable foodgrains and other bonafide registered parties. Executive Directors (Zones) and General Managers (Regions) are vested with full powers for disposal of non-issuable foodgrains.

5.49 A quantity of 9313 MTs has been disposed of during April, 2006 to December 2006. A quantity of 57139 MTs of non-issuable foodgrains was lying in various Regions/Zones in the country as on 1<sup>st</sup> January 2007, out of which 6389 MTs is covered by Tender/Auction.

#### TRANSPORT

5.50 The provisional figures of overall loading including movement of imported wheat and sugar from



April, 2006 to December, 2006 are as under :-

(Fig. in lakh tonnes)/(Provisional)

MONTHS	2006-07			2006-07			2006-07			2006-07		
	OVERALL MOVEMENT			OVERALL MOVEMENT			MOVEMENT EX-NORTH			MOVEMENT EX-NORTH		
	RAIL	ROAD	TOTAL	INTER	INTRA	TOTAL	RAIL	ROAD	TOTAL	INTER	INTRA	TOTAL
April, 06 to Nov., 06 (including imp. Wheat) (Actual)	167.64	9.70	177.70	162.70	14.64	177.34	108.41	9.28	117.69	166.66	1.03	117.69
December 06 (Prov)	20.41	1.67	22.08	20.58	1.50	22.08	10.63	1.67	12.30	12.20	0.10	12.30
Jan. 07 to March, 07* (Anticipated)	65.74	2.64	68.38	62.13	6.25	68.38	48.91	2.87	51.78	50.97	0.81	51.78
<b>TOTAL</b>	<b>253.79</b>	<b>14.01</b>	<b>267.80</b>	<b>245.41</b>	<b>22.39</b>	<b>267.80</b>	<b>167.95</b>	<b>13.82</b>	<b>181.77</b>	<b>179.83</b>	<b>1.94</b>	<b>181.77</b>

\* Anticipated movement is based on the average movement from April, 2006 to December, 2006 at present trend of movement.

### OVERALL MOVEMENT 2005-06

5.51 The table below gives the figure of quantities moved last year.

(Fig. in lakh tonnes)/(Provisional)

MONTHS	2005-06			2005-06			2005-06			2005-06		
	OVERALL MOVEMENT			OVERALL MOVEMENT			MOVEMENT EX-NORTH			MOVEMENT EX-NORTH		
	RAIL	ROAD	TOTAL	INTER	INTRA	TOTAL	RAIL	ROAD	TOTAL	INTER	INTRA	TOTAL
April, 05 to Dec., 05	211.87	17.87	229.74	211.27	18.47	229.74	167.04	16.13	183.17	181.68	1.49	183.17
Jan. 06 to March, 06	81.56	4.29	85.85	76.82	9.03	85.85	62.87	3.43	66.30	65.19	1.11	66.30
<b>TOTAL</b>	<b>293.433</b>	<b>22.16</b>	<b>315.59</b>	<b>288.09</b>	<b>27.50</b>	<b>315.59</b>	<b>229.91</b>	<b>19.56</b>	<b>249.47</b>	<b>246.87</b>	<b>2.60</b>	<b>249.47</b>

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5.52 Induction of foodgrains and sugar in the North Eastern States, J & K, HP and Southern States are as under:-

Movement destination	INDUCTION OF FOODGRAINS 2006-07 APRIL,2006 TO DECEMBER,2006			INDUCTION OF FOODGRAINS 2005-06 APRIL,2005 TO DECEMBER,2005			
	Inter State	Intra	Total	Inter	Intra	Total	Variation %age
Assam/NEF	21.71	-	21.71	20.17	-	20.17	(+)7.6%
J&K	5.77	-	5.77	6.26	-	6.26	(-)7.8%
H.P.	2.90	-	2.90	2.95	-	2.95	(-)1.6%
Southern States	55.04	4.87	59.91	59.96	11.32	71.28	(-)15.95%
<b>Total</b>	<b>85.42</b>	<b>4.87</b>	<b>90.29</b>	<b>89.34</b>	<b>11.32</b>	<b>100.66</b>	

	Movement of Sugar APRIL, 2006 TO DECEMBER, 2006			Movement of Sugar APRIL, 2005 TO DECEMBER, 2005		
	Inter	Intra	Total	Inter	Intra	Total
Indigenous	1.6	-	1.6	1.0	-	1.0
<b>Total</b>	<b>1.6</b>	<b>-</b>	<b>1.6</b>	<b>1.0</b>	<b>-</b>	<b>1.0</b>

5.53 Inter state movement of foodgrains is likely to decrease by approx. 15.1% during 2006-07 as against the previous year due to import of wheat on Southern, Western & Eastern Ports. This is due to reduced availability of wheat in Northern States due to less procurement.

5.54 During 2005-06, about 90.25 lakh tonnes of foodgrains were moved to Southern States against 101.69 lakh tonnes during 2004-05. The movement to Southern States has further decreased during April, 2006 to October, 2006 as compared to October, 2005. About 48.1 lakh tonnes foodgrains have been moved to Southern States during April, 2006 to October, 2006.

### MOVEMENT FROM JANUARY, 2007 TO MARCH, 2007 (PROJECTED)

5.55 The table below gives the plan for movement of foodgrains & sugar for the period of January to March, 2007.

(Figures in Rs. crores)

Months	Ind. & Imp. Foodgrains	Sugar	Total
Jan, 07	26.41	0.3	26.44
Feb, 07	25.00	0.3	25.03
March, 07	25.00	0.3	25.03
<b>TOTAL</b>	<b>76.41</b>	<b>0.9</b>	<b>76.50</b>

**5.56** Position of planning in April, 2006 to December, 2006 (Lakh MTs) & actual movement is as under:-

1.	April, 2006	28.74
2.	May, 2006	23.32
3.	June, 2006	16.20
4.	July, 2006	18.63
5.	August, 2006	19.20
6.	September, 2006	28.80
7.	October, 2006	23.64
8.	November, 2006	25.57
9.	December, 2006	28.37

## VIGILANCE & SECURITY

**5.57** 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.

**5.58** As on 1<sup>st</sup> April, 2006, 2172 vigilance cases under Major/Minor disciplinary proceedings were pending in the Food Corporation of India. 2415 fresh vigilance cases were added and 2583 vigilance cases were disposed off during the period from 1<sup>st</sup> April, 2006 to 31<sup>st</sup> December, 2006 leaving a balance of 2004 vigilance cases at the end of 31<sup>st</sup> December, 2006.

**5.59** In order to minimise the storage and transit losses and to ensure the quality of foodgrains, special squads in FCI conducted 1349 surprise checks and 3148 regular checks during the period 1<sup>st</sup> April, 2006 to 31<sup>st</sup> December, 2006.

**5.60** Special attention is also being paid in areas, which are more prone to corruption. During the period 1<sup>st</sup> April, 2006 to 31<sup>st</sup> December, 2006 penalties were imposed in 2312 vigilance cases.

**5.61** Security of FCI's men and material is managed through its own Watch & Ward, as well as outsourcing Ex-Servicemen, Security Guards, Home Guards, NVF and Special Police Officers (SPOs) etc. At certain vulnerable depots, the security of foodgrains is manned by the State Armed Police and the Central Industrial Security Force.

**5.62** In order to prevent occurrence of fire in the depot/offices are provided with adequate fire fighting equipments and all the field offices have been instructed to ensure installation of adequate number of fire fighting equipments at vulnerable points so identified in consultation with the officers of the local Fire Station.

**5.63** 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.

**5.64** Security inspections as well as surprise checks of the depots are also conducted from time to time at various levels to detect and plug the security lapses to curb thefts. 1527 inspections at various levels were conducted upto 31<sup>st</sup> December, 2006. Training programmes are organised from time to time to trained the field and office staff with the latest techniques about Security Management.

**5.65** The Security Division at Hqrs. monitors cases of theft/fire/pilferage intimated by Regions and issue directions whenever required. Also instructions to plug loop-holes to avoid any untoward incident are issued. During Trade Union activities viz. Agitations, Dharnas and Rallies etc. proper liaison is maintained with local police and adequate security arrangements are made.

**5.66** A Civil Defence Plan has been evolved and the FSDs/Godowns have been categorised viz A, B

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and C for taking adequate measures to protect men, material and foodgrains of FCI keeping in view of the prevailing law and order situation in the country and in particular during war/emergencies, flood/riots etc. and obtain the assistance of local administration to tighten the security of the godowns.

#### PLANNING AND RESEARCH

**5.67** 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

**5.68** Special emphasis has been given to enhance the storage capacity in the NE States during the current year. Action has been taken for identification of new sites for construction of godowns in Assam, Tripura, Mizoram, Nagaland, Manipur, Meghalaya. FCI has entrusted the work at Lawngtalai (Mizoram), Bualpui (Mizoram) and Chandarpur (Tripura) to CWC. Work at Chandarpur (Tripura) has been completed whereas in other two centres the work is in progress. For the three centres in Assam region where augmentation work has been taken up by FCI, the work at Senchowa (Assam) has been completed and for the other two centres namely Chaulkhowa and Badarpurghat the work is in progress.

**5.69** The details of target / achievement made by the FCI during the last three years are as under:-

**Financial : Rs. / Crores**

**Physical : Lakh tonnes**

Year	Target				Achievement			
	Procurement of foodgrains	Storage Construction Programmes			Procurement of foodgrains	Storage Construction Programmes		
		General	NE	Total		General	NE	Total
<b>2004-05</b>								
Financial	NIL	0.80	4.86	5.66 (BE)	Nil	12.52	4.12	16.64
		1.01	4.86	5.87 (RE)				
Physical	403.40	0.93	0.05	0.98	314.24	0.92	0.05	0.97
<b>2005-06</b>								
Financial		16.94*	4.14	21.08*		16.46*	3.06	19.52*
Physical		0.33	0.06	0.39		0.20	0.03	0.23
<b>2006-07</b>								
Financial		7.25	4.50	11.75		1.99	2.65	4.64
Physical		-	0.21	0.21		0.08	0.07	0.15**

\* This includes Rs.11.51 crores spillover expenditure of the year 2004-05 in respect of works in other than NE Zone.

\*\* Upto December, 2006

Note: A proposal has been sent to the Ministry for revised outlay to the tune of Rs. 8.35 crores (Rs. 5.35 crores for NE and Rs. 3.00 crores other than NE) during 2006-07.

## PUBLIC RELATIONS

**5.70** Public Relations Division continues with its endeavour of Corporation's Image building amongst the general public and opinion leaders through various public relation tools on day to day basis.

**5.71** This Division has been monitoring daily newspapers by scanning prominent dailies and bringing out the relevant clippings to the notice of the management for appropriate action. Rejoinders are also issued where the newspaper reports have not been in consonance with national food security thus negating the misconception about FCI

**5.72** To create consumer awareness as to how the FCI has been maintaining the health of stocks and their storage etc. the FCI has been participating in various Fairs / Melas / Seminars in different regions. Regional Offices have also been inviting college students to its depots for an on the spot study of the storage, preservations of foodgrains etc. so that they are able to understand FCI's role in maintaining food security of the country.

**5.73** Documentary films are also being shown to educate the farmers and rural audiences about the benefit of support price operations being carried out by the FCI in all the States.

**5.74** Public Relations Division has also been maintaining a Library having collection of books on different subjects. During the year, 665 Hindi Books and 163 English books have been added in the library.

## HUMAN RESOURCE DEVELOPMENT

### TRAINING ACTIVITIES OF FCI

**5.75** The Food Corporation of India has its own

Training Institution, namely the Institute of Food Security at Gurgaon which imparts training to officers and staff for various disciplines relevant to the FCI's operational needs. The main disciplines where the training is imparted relate to Storage Management, Quality Control, Accounts, Industrial Relations & Labour Management, Administration & Vigilance, Computer and other Management Development Programmes. The institute has been providing one year induction training to the newly recruited Management Trainees of the rank of Managers and it consists of both classroom-centric and on-the-job training. During the year 2006-07, 46 Training Programmes have been organised up to December 2006, which were attended by 1218 officers/officials as compared to 590 in the year 2005-06.

**5.76** The officers of the FCI are also deputed for various training programmes in professional institutes/ organisations of repute like NIFM, IIFT, ASSOCHAM IIPA, NITS, NPC, SCOPE, etc. Fifty seven nominations were made for such specialised programmes. These Programmes include diverse subjects such as Right to Information Act, Lead Auditors Programme for ISO Certification, Finance & Accounting, Import & Export Procedure, functioning of commodity market, Presentation and Communication skills, etc. The officers of FCI have also been deputed for various training programmes, workshops, seminars, study tours abroad as a matter of human resource development so as to keep pace with the changing environment in view of the globalisation and the present liberalisation policy of the Government of India. In all, five senior officers were nominated for various programmes abroad.

**5.77** During the period under report, the FCI also extended training to students from various recognised universities and professional institutes. The training imparted to the students is organised without any kind of financial burden on the FCI.

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5.78 The Details of SCs/STs Employees in FCI are given below :

Category of Posts	Total No. of Employees	No. of	
		SCs	STs
Category I	625	89	42
Category II	5554	1135	380
Category III	24448	5467	1558
Category IV	11173	3658	1017
Category IV (Safaiwala)	277	162	3
<b>TOTAL</b>	<b>42077*</b>	<b>10511**</b>	<b>3000**</b>

\* Staff-in-position as on 30.06.2006.

\*\* SCs/STs in position as on 30.11.2006.

### INTEGRATED INFORMATION SYSTEM FOR FOODGRAINS MANAGEMENT (IISFM)

5.79 The Integrated Information System for Foodgrains Management (IISFM) is a plan scheme under X<sup>th</sup> Five Year Plan approved by Ministry of CAF & PD. The amount has been revised to Rs. 94.64 crores. The Project aims at putting an online Management Information System in place to give the information about various activities of foodgrains management in FCI at any point of time.

5.80 Initially incorporated with the main objective of Foodgrains Stock Management and movement of foodgrains, the scope has been widened to include financial accounting package (FAP) of FCI into this account. Besides the scope of the project has been further enhanced to capture online stock position of the major states in the country, engaged in procurement and distribution of foodgrains (DCP States).

5.81 Hardware has so far been installed at FCI Headquarters, 5 Zonal Offices, 23 Regional Offices and 166 District Offices. Out of 463 Depots till 10<sup>th</sup> of November, 2006, hardware has also been installed at 460 Depots/Locations.

5.82 The project has been awarded to National Informatic Centre Services Inc. (NICSI) on a turnkey basis. As per the directions of the Ministry, a tripartite agreement has been entered into between FCI, NIC and National Informatic Centre Services Inc. (NICSI) for implementation of the project.

5.83 The National Informatic Centre Services Inc. (NICSI) is responsible for procurement of the hardware for the Project, while the application software packages have been developed by NIC which is also responsible for implementation of these packages at various locations by FCI.

5.84 The District Stock Accounting Software under the project is fully functional with the data being fed at FCI district levels on fortnightly basis with the connectivity presently being given through dial-up modems.

5.85 A Virtual Private Network (VPN) is being established to connect 196 locations through BSNL. The output reports from all FCI Districts are available on fortnightly/monthly basis giving information about Data Entry Status, closing balance, FCI stock balance-sheet and scheme-wise offtake. As on 1<sup>st</sup> March, 2006, 697 owned/hired depots have been provided with the computers, out of total 1474 depots owned/

hired by FCI including 217 open owned depots of FCI. The remaining depots are intended to be linked to those depots which have been provided to computers to provide an online information system. Dial up Modems have been provided in FCI owned depots. The testing of depot module software is in progress.

**5.86** Video Conference facility has been provided at 29 offices of FCI linking FCI Headquarters to Zonal & Regional Offices.

**5.87** IISFM Project is being extended to major procuring/distributing States which include Punjab, Haryana, UP, M.P., Chhattisgarh, AP, Karnataka, Tamil Nadu, Orissa. MOUs have been signed by FCI with State Agencies concerned for all the States except Punjab till 9<sup>th</sup> February, 2007. The number of locations proposed to be covered in these eight States are as follows:-

Sl.No.	Name of the States	No.of Centres as per MOU signed
1.	Orissa	103
2.	Tamil Nadu	301
3.	Chhattisgarh	96
4.	Madhya Pradesh	163
5.	Uttar Pradesh	173
6.	Andhra Pradesh	150
7.	Karnataka	52
8.	Haryana	174

**5.88** Under the guidance of Planning Commission and the Ministry, an Impact Assessment & Evaluation Study of IISFM Project is being carried out by Management Development Institute, Gurgaon. Evaluation of IISFM project is likely to be completed by 28<sup>th</sup> February 2007.

### SPORTS ACTIVITIES & NOTABLE ACHIEVEMENTS OF SPORTSPERSONS OF THE CORPORATION DURING THE YEAR 2006-07 (UPTO 31<sup>ST</sup> DECEMBER, 2006)

**5.89** Event-wise performance achieved by sportspersons of the Food Corporation of India from 01-04-2006 till date is as under:-

#### OVERALL CHAMPIONSHIP TROPHY OF PUBLIC SECTOR BOARD

**5.90** Food Corporation of India won the 2<sup>nd</sup> runners-up Trophy instituted by the All India Public sector sports Promotion Board for “**AWARDS FOR EXCELLENCE**” in sports, based on performance at Public Sector Undertaking Tournaments and for organising PSU Tournaments during 2005-06. The award function was held at Bangalore on 24<sup>th</sup> June, 2006.

#### FOOTBALL

**5.91** FCI Football Team won the Championship Trophy in the A Division of Indian Football Association League played at Kolkata from November 2005 to June 2006 and promoted to prestigious Super Division League to be played during 2006-07.

#### CRICKET

**5.92** FCI combined Cricket Team secured Runners-Up Trophies in the Delhi & District Cricket Association (DDCA) Premier Division League in (i) two days matches and (ii) one day matches held at New Delhi from November 2005 to June, 2006.

**5.93** FCI Combined Cricket Team showed the outstanding performance and won the All India Laxman Dass Chhabra Memorial Prize Money Cricket Tournament held at Delhi during April/May 2006.

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5.94 Six Cricket players from FCI represented the All India Public Sector Board Combined Team in the 30<sup>th</sup> All India Lala Raghubir Singh Hot Weather Cricket Tournament from 25<sup>th</sup> May to 3<sup>rd</sup> June, 2006 at New Delhi and won the championship.

#### HOCKEY

5.95 FCI Hockey team participated in the All India Public Sector Hockey Tournament for the year 2006-07 organised by ONGC at Chandigarh from 17.5.06 to 20.05.06. FCI Hockey team got the **Runners-Up** position in the said tournament.

#### POWERLIFTING

5.96 Smt. C.R.Bhatt, FCI, International Powerlifter

has won the BRONZE Medal in Asian Bench Press Championship held at Manila from August 19-21-2006.

5.97 FCI Powerlifters namely Smt. C.R.Bhatt & Sh. Mahesh Khandelwal won Silver & Bronze medals in their respective weight category in National Bench Press (M&W) Powerlifting Championship held at Chhachharuli, Distt. Jamuna Nagar, Haryana from 7-9 April, 2006.

5.98 Sports Promotion Board, FCI also organized All India FCI Inter Zonal Football Tournament at Goa from 26<sup>th</sup> to 30<sup>th</sup> Oct., 2006 and All India FCI Badminton & Table Tennis Tournament at Gangtok (Sikkim) from 20<sup>th</sup> to 22<sup>nd</sup> November, 2006 as per details given below:-

S.No	Event	RESULTS		
		Venue/Date	Winner	Runners-Up
1)	All India FCI Inter Zonal Football Tournament.	Goa, 26-30 Oct.06	East Zone	NE Zone
2)	All India FCI Inter Zonal Badminton Tournament	Gangtok, 20-22 Nov. 06	Hqrs.	West Zone
3)	All India FCI Inter Zonal Table Tennis Tournament	-do-	South Zone	Hqrs.

#### HINDI SECTION

##### IMPLEMENTATION OF OFFICIAL LANGUAGE

5.99 The Corporation continued its efforts to increase the use of Hindi in its day-to-day functioning. All offices of Food Corporation of India including Headquarters observed Hindi Week/Fortnight/Month in the month of September, 2006.

5.100 During the financial year, the Committee of Parliament on Official Language conducted inspections in five offices (Regional Office, Shimla, Mumbai & District Office Kozhikode, Vadodara, Jhansi) of the Corporation to review the progress of use of Hindi. The Committee appreciated the work being done by the Corporation for effective implementation of Hindi. A number of Hindi Workshops have been organised in various offices



to train the officials to do official work in Hindi. During the financial year, a number of officials are taking part in various incentive schemes introduced in Food Corporation of India and are being honoured with cash awards by which the use of Official Language Hindi in official work has been progressively increased.

**5.101** With a view to disseminate information on the latest Rules/Orders/Instructions issued by the Government of India for the effective implementation of Official Language policy, an All India Official Language Seminar was organised at Pondichery on 21<sup>st</sup> and 22<sup>nd</sup> December, 2006 for the Hindi Officers working in Food Corporation of India across the

country.

### MARKET BORROWING

**5.102** The Corporation is enjoying a Cash Credit facility upto Rs.33100 Crores from a Consortium of banks led by SBI. The rate of interest on food credit has been increased from the level of 8.15% to 8.75% with effect from 01.04.2006.

### ISSUE OF BONDS

**5.103** The Corporation has raised funds through issue of bonds to the tune of Rs. 8604.90 crores as per the details given below:-

Series	Date of Allotment	Amount Retained (Rs. Crores)	Tenure Rate	Coupon Allotted	Bonds (Rs. Crores)
I.	28-Feb, 05	1,000.00	5 years 7 years 10 years <b>Total:</b>	7.10 7.20 7.30	758.50 58.20 183.30 <b>1000.00</b>
II.	31-March, 05	3,023.50	5 years 7 years 10 years <b>Total:</b>	7.09 7.15 7.27	2341.80 71.50 610.20 <b>3023.50</b>
III.	10-June, 05	976.50	5 years	7.18	976.50
IV.	16-Dec, 05	3,604.9	5 years 10 years <b>Total</b>	7.28 7.58	483.90 3,121.00
				<b>Grand Total:</b>	<b>8,604.90</b>

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**5.104** With the issue of Bonds for Rs. 5000 crores under Phase-I & for Rs. 3604.90 under phase – II the Corporation has mobilised Rs. 8604.90 crores at an average interest rate of Rs. 7.31% per annum. This would result in a saving of Rs. 201.35 crores per annum to the Corporation.

#### **STUDY OF FCI BY M/S MCKINSEY & CO.**

**5.105** With the objective to bring about substantial and sustainable efficiency/improvement in the functioning of FCI, the Government had engaged M/s. Mc Kinsey & Co., an International Consultancy Firm, to conduct a detailed study of operations of FCI. The Consultants commenced the study on the 3<sup>rd</sup> of January, 2005. The report submitted by the consultants was accepted by the Steering Committee, constituted by the Ministry, in its meeting held on 28<sup>th</sup> July, 2005.

**5.106** Many of the recommendations given by M/s. McKinsey & Co. are already under various stages of implementation. Some of the suggestions are being further adapted and fine-tuned for implementation.

**5.107** The major improvement initiatives suggested by M/s. McKinsey & Co. broadly encompasses financial restructuring through multi-tiered debt structure to reduce the interest burden, network optimisation by linear programming of rail movement and consolidation of Handling and Transport Contract, changes in use and sourcing pattern of gunny bags, cost reduction by direct procurement of foodgrains and exclusion of intermediaries, exploring avenues for revenues generation by optimum utilisation of all existing assets like the godowns, and more cost effective and efficient utilisation of human resources through rationalisation, automation and better Performance Management System.

**5.108** Vide Agreement dated 28<sup>th</sup> February, 2006, M/s Mckinsey & 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, interalia, 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 Consultants were also asked to make a quick diagnosis and offer recommendations on the right organisational structure, changes in current performance culture, including a comprehensive set of recommendations on the personnel policy, redesign key business processes like budgeting and accounting, business process outsourcing including decentralisation, performance appraisal system, vigilance administration for ensuring transparency & accountability, processing, stocking, movement and logistic supply.

**5.109** McKinsey & Co. submitted its final report on 8.9.2006. The Phase II report is under deliberation/examination of FCI and its comments will be placed before the Steering Committee before a final view is taken on the acceptance of the Report.

#### **CENTRAL WAREHOUSING CORPORATION**

**5.110** The Central Warehousing Corporation (CWC) was set up in 1957 under the Agricultural Produce (Development and Warehousing) Corporations Act, 1956. The said Act was subsequently replaced by the Warehousing Corporations Act, 1962(CWC Act, 1962).

**5.111** The functions of the CWC are as under:-

- To acquire and build godowns and warehouses at suitable places in India or abroad as it thinks fit.
- To run warehouses for the storage of agricultural produce, seeds, manures,



Paste Control operation being carried out in a Compartment



Foodgrains being brought for storage in a godown of CWC

fertilisers, agricultural implements and notified commodities offered by individuals cooperative societies and other institutions.

- To arrange facilities for transport of agricultural produce, seeds, manures, fertilisers, 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, fertilisers, agricultural implements and notified commodities.
- To enter into, with the previous approval of the 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 the purpose of this Act.
- To establish subsidiary companies; and
- To carry out such other functions as may be prescribed.

#### **AMENDMENT OF WAREHOUSING CORPORATION ACT, 1962**

5.112 A Notification amending the Warehousing Corporation Act, 1962 has come into force with effect from 15<sup>th</sup> November, 2005, inter-alia, creating posts of 3 Functional Directors in CWC. This would enable delegation of greater financial powers and autonomy to CWC, a Mini Ratna Company. CWC would also have greater access to wider base of resources, as it

can now approach any Scheduled Bank for borrowed capital instead of only Nationalised Banks.

5.113 Central Warehousing Corporation has paid a dividend of Rs. 14.26 crores for the year 2005-06.

#### **ADDITIONAL FUNCTIONS**

- The Corporation may, at its discretion and at the request of the parties concerned, undertake disinfection service outside its warehouses in respect of agricultural produce or notified commodities as defined in Section 2.
- The Corporation may, at its discretion act as agent for the purpose of purchase, sale, storage and distribution of agricultural produce, seeds, manures, fertilisers, agricultural implements and notified commodities as defined in Section 2, on behalf of a Company as defined in the Companies Act 1956 (1 of 1956) or a body corporate established by an Act of Parliament or of a State Legislature or a Cooperative Society.
- The Corporation may, at the request of the Central Government or any State Government or a Corporation established by or under a Central Provincial or State Act, or a Government Company as defined in Section 617 of the Companies Act, 1956 (1 of 1956) or a Co-operative Society prepare any project or render consultancy service for construction of Warehouses or any matter connected therewith.
- The Corporation may operate warehouses, create infrastructure and arrange facilities for storage, handling and transport of agricultural produce, seeds, manures, fertilisers, agricultural implements, notified commodities, bonded cargo, air cargo, containerised cargo



Hon'ble Minister for Agriculture, Consumer Affairs, Food and Public Distribution, Shri Sharad Pawar, receiving the dividend cheque of Rs. 7.86 crore for the year 2005-06 from the Managing Director, Central Warehousing Corporation. Shri T. Nanda Kumar, Secretary (F&PD) is in the centre.

and liquid cargo. Further the Corporation may also provide marketing or other warehousing related services in respect of agricultural produce or notified commodities.

- The Corporation may provide consultancy services, assistance, finance, programmes or projects related to agricultural produce or other notified commodities and undertake any other activities considered incidental to its functions.
- CWC is a Schedule 'B' Mini Ratna Public Sector Undertaking.

### CAPITAL STRUCTURE

5.114 The authorised share capital of the Corporation is Rs.100 crores. There has been no change in CWC's subscribed share capital and paid up share capital during 2005-06. The Capital structure of CWC is indicated below:- (Rs. in lakhs)

Sl. No	Institution	Paid up capital
1.	Central Government	3,742.50
2.	State Bank of India	1,467.29
3.	Other Scheduled Banks	1,091.68
4.	Insurance Companies including Life Insurance Corporation of India	477.74
5	Cooperative Societies	22.13
6	Recognised Associations dealing in Agricultural Produce	0.71
7.	Companies dealing in Agricultural Produce etc.	0.05
	<b>Total</b>	<b>6,802.10</b>

### GROWTH IN STORAGE CAPACITY

5.115 The warehousing capacity operated by CWC has increased significantly over the past five years. Details in this regard since 31.3.2002 are given below:-

(In lakh MTs)

As on	Owned	Hired	Total
31.03.2002	68.45	20.72	89.17
31.03.2003	76.11	15.03	91.14
31.03.2004	80.75	12.84	93.59
31.03.2005	84.38	17.49	101.87
31.03.2006	80.22	20.16	100.38
31.12.2006	81.49	21.81	103.30

### DETAILS OF STORAGE CAPACITY

Total No. of Warehouses	515
Capacity as on 31.12.2006	103.30 Lakh MTs
No. of Bonded Warehouses	87
Capacity as on 30.09.2006	5.54 Lakh MTs
No. of CFS/ICDs	32
Capacity as on 30.09.2006	6.26 Lakh MTs
Temperature controlled Warehouses	3
Capacity	2266 MTs

### CAPACITY UTILISATION

5.116 The warehousing capacity, its utilisation and percentage of utilisation for the last five years (average) are given in the table on next page :-

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(Figures in lakh MTs)

Years	Owned/Covered		% of Utills.	Hired/Covered*		% of Utills.	TOTAL		% of Utills.
	Capacity	Utilisation		Capacity	Utilisation		Capacity	Utilisation	
2002-03	62.50	46.35	74	29.00	21.40	74	91.50	67.75	74
2003-04	64.58	38.37	59	28.06	16.87	60	92.64	55.24	60
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 (upto 9/2006)	66.78	55.84	84	35.92	32.02	89	102.70	87.86	86

\* Includes open constructed also.

### TURNOVER, PROFIT AND DIVIDEND

5.117 The Corporation has been making profits and paying dividends consistently.

(Rs.in Crores)

Years	Turnover	Net Profit (Pre-tax)	Dividend paid to		
			Central Government	Others	TOTAL
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	1.84	4.09
2004-2005	522.87	60.42	4.49	3.66	8.15
2005-2006	619.50	106.95	7.86	6.40	14.26

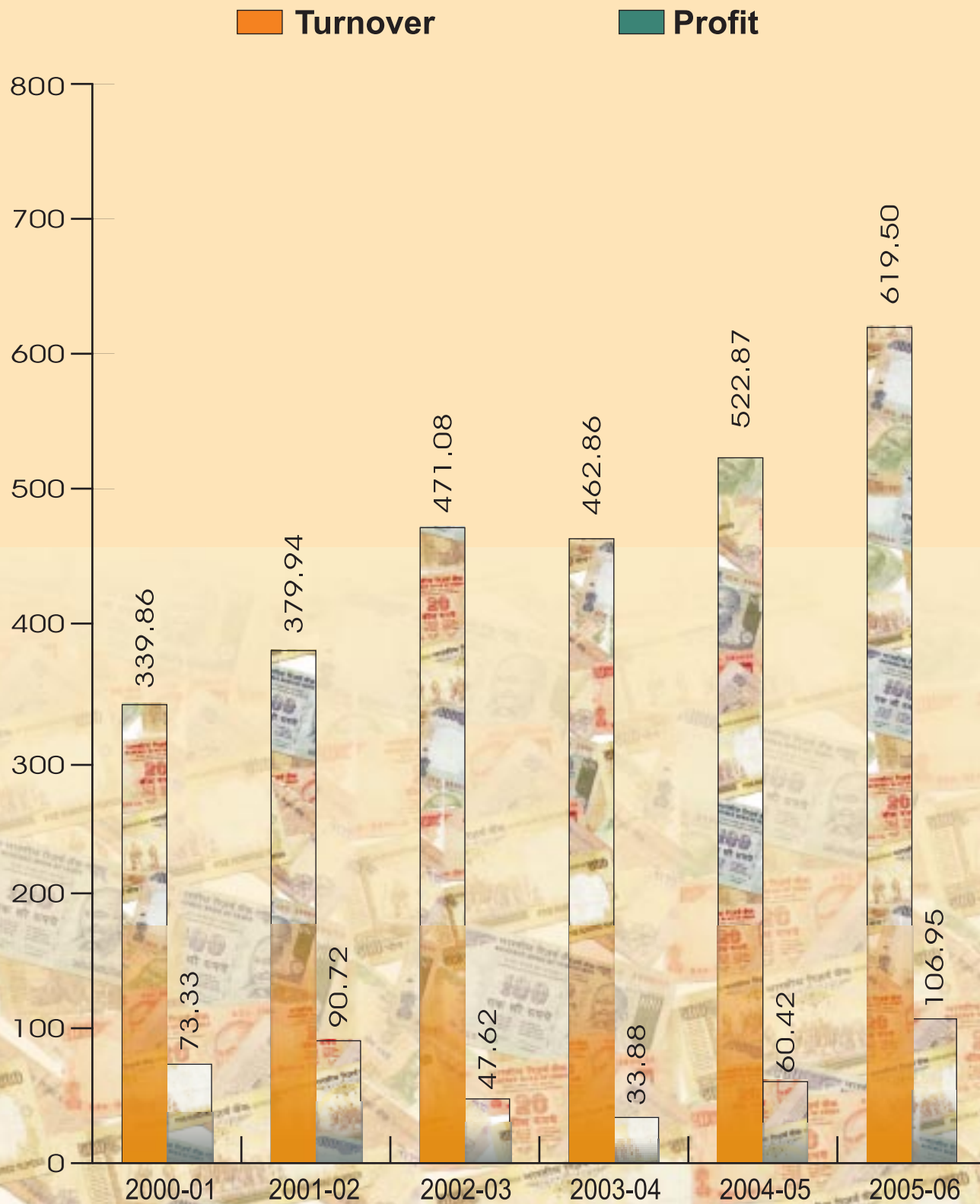
5.118 The CWC has 17 associates in State Warehousing Corporations in 17 States. The total investment of the Central Warehousing Corporation

which is a 50% shareholder in the equity capital of State Warehousing Corporations was Rs.56.44 crores as on 30.09.2006.



# TURNOVER AND NET PROFIT OF CENTRAL WAREHOUSING CORPORATION

(Fig. in Crores)





A view of Content Freight Station.

**HINDUSTAN VEGETABLE OILS CORPORATION LIMITED (HVOC)**

**5.119** The Hindustan Vegetable Oils Corporation Limited (HVOC), a PSU under the administrative control of the Ministry of Consumer Affairs, Food and Public Distribution, Department of Food and Public Distribution, was set up by taking over the management of two undertakings, namely, Ganesh Flour Mills Company Ltd. and Amritsar Oil Works under the Industrial Development and Regulation Act, 1951, in the years 1972 and 1974 respectively. Subsequently, these undertakings were nationalised with the main objective of sustaining and strengthening the nucleus of public owned or controlled units required for ensuring supply of wholesome Vanaspati and refined oils to the public at reasonable prices under the Public Distribution System. As a consequence, the 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 authorised capital is Rs. 10.00 crores and paid up capital is Rs. 7.71 crores.

**5.120** HVOC has seven units at Delhi, Mumbai, Chennai, Kolkata, Bangalore, Amritsar and Kanpur for production of Vanaspati and refining/packaging of edible oils and a Breakfast Food Unit in New Delhi for manufacturing breakfast cereals like cornflakes and oats, besides packaging edible oils. The Delhi Vanaspati Unit has been closed since November 1996 consequent upon the Supreme Court order in the case of M.C. Mehta Vs. Union of India directing all polluting industries to stop their production and relocate the units. The units of Amritsar and Kanpur manufacturing Vanaspati had also stopped production since 1997-98 as the high cost of production in these units had

rendered them non-competitive. The machinery of these units is old and obsolete. The refining unit in Calcutta has also remained closed since 1996 as per orders of the Supreme Court. 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.

**5.121** HVOC 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 Government 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 crores to HVOC to meet the cost of VSS and other liabilities on account of wages etc.

**PHYSICAL AND FINANCIAL PERFORMANCE**

**5.122** A Voluntary Separation Scheme was introduced in the Company in November 2000. Consequent to the VSS only 124 regular employees are left in the company at present of which 120 are working in the Breakfast Food Unit (BFFU), which is the only functional unit now. The physical performance

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of BFFU of HVOC during the last three years vis-à-vis installed capacity is as under:-

Product	Unit Measurement	Installed capacity	Actual Production		
			2003-04	2004-05	2005-06
Breakfast Food Unit					
(a) Breakfast Foods	MT	900	519	493	425
(b) Ready to eat Foods (for social welfare programme)	MT	1200	--	-	-

5.123 Due to the consequent depletion of staff strength to inoperable levels on account of the VSS, the company has not yet been able to finalise the accounts of the company for 2003-2004, although all efforts are being made to complete this work at the earliest. The financial results (provisional) of the company for the last two years are as follows:

(Rupees in crores)

Particulars	2004-05	2005-06
Turnover	3	3
Losses* (Cumulative)	225	248

\* Loss of Rs. 23 crores during the year 2005-06 includes accrued interest of Rs. 21.63 crores payable by the Company to the Government of India.

5.124 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 (AAFIR), 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.

5.125 The above-mentioned Order of the AAIFR has been challenged by the HVOC (Breakfast Food) Employees Sangh before the Hon'ble Delhi High Court in Civil Writ Petition No.6877 of 2003. The Hon'ble High Court on 12-10-2006 adjourned the matter for 07.03.2007.

5.126 The Company Petition No.49/2002, was pending in the Hon'ble Court since 28-5-2002 on the reference made by the BIFR recommending winding up of HVOC. During its hearing held on 28-9-2006, the Hon'ble High Court of Delhi has permitted the Government of India to appoint a Liquidator to liquidate the movable assets only of the company excluding breakfast food unit of HVOC. Accordingly Shri B.S. Mahapatra, Chief General Manager, Food Corporation of India has been appointed to work as the liquidator.

# Chapter-6

## MISCELLANEOUS

# 6

## Miscellaneous

### REDRESSAL OF PUBLIC AND STAFF GRIEVANCES

6.1 The complaints made by members of the public & staff are promptly acknowledged and appropriate action is taken.

6.2 In order to provide the latest information to the public on matters of the functioning of the Department of Food & Public Distribution, the following website is available on Internet:

<http://fcamin.nic.in>

The website has provision for sending E-mail to this Department.

6.3 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 for receiving the complaints.

6.4 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, import of foodgrains, sugar prices, subsidies and storage etc.

6.5 A total of 30 public grievance cases was received and sent to concerned divisions during the period from April to October, 2006. 12 Public grievance cases have been settled.

### WOMEN EMPOWERMENT

6.6 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 has been 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.

6.7 Based on the guidelines issued by the National Commission for Women, a Complaint Committee has also been set up in the Department under the Chairmanship of a woman Director to redress the grievances of women employees.

6.8 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 of Women in Public Sector, which provides the women employees the required platform for launching themselves as equal partners in progress.

6.9 The FCI and the CWC are taking 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 workplace. The CWC has also constituted Complaints Committee to redress the sexual harassment of working women employees at work place.

6.10 Under Village Grain Bank Scheme, direct benefit is being given to women as in most States, the scheme is being implemented through self-help groups of women and 30% of the benefits is

earmarked for the benefit of women on this scheme from 2007-08. The outlay for Annual Plan 2007-08 for the Village Grain Bank Scheme is Rs.16.91 crores and Rs.5.07 crores is earmarked for women.

### WELFARE OF SCHEDULED CASTES/ SCHEDULED TRIBES

6.11 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.

6.12 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 31<sup>st</sup> December, 2006 are given below :

Group	Total No. of employess	No. of of SCs	No. of STs	No. of OBCS	No. of Physically Handicapped				No. of Ex-Service men
					VH	HH	OH	Total	
1	2	3	4	5	6	7	8	9	10
Gr. A	157	15	8	4	0	0	0	0	0
Gr. B	324	49	6	1	0	0	1	1	0
Gr. C	543	90	26	52	2	1	9	12	9
Gr. D*	466	135	30	81	9	9	3	21	10
Gr. D (Safaiwala)	24	22	2	0	0	0	1	1	1
TOTAL	1514	311	72	138	11	10	14	35	20

\* Excluding safaiwala

### DEVELOPMENT OF STs

6.13 Under Village Grain Bank Scheme, from 2007-08, separate budget sub-heads have been opened for the benefit of STs. 10% of the budget provision of the Scheme has been earmarked for NE region in 2007-08. The outlay for the Village Grain Bank Scheme for the Annual Plan 2007-08 is Rs.16.91 crores, out of which outlay earmarked for NE region is Rs.1.69 crores (being 10%). 50% of the allocation

for NE region viz. Rs.0.845 crore has been earmarked for the benefit of STs, and 10% allocation of the Rs.15.21 crores (the remaining allocation for areas other than NE region) viz. Rs.1.521 crores has been provided in a separate budget sub-head for the benefit of STs. Thus the total amount provided for the benefit of STs under the Scheme is 0.845 + 1.521= Rs.2.366 crore. Any Village Grain Bank having more than 50% of members as STs will qualify for financial assistance from the budget allocation kept for STs in NE and other than NE regions.

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DEPARTMENT OF FOOD AND  
PUBLIC DISTRIBUTION

### NORTH EASTERN REGION ACTIVITIES OF THE MINISTRY

#### DEVELOPMENT OF NE REGION

6.14 Under 'Construction of Godowns by FCI/State Governments of NE region/J&K', equity released to FCI for projects for creation of storage capacity in NE region during 2005-06 was Rs.3.34 crores. The expenditure incurred by FCI in 2005-06 was as under:-

S.No.	Projects with Storage Capacity(MTs)	Expenditure during 2005-06 (Rs. in lakhs)
1.	Senchowa/Assam/1,670*	17.39
2.	Badarpurghat/Assam/5,000	20.72
3.	Chaulkhowa/Assam/4,170	39.40
4.	Lunglei/Mizoram/2,920	56.18
5.	Lawngtlei/Mizoram/3,340	33.74
6.	Chandarpur/Tripura/5,000*	113.04
7.	Bualpui/Mizoram/5,000	25.84
	Total	306.31

\*Storage capacity realised in 2006-07.

6.15 Rs. 84 lakhs was released to Government of Mizoram for construction of Godowns in 2005-06.

6.16 The Village Grain Bank (VGBs) Scheme was transferred from Ministry of Tribal Affairs to this ministry on 24.11.04 and implemented w.e.f. 1.4.2005. The revised Village Grain Bank scheme and its guidelines were approved by Ministry of Finance on 15.02.2006 for the year 2005-06 and 2006-07 subject to its evaluation in the 11<sup>th</sup> Five Year Plan. The main objective of the scheme is to provide safeguard against starvation during the period of natural calamity or during lean season. The VGBs are to be set up in food scarce areas like drought prone areas, the hot and cold desert areas, tribal areas and the

inaccessible hilly areas.

6.17 During 2005-06, under Village Grain Bank(VGB) Scheme, Rs.36.28 lakhs were released to Government of Tripura for setting up 13 VGBs (at the cost of Rs.8.27 lakhs) and to Government of Meghalaya for setting up 44 VGBs (at the cost of Rs.28.01 lakhs).

6.18 The budget provision of the Village Grain Bank Scheme during 2006-07 is Rs. 50 crores including Rs.4.08 crores for N.E. region. Upto 31.01.2007, the financial assistance of Rs.41.85 crores was released to State Government including Rs. 2.10 crores for N.E. region The assistance released to Government of N.E. region is Rs.63.65 lakhs to Assam (100VGBs), Rs.50.92 lakhs to Sikkim (80 VGBs) and Rs.95.47 lakhs to Nagaland (150 VGBs).

#### NOTE ON THE CWC ACTIVITIES IN NORTH-EASTERN REGION

6.19 CWC started functioning in the North East Region in early sixties and is having a capacity of 1.03 Lakh MT with occupancy of 67% as on 30.09.2006. The Center-wise/State-wise capacity being operated by the CWC in the North Eastern Region is detailed below:-

ASSAM:	CAPACITY
Amingaon	21400 MTs
Dhubri	10100 MTs
Guwahati	8600 MTs
Jorhat-I	10500 MTs
Jorhat-II	5000 MTs
Sorbhog	10000 MTs
<b>Total:</b>	<b>65600 MTs</b>

NAGALAND:	
Dimapur	13000 MT



<b>TRIPURA:</b>	
Agartala	19250 MTs
Agartala C.S.	4750 MTs
<b>Total:</b>	<b>24000 MTs</b>
<b>Grand Total:</b>	<b>102600 MTs</b>

6.20 During the last three years, there was no construction in the North East Region except at Amingaon (Guwahati). Land being a constraint, CWC could not go ahead with any expansion plan.

### ACTIVITIES OF STORAGE AND RESEARCH DIVISION

#### Indian Grain Storage Management and Research Institute (IGMRI), Field Station, Jorhat.

6.21 Indian Grain Storage Management and Research Institute (IGMRI), Field Station, Jorhat was established in 1981 to study and work on area specific post harvest problems of foodgrains in the North East Region.

6.22 The performance of IGMRI, Jorhat during 2006-2007 (upto December, 2006) is as follows:

Sl. No.	Item/ Activity	2006-2007	
		Targets (Annual)	Achievements
1.	Training: 1. LTTC/STTC*	6	4
	2. Artisans Training	2	1
2.	Analysis of foodgrain samples for physical quality parameters (No. of samples)	250	155
3.	Monitoring of foodgrains samples for mycotoxin contamination	60	31
4.	Monitoring of foodgrain samples for pesticidal contamination	120	63

\* Long Term Training Course/Short Term Training Course

### SAVE GRAIN CAMPAIGN

6.23 Save Grain Campaign (SGC) Guwahati is disseminating the knowledge of scientific storage of foodgrains in the North Eastern Region of the country by organising training, demonstration and publicity programmes.

6.24 The performance of SGC Guwahati during 2006-2007 (upto December, 2006) is given below:-

Sl. No.	Activities	2006-07	
		Targets (Annual)	Achievements (upto December 2006)
1.	Training Courses	92	68
2.	Villages covered	65	50
3.	Film /Slide shows	92	74
4.	Exhibitions arranged/ participated	65	42
5.	Construction/ improvement of non-metallic storage structures	1200	984

### QUALITY CONTROL CELL

6.25 With a view to monitor the quality of foodgrains in the North Eastern Region, Quality Control Cell, Kolkata is ensuring that only fair average quality of foodgrains are distributed under the Targeted Public Distribution System, besides monitoring the quality during storage. The Quality Control Cell also undertakes surprise inspections of Food Storage Depots, Rail Heads and Fair Price Shops.

6.26 During the year 2006-2007 (upto December, 06) as many as 4 Food storage Depots, 53 Fair Price Shops and 3 Rail Heads were inspected and remedial measures suggested, wherever required.

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#### PROGRESSIVE USE OF HINDI

**6.27** 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, 2006-2007, multipronged efforts were made. The thrust had been to persuade the officers and the staff to increase use of Hindi. For this purpose, workshops were held, wherein the officers and the employees were not only fully acquainted with the requirement of Official Language Act and the rules framed thereunder, but were also trained in Hindi noting & drafting and to work in Hindi on computers. A meeting of the Hindi Salahakar Samiti under the chairmanship of Minister of State for Consumer Affairs, Food & Public Distribution was organised in Kolkata on 12.10.2006 wherein 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 and useful suggestions were made in this regard. 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 reviewed in the quarterly meetings of the Official Language Implementation Committee of the Department. As far as possible, publicity material is being issued in bilingual form (both in Hindi and English), besides being issued in regional languages as and when required. All the forms and standard drafts being used in the Department are available both in Hindi and English.

**6.28** To review the progressive use of Hindi 5 offices of Food Corporation of India and Central Warehousing Corporation were inspected by the officers of Hindi Division of this Department up to October, 2006.

**6.29** The Committee of Parliament on Official Language inspected 7 offices of FCI, CWC and

Directorate of Vanaspati Vegetable Oils & Fats to review the progressive use of Hindi during 2006-2007 till October, 2006.

**6.30** 6 Stenographers and 3 LDCs were nominated for Hindi Stenography and Hindi Typewriting Courses respectively. At present all officers/staffs in the Department possess working knowledge of Hindi.

**6.31** Hindi Fortnight was also organised from 1<sup>st</sup> September 2006 to 14<sup>th</sup> September 2006 and on this occasion various Hindi competitions were organised and cash prizes were distributed to the winning Officers/staff with a view to create awareness and accelerate the use of Hindi in the Department.

**6.32** The Department was awarded 1<sup>st</sup> 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 Government of India for the year 2004-05. These prizes were distributed by the Hon'ble Home Minister Shri Shivraj Patil on 14-09-06 on the occasion of Hindi Day in a function held at Vigyan Bhawan.

#### TRAINING OF OFFICERS OF THE DEPARTMENT

**6.33** Training is one of the effective and tested tools for performance enhancement, as well as upgradation of knowledge and skills of the personnel. Organisational motivation and morale, as reflected in the attitudes and administrative culture, are rendered relevant and sharply focused through effective training programmes.

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

**6.35** The details of the officials of this Department who attended various training programmes during last

two years are as under:-

Sl. No.	Rank of Trainees	2005-2006	2006-2007 (upto 31.12.2006)
1.	Gazetted	32	43
2.	Non-Gazetted	27	20

## APPLICATION SOFTWARE DEVELOPED AND IMPLEMENTED

6.36 Some of the LAN based application software developed and implemented in the Department are:-

### I. MIS APPLICATIONS OF THE MINISTRY

- 1) **Monthly Bulletin on Foodgrains:** Food grain bulletin is a collection of reports published on monthly basis in the form of booklet by the Department giving information of various activities like production, procurement, stocks, allocation and offtake etc. of foodgrains. Web based software is developed to fulfill the complete requirement of the Monthly Foodgrain Bulletin. The database is kept centralised. Data entry into the software can be done from the concerned section. Section-wise secured login and password is being provided for data entry into individual modules and reports can be generated from any node on LAN. Various reports generated by the software have been linked to Department's website.
- 2) **Procurement Information System:** Web based software has been developed to monitor the procurement status in the central pool. Data is maintained in the central server. Agency-wise and state-wise daily procured foodgrain details are entered daily. Agency-wise and state-wise daily reports are generated in comparison with the same day

of the previous year. Reports are sent to JS (FCI) and Secretary (Food and PD).

### II. SUGAR DIRECTORATE APPLICATIONS

- 1) **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. Reports are sent to JS (Sugar), Secretary (Food and PD) and also for answering Parliament Questions.
- 2) **Statutory Minimum Price (SMP) for Sugarcane:** A web based application to calculate the statutory minimum price of sugarcane for each factory has been devised. 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.
- 3) **Sugar Production:** Production data from all sugar factories are collected and entered and various kinds of production reports are generated to control the sugar stocks management. Control reports are sent to JS (Sugar) and Secretary (Food and PD).
- 4) **Integrated Sugar Information System:** A web based software has been developed to capture data on weekly production and dispatches of sugar from sugar plants. The sugar plant officials can directly enter data through internet. Link has also been provided for FCI regional offices and State Government officials to enter the data about lifting done by

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- them under levy releases. The Directorate of sugar shall be able to access state-wise/plant-wise consolidated reports.
- 5) **Sugar Release Order:** The provisional production data of sugar from 15<sup>th</sup> to 15<sup>th</sup> of next month is collected and entered on a weekly basis. All India provisional sugar production total is calculated on latest production. The Ministry fixes quota for release for free sale of sugar. On this quota, factory-wise sugar release orders are generated for free sale and levy sugar. Both release orders are hosted on the Ministry's web site monthly.
- 6) **Electronic Loan Disbursement System on Sugar Development Fund:** An intranet web based application is being developed to monitor the details of amount disbursed as loan, their proposed recovery and penal interest status of the sugar factories all over India. Data is maintained in the central server. The reports are used to monitor the loan status and answer the Parliament Questions.
- 7) **Sugar Export Information System:** A web based application has been developed to generate the sugar export order, extension order, and amendment order and cancellation letter. This software is used by Export Cell of Directorate of sugar.
- 2) **Payroll Software:** The payroll software for the Department of Food and Public Distribution and Directorate of Sugar has been developed and implemented.
- 3) **Electronic Clearing System:** A web application has been developed and implemented, which generates a text file in a Reserve Bank specified format. This application can be accessed by the Cash Section of the Department to modify and update employee's salary details and bank code, where employee salary is credited through Reserve Bank of India.
- 4) **Personnel Information System:** A web based application has been implemented which provides employees to see their bilingual Pay Slip, Annual Income Statement Sheet, Income Tax Calculation Sheet and GPF Statement, download personnel profile, birthday and superannuation messages, etc.
- 5) **Ministry Telephone Directory:** The Intranet web application has been developed and implemented to see the room number, intercom number and telephone number of Department officials.
- 6) **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.
- 7) **'PUSTAKALAYA' the Library Management System:** A comprehensive software package, which maintains a database of all the books and journals in the Department Library and supports various searches and queries, is being put to use.
- 8) **RTI Request and Appeal Management Information System :** A web based software
- III. **E-GOVERNANCE APPLICATIONS**
- 1) **Diary Management Information System:** A web-based software developed by NIC is 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.

developed by NIC is installed in the central server to track the RTI requests and appeals. The reports which are required to submit to Central information Commission is generated through this software. Necessary training has been provided to the officials of the Department.

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

### INTERNATIONAL COOPERATION

6.37 India is a member of two International bodies, namely the International Grains Council (IGC) and International Sugar Organisation (ISO). A payment of Rs. 13,59,224/- has been made to IGC towards India's membership contribution for the year 2006-07.

### INTERNATIONAL GRAINS COUNCIL (IGC)

6.38 India is a member of the International Grains Council (IGC) (which was previously known as International Wheat Council up to 1995) an intergovernmental forum of exporting and importing countries for co-operation in wheat and coarsegrain 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 1<sup>st</sup> July 1995. India was represented in the meeting of the Market

Conditions Committee held in London on 15<sup>th</sup> September, 2006.

### WORLD FOOD PROGRAMME

6.39 Government of India is allocating foodgrains 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 2006-2007, an allocation of 70000 MTs of wheat and 10000 MTs of Rice has been made at BPL rates to World Food Programme for their developmental schemes in the country.

### FOOD AND AGRICULTURAL ORGANISATION (FAO)

6.40 FAO is one of the largest specialised 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 and physical and economic access to food. India is a member to both FAO and CFS. India was represented at the 32<sup>nd</sup> Session of the Committee on World Food Security (CFS) held at Rome from 30<sup>th</sup> October - 4<sup>th</sup> November 2006. The Committee on World Food Security (CFS) monitors the progress on implementation of the WFS Plan of Action.

6.41 FAO and Ministry of Agriculture on behalf on Government of India have signed a Pilot Project for Developing National Food Insecurity and Vulnerability Information and Mapping System (FIVIMS) in India in the two States viz. Himachal Pradesh and Orissa.

6.42 FIVIMS is essentially a database involving network of information and mapping system, which

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assembles detailed information about the people who are food insecure and their location on the basis of factors such as agriculture, nutrition, health, education, social welfare, economic well being, employment opportunities and social; environment to develop a data base to identify pockets of food insecurity in the country in the two States. The Department of Food and Public Distribution is the National Focal Point for establishment of FIVIMS in India. Pursuant to the declaration adopted by the World Food Summit, five years later in Rome in June, 2002, Council of FAO established an Inter-Governmental Working Group (IGWG) as a subsidiary body of the Committee on World Food Security (CFS). India is a Member of the Inter Governmental Working Group. The Group has formulated a set of voluntary guidelines for enforcement of the right to adequate food to address the issue of Food Security. This Department was represented in the 2<sup>nd</sup>, 3<sup>rd</sup> & an Inter-Sessional Session of the Inter-Governmental Working Group of FAO.

#### SAARC FOOD SECURITY RESERVE BOARD

**6.43** An Agreement to establish a SAARC Food Security Reserve was signed by the SAARC Countries (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) during the Third SAARC Summit in Kathmandu in 1997. India was represented in the SAARC Agricultural/Food Minister's meeting held in Islamabad held on 14<sup>th</sup> December, 2006 in which the concept paper prepared by India on the establishment of the SAARC Regional Food Bank was considered.

#### THE INTEGRATED FINANCE DIVISION

**6.44** 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 Division.

**6.45** It is his duty:-

- (i) to ensure that the schedule for preparation of 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 scrutinise budget proposal 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 scrutinise 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 its 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 utilisation certificate and audited expenditure of previous years.

- (xi) to ensure high quality appraisal and evaluation with requisite rigour.
- (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 to be referred to Finance Ministry for concurrence/ comments;
- (xvi) to ensure regular and timely submission of the prescribed statements, reports and returns to the Finance Ministry
- (xvii) to be responsible for expenditure management and cash management.
- (xviii) to periodically review the various non-tax revenue receipts under control of the Ministry/ Department, in the context of market trends and other sectoral developments.

#### IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

6.46 The Right to Information Act, 2005 came into force w.e.f. 12<sup>th</sup> 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. As

a first step towards implementation of the Act, six Training/familiarisation sessions on the implementation of the Act were held in the Department for officers/staff in August and September, 2005. A demo-cum training on web based centralised RTI Management Information System was held in August, 2006

6.47 In keeping with the provision of the Act for designating Central Public Information Officers (CPIO) to deal with requests for information, officers of the level of the Director/ Deputy Secretary have been designated as CPIOs for the respective Divisions in the Department. The Joint Secretaries in the Department have been designated as Senior CPIOs who would act as Appellate Authorities in the event of a person being aggrieved by a decision of the CPIO. The list indicating name, designation and Telephone number of Appellate Authorities, CPIOs and Central Assistant Public Information Officers (CPAIOs) is given in **Annexure VIII**.

6.48 The Department has also complied with the provisions in the Act for publication of information relating to the Organisation by public authorities within the prescribed timeframe of 120 days of enactment of the Act. The manuals have been compiled and hosted on the Department's website for information of the public and placed on the website [www.fcamin.nic.in/RTI/index.htm](http://www.fcamin.nic.in/RTI/index.htm). 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 (VVO&F) may be seen at <http://fciweb.nic.in/RTI/Index.htm>, [few.com/cwc/](http://few.com/cwc/) and <http://fcamin.nic.in/right to information act.htm> respectively.

6.49 A total of 100 (one hundred only) requests were received under RTI Act, 2005 during the year 2006-07 (upto 19<sup>th</sup> January, 2007) out of which 89 (eighty nine) requests have been disposed off.

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**6.50** 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 (G2C and G2B). It is also being ensured that the contents available on the website are regularly updated on a weekly basis through Content Management Software to make information management more meaningful.

#### SUMMARY OF AUDIT OBSERVATIONS

**6.51** A summary of important audit observations on the Department, included in the Comptroller and Auditor General of India (C&AG) Reports of 2006 (Commercial) and action taken by the Department thereon as on 31<sup>st</sup> December, 2006, are given below:-

#### 1. AUDIT OBSERVATION

Flats purchased by Central Warehousing Corporation (CWC) for staff as quarters at Jawaharlal Nehru Port, Navi Mumbai from City Industrial and Development Corporation, Mumbai could not be utilised and resulted in idle investment of Rs. 6.07 crores.

(Para 7.1.1 of Report No. 12 of 2006 - Commercial)

#### Action taken by the Department

File is under active process in the Department with Action Taken Note. Further information/documents called for from CWC on 17.11.2006 which are still awaited.

#### 2. AUDIT OBSERVATION

Payment of Productivity Linked Incentive by Central Warehousing Corporation in contravention of DPE guidelines resulted in excess payment of Rs.

3.86 crores during the last five years ended 31<sup>st</sup> March, 2004.

(Para 7.1.2 of Report No. 12 of 2006 - Commercial)

#### Action taken by the Department

Action Taken Note is under preparation in the Department.

#### 3. AUDIT OBSERVATION

Irregular upgradation of posts by Central Warehousing Corporation under central dearness allowance pattern resulted in additional financial commitment of Rs. 45.00 lakhs.

(Para 7.1.3 of Report No. 12 of 2006 - Commercial)

#### Action taken by the Department

Central Warehousing Corporation was requested on 28.08.2006 to furnish copies of orders that are to be enclosed with the Action Taken Note. The information received from CWC is being examined in the Department for preparing ATN.

#### 4. AUDIT OBSERVATION

Non-compliance of instructions resulted in unauthorised reimbursement of Hill Transport Subsidy to the Government of Arunachal Pradesh resulting in loss of interest of Rs. 20.34 crores.

(Para 7.2.1 of Report No. 12 of 2006 - Commercial)

#### Action taken by the Department

Clarification has been sought from Food Corporation of India (FCI) on 16.10.2006.



**5. AUDIT OBSERVATION**

Failure to file complete claims for refund of input tax resulted in loss of interest of Rs. 5.67 crores to the Corporation.

(Para 7.2.2 of Report No. 12 of 2006 - Commercial)

**Action taken by the Department**

C&AG has returned the Action Taken Note sent to them with further comments. Same has been sent to FCI on 10.01.2007 for giving reply.

**6. AUDIT OBSERVATION**

Wrong application of driage percentage resulted in benefit of Rs. 5.45 crores to millers.

(Para 7.2.3 of Report No. 12 of 2006 - Commercial)

**Action taken by the Department**

Comments of FCI Headquarters and Government of Haryana were sought. The comments of FCI have been received. Reminder sent to the State Government on 14.12.2006.

**7. AUDIT OBSERVATION**

Misappropriation of stock due to inadequate internal control system and failure to conduct proper physical verification resulted in loss of Rs. 2.63 crores.

(Para 7.2.4 of Report No. 12 of 2006 - Commercial)

**Action taken by the Department**

Action Taken Note was sent to C&AG on 9.10.2006 for vetting. Vetting remarks received from

the office of C&AG have been sent to FCI on 14.12.2006 for reply/ comments.

**8. AUDIT OBSERVATION**

Violation of tender terms resulted in non-recovery of Security Deposit of Rs. 68.60 lakhs and a loss of Rs. 1.38 crores due to sale of rice below the floor price.

(Para 7.2.5 of Report No. 12 of 2006 - Commercial)

**Action taken by the Department**

C & AG's vetting remarks received on 16.01.2007 have been forwarded to FCI on 19.01.2007 for revised comments. FCI's reply is awaited.

**9. AUDIT OBSERVATION**

The Corporation could not recover rent of Rs. 70.85 lakh and incurred loss of interest of Rs. 66.63 lakhs for the space occupied by the Delhi State Civil Supplies Corporation Limited.

(Para 7.2.6 of Report No. 12 of 2006 - Commercial)

**Action taken by the Department**

Action Taken Note has been sent to C&AG on 12.10.2006 for vetting.

**10. AUDIT OBSERVATION**

Improper storage of wheat in bins/silos resulted in loss of Rs. 1.17 crores due to damage and storage loss.

(Para 7.2.7 of Report No. 12 of 2006 - Commercial)

## Ch-6

### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

#### Action taken by the Department

Action Taken Note sent to C&AG on 3.10.2006. Vetting remarks of C&AG sent to FCI on 7.12.2006 for parawise reply.

#### 11. AUDIT OBSERVATION

Excess margin money was kept in term deposit towards bank guarantee resulting in loss of interest of Rs. 81.90 lakhs.

(Para 7.2.8 of Report No. 12 of 2006 - Commercial)

#### Action taken by the Department

Action Taken Note sent to C&AG on 6<sup>th</sup> November, 2006 for vetting.

#### 12. AUDIT OBSERVATION

Barley was disposed of at a lower cut off price fixed without considering market rates resulting in avoidable subsidy of Rs. 67.66 lakhs in Rajasthan Region.

(Para 7.2.9 of Report No. 12 of 2006 - Commercial)

#### Action taken by the Department

C & AG's vetting remarks received on 31.12.2006 have been forwarded to FCI on 02.02.2007 for revised comments. FCI's reply is awaited.

### DEPARTMENTALISED PAYMENT AND ACCOUNTING ORGANISATION

#### ORGANISATIONAL SET UP

6.52 The Accounting Organisation works under overall supervision of the Controller General of

Accounts, Department of Expenditure, Ministry of Finance, for the Civil Ministries/Departments of the Government of India as a whole. However under the departmentalisation system the Secretary of Department of Food and Public Distribution is the Chief Accounting Authority who discharges his duties through and with the help of the Additional Secretary & Financial Adviser and the Chief Controller of Accounts of the Department of Food & Public Distribution. The Budget Division of the Department also works under the Chief Controller of Accounts.

6.53 The departmentalised payment and accounting organisation 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 organisation 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.

#### JOB FUNCTIONS

6.54 The Payment and Accounting Organisation 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 PAOs, 2 CDDOS & 40 Non-CDDOs in the Ministry of Consumer Affairs, Food and Public Distribution. The Non-CDDOs present their claims/bills to the accredited PAOs who issue cheques after

scrutiny of the bills. The CDDOs are authorised to make payments for salaries and contingent claims after observing the relevant checks. They issue cheques on the basis of Letter of Credit (LOC) issued in their favour by the PAOs 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 Utilisation Certificates.
- (iv) Maintenance of records of Loans and Grants in Aid to State Government/PSU/Autonomous Bodies
- (v) Budget formulation including the "Outcome" and "Performance Budget" of the Department.
- (vi) Preparation of Receipt Budget
- (vii) Estimation and flow of non-tax revenue receipts for the Department of Food.
- (viii) Disclosure and reporting requirement under FRBM Act, 2003
- (ix) Technical advices to Ministry/Department/PSU/Autonomous Bodies
- (x) Review of expenditure under Modified Cash Management System
- (xi) 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. "Value of Money Audit" i.e. performance audit is also being taken up by the internal audit wing of the Ministry.

**6.55 The Principal Accounts Office** of this Ministry generates periodic reports like the monthly accounts and the annual accounts. The monthly

accounts fulfill the need of the administration in the matter of financial decision making as well as prudent management of food. The annual accounts represent a fairly accurate view of the financial stewardship of the Department during the year. The Principal Accounts Office compiles the monthly accounts submitted to it by the various PAOs through 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 reports are generated by using 'CONTACT'

**6.56** In the PAO's Offices, COMPACT software covers the major accounting tasks of the PAOs 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 is to provide 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.

## Ch-6

### DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

**6.57 E-Lekha** is G2G e-governance initiative. 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.

**6.58 The Internal Audit** is managed by three Audit Parties, two at Kolkata and one at Headquarters. New Delhi. The periodicities of audit of the DDOs are in accordance with the relevant provisions of the Internal Audit Manual of this organisation. On completion of Audit, inspection reports are compiled and vetted by the officer incharge and issued to the concerned administrative heads and concerned DDOs for compliance and remedial action.

**6.59** During the financial year 2005-06, 46 units (PAO & DDOs) and 10 Grantee Institutions came under the preview of Audit. However, only 43 units & 10 Grantee Institutions could be audited in 2005-06. 7 outstanding civil units for the year 2004-05 have also been completed by the Internal Audit unit. Steps are being taken to clear backlog arising mainly due to non-constitution of Headquarters party.

**6.60** A number of paras raised by audit has resulted in recovery of over payments. Suggestions were also made by Internal Audit Parties to DDOs for proper maintenance of records and Accounts. They were also advised to make payments in accordance with the rules and provisions of the Government of India.

#### ACHIEVEMENTS (UP TO DECEMBER' 2006)

(i) The original outlay of the Department of Food & Public Distribution is Rs.24055.91 crores under Grant No. 18 during 2006-07. No. supplementary grant has been obtained till

December, 2006.

- (ii) Payment of Subsidy to FCI/State Government is Rs. 17577.87 crores/2242.13 crores respectively up to December, 2006.
- (iii) The Pay and Accounts Office of the Department of Food and Public Distribution settled as many as 50 pension cases and 210 revision of pension cases during 01.4.06 to 31.12.06.
- (iv) Pay and Accounts Offices of Department of Food & Public Distribution maintains 390 live GPF accounts and have settled 20 final payments cases during 01.04.06 to 31.12.06.
- (v) The Internal Audit unit conducted internal audit of 43 units.
- (vi) Accounts at a glance for the financial year 2005-06, Scheme-wise Expenditure, sanctions regarding advices to State Governments etc. are available on the Ministry website.
- (vii) The payment to sugar mills under the SDF Act 1982 is being made through Electronic Clearance System.
- (viii) The audit of Non-Governmental Organisation has started from this financial year.
- (ix) An amount of Rs 23,66,38,799 has been received from FCI on account of capitalised value of pension.
- (x) A conference of DDOs of Deptt of Food & Public Distribution has been organised to discuss the shortcomings of DDOs in respect of automation of accounts.
- (xi) A list of Loanees including the status of recovery in respect of SDF Act, 1982  
Details of release to Sugar Mills under SDF Act, 1982 are available on Ministry's Website.

## VIGILANCE ORGANISATION

**6.61** The Vigilance function at the Department of Food & Public Distribution, its Attached and Subordinate Offices and the Public Sector Undertakings is looked after by a Chief Vigilance Officer in the rank of Joint Secretary to the Government of India. At the main Department a Director, an Under Secretary and a Desk Officer, besides three ministerial staff, assist him.

**6.62** At the two major PSUs i.e. FCI and CWC, under the Department, the vigilance function is headed by full time CVOs, both of whom are senior officers of the Indian Police Service and have elaborate vigilance set up at different levels of the 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.

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

faulty systems and procedural flaws, which permit acts of omission and commission to flourish. 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.

**6.64** Importance of some of the standard tools of preventive vigilance, such as review of Annual Property Returns, rotational transfers and surprise inspections are being re-emphasised at all levels in the Department, its attached and subordinate offices and the PSUs. Periodical meetings are held with the CVOs of the PSUs to review their performance and last year there had been remarkable progress in disposal of long pending disciplinary cases on vigilance account at both the PSUs and the main Department.

**6.65** The stress of Vigilance is mainly on digitisation, transparency in all aspects of government functioning and system overhaul, all of which are expected to bring about more visible improvement in our drive to ensure an honest environment.

STATEMENT SHOWING FINAL ESTIMATES OF PRODUCTION FOR  
2005-06 AND SECOND ADVANCE ESTIMATES FOR 2006-07

As on 05-02-2007 (In Million Tonnes)

Crop	Season	2005-06		2006-07	
		2nd advance estimates	Final estimates	Targets	2nd advance estimates
1	2	3	4	5	6
Rice	Kharif	75.98	78.27	80.78	77.43
	Rabi	11.88	13.52	12.02	12.70
	Total	87.86	91.79	92.60	90.13
Wheat	Rabi	73.06	69.35	75.53	72.50
Jowar	Kharif	4.08	4.07	4.28	3.95
	Rabi	3.71	3.56	3.33	3.77
	Total	7.79	7.63	7.61	7.72
Bajra	Kharif	7.33	7.68	8.55	7.54
Maize	Kharif	12.81	12.15	12.54	11.10
	Rabi	2.18	2.55	2.85	2.46
	Total	14.99	14.71	15.39	13.56
Ragi	Kharif	2.08	2.35	2.79	1.49
Small Millets	Kharif	0.40	0.47	0.53	0.42
Barley	Rabi	1.41	1.22	1.65	1.29
Coarse Cereals	Kharif	26.70	26.73	26.69	24.50
	Rabi	7.30	7.33	7.83	7.52
	Total	34.00	34.06	36.52	32.02
Cereals	Kharif	102.66	105.00	109.47	101.93
	Rabi	92.24	90.20	95.38	92.72
	Total	194.92	195.20	204.85	194.65
Tur	Kharif	2.57	2.74	2.90	2.64
Other Kharif Pulses	Kharif	2.90	2.13	2.88	2.60
Gram	Rabi	5.93	5.60	6.20	6.16
Other Rabi Pulses	Rabi	3.00	2.92	3.17	3.12
Total Pulses	Kharif	5.47	4.87	5.76	5.24
	Rabi	8.93	8.52	9.37	9.28
	Total	14.40	13.39	15.15	14.52
Total Foodgrains	Kharif	108.15	109.87	115.25	107.17
	Rabi	101.17	98.72	104.75	102.00
	Total	<b>209.32</b>	<b>208.59</b>	<b>220.00</b>	<b>209.17</b>

ANNEXURE-II

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	1998	144.5	142.1	140.2	139.2	139.8	141.9	146.1	148.2	150.1	152.7	156.9	157.4
	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			
Cereals	1998	142.1	139.9	138.4	137.9	139.1	141.3	144.9	147.0	149.1	150.3	154.2	154.5
	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			
Rice	1998	133.2	132.4	134.5	136.3	137.4	139.0	141.3	144.5	147.8	148.1	148.3	147.3
	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			
Wheat	1998	153.0	148.8	140.8	136.4	137.5	140.0	145.4	146.9	146.7	148.8	155.6	156.7
	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			

Source: Department of Agriculture and Cooperation

PERCENTAGE OF LEVY RICE TO BE DELIVERED IN STATES/UTs UNDER LEVY ORDERS  
DURING KMS 2006-07

S. No.	Name of the State/UT	Category	Quantum of Levy
1	2	3	4
1.	ANDHRA PRADESH	MILLERS/DEALERS	75%**
2.	ASSAM*	MILLERS	50%
3.	BIHAR*	MILLERS/DEALERS	40% or 2500 quintals compound levy on millers. 25% or 500 quintals compound levy on wholesalers.
4.	CHHATTISGARH*	MILLERS/DEALERS	50% Levy Order has not been formally concurred in by Central Government.
5.	DELHI*	MILLERS/DEALERS	75%
6.	GUJARAT*	MILLERS	10%
7.	HARYANA	MILLERS/DEALERS	75%
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% (Raw rice)
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	50%
19.	UTTAR PRADESH	MILLERS/DEALERS	75%
20.	UTTARANCHAL	MILLERS/DEALERS	60%
21.	WEST BENGA*	MILLERS	50%
22.	CHANDIGARH	MILLERS/DEALERS	75%
23.	PONDICHERY*	MILLERS/DEALERS	10% (20% transport levy)

\* State Governments of Assam, Bihar, Chhattisgarh, Delhi, Gujarat, Himachal Pradesh, J&K, Jharkhand, Karnataka, Nagaland, Rajasthan, West Bengal, and Pondicherry have not operationalised, so far, during the current season.

\*\* Advance levy @ 100% allowed upto 31.3.2007 and the adjustment of advance levy collected will be made against the levy rice delivered by the millers till September, 2007.



## STATUS OF IDENTIFICATION OF HOUSEHOLDS UNDER AAY (NORMAL &amp; ADDITIONAL)

As on 13.02.2007 (Figures in lakhs)

Sl. No.	State/UT	No. of BPL Families as on 1.3.2000	Estimated No. of AAY Families					AAY Families identified & RC issued				
			Normal	1 <sup>st</sup> exp	2 <sup>nd</sup> exp*	3 <sup>rd</sup> exp.**	Total	Normal	1 <sup>st</sup> exp	2 <sup>nd</sup> exp	3 <sup>rd</sup> exp	Total
1	Andhra Pradesh	40.63	6.228	3.117	2.991	3.242	15.578	6.228	3.117	2.991	3.242	15.578
2	Arunachal Pradesh	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	1.430	7.005
4	Bihar	65.23	10.000	5.003	4.802	5.205	25.010	10.000	5.003	4.802	4.329	24.134
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	0.320	0.235			0.555
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 Pradesh	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		7.268
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 Pradesh	41.25	6.324	3.164	3.037	3.291	15.816	6.324	3.164	3.037	3.120	15.645
16	Maharashtra	65.34	10.017	5.011	4.810	5.215	25.053	10.017	5.011	4.810		19.838
17	Manipur	1.66	0.255	0.127	0.122	0.132	0.636	0.255	0.127	0.122		0.504
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	0.312		1.388
23	Rajasthan	24.31	3.726	1.865	1.790	1.940	9.321	3.726	1.839	1.790	1.924	9.279
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			0.679
27	Uttar Pradesh	106.79	16.371	8.191	7.861	8.522	40.945	16.371	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 Islands	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	0.021				0.021
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				0.004
35	Pondicherry	0.84	0.128	0.065	0.062	0.067	0.322	0.128	0.065	0.062	0.067	0.322
	<b>Total</b>	<b>652.03</b>	<b>99.946</b>	<b>50.021</b>	<b>48.001</b>	<b>52.030</b>	<b>249.998</b>	<b>99.626</b>	<b>49.873</b>	<b>46.482</b>	<b>37.718</b>	<b>233.699</b>

\* 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.

STATEMENT SHOWING FUNDS RECOMMENDED/REQUIRED FOR  
ESTABLISHMENT OF VILLAGE GRAIN BANKS DURING 2006-07

Sl.No.	States	No. of Banks recommended	Quantity of Foodgrains (R/W) MTs	Financial assistance for foodgrains* Rs.	Funds for establishment of Grain Banks** Rs.	Total Financial Assistance Rs.
1.	U.P.	500	2000	1,96,59,800	61,00,000	2,57,59,800
2.	Assam	100	400	51,44,800	12,20,000	63,64,800
3.	Sikkim	80	320	41,15,840	9,76,000	50,91,840
4.	H.P.	55	220	28,29,640	6,71,000	35,00,640
5.	Gujarat	226	272/632	1,06,25,086	27,57,200	1,33,82,286
6	West Bengal	170	680	87,46,160	20,74,000	1,08,20,160
7	Nagaland	150	600	77,17,200	18,30,000	95,47,200
8	Andhra Pradesh	3743	14972	19,25,69,864	4,34,45,167	23,60,15,031
9	Uttranchal	55	220	28,29,640	6,71,000	35,00,640
10	Chhatisgarh	1642	6568	8,44,77,616	2,00,32,400	10,45,10,016
	<b>Total</b>	<b>6721</b>				<b>41,84,92,413</b>

□ at economic cost : Rice : Rs.12,862/- per MT & Wheat: Rs.11276.30/- per MT.

\*\* @ Rs.12,200/- per Grain Bank Total provision made for this scheme during 2006-07 is Rs. 50.00 crores.

ANNEXURE-VI

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	2000-01		2001-02		2002-03		2003-04		2004-05 (P)		2005-06 (P)	
	SMP	Price Paid	SMP	Price Paid	SMP	Price Paid	SMP	Price Paid	SMP	Price Paid #	SMP	Price Paid ## (P)
UTTAR PRADESH	59.50 to 74.20	90.00 to 95.00	62.05 to 81.76	92.50 to 100.00	69.50 to 89.18	92.50 to 100.00	73.00 to 92.55	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
UTTARA-NCHAL	62.09 to 71.68	90.00to 95.00	62.93to 73.07	95.00to 100.00	69.91to 80.24	92.50to 95.00	75.81to 90.00	92.50to 95.00	76.00to 89.46	104.50to 112.00	79.50 to 88.39	112.50 to 120.00
BIHAR	60.20to 66.50	81.00to 86.00	64.24 to 69.35	66.84 to 86.00	69.50 to 76.88	69.50	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
PUNJAB	59.50 to 72.10	96.00 to 100.00	62.05 to 78.84	96.00 to 100.00	69.50 to 85.90	96.00 to 100.00	73.00 to 93.40	96.00 to 100.00	74.50 to 92.88	96.00 to 140.00	79.50 to 94.46	111.00 to 120.00
HARYANA	59.50 to 68.60	104.00 to 110.00	64.24 to 75.92	104.00 to 110.00	69.50 to 87.54	87.54 to 110.00	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	121.00to 135.00
MAHARA-SHTRA*	59.50 to 96.60	56.80 to 111.60	62.05 to 100.74	56.00 to 92.50	66.78 to 105.54	56.00 to 96.10	73.00 to 118.90	56.00 to 102.00	74.50 to 110.58	66.82 to 115.00	79.50 to 112.94	80.00 to 170.00
GUJARAT*	64.40 to 79.80	84.50 to 110.00	67.80 to 83.20	89.60 to 104.00	82.60 to 95.70	82.60 to 104.00	86.60 to 101.00	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
ANDHRA PRADESH	62.30 to 83.30	70.07 to 91.63	63.51to 86.14	63.51to 86.14	69.50 to 94.92	69.50 to 94.92	73.00 to 101.90	73.00 to 101.90	74.50 to 101.80	74.50 to 101.80	79.50 to 106.78	79.50 to 106.78
TAMIL-NADU	59.50 to 66.34	77.50 to 100.00	62.05 to 82.49	62.05 to 82.49	69.50 to 95.74	69.50 to 95.74	73.00 to 103.60	73.00 to 103.60	74.50 to 100.02	74.50 to 100.02	79.50 to 93.58	101.40to 115.48
KARNA-TAKA*	64.97 to 92.71	77.00 to 96.00	62.05 to 92.71	75.00 to 102.00	73.60 to 103.12	74.00 to 93.00	73.00 to 108.70	81.00 to 107.00	74.50 to 99.14	82.00 to 115.00	79.50 to 98.86	95.00 to 120.00

(P) PROVISIONAL

(\*) IN RESPECT OF THE STATES OF MAHARASHTRA, GUJARAT & KARNATAKA THE FINAL CANE PRICE IS DECIDED AFTER THE CLOSE OF SUGAR SEASON.

IMPORT POLICY FOR EDIBLE OILS

◆ April, 1994	Import of RBD Palmolein placed on OGL with 65% import duty.
◆ March, 1995	Import of all edible oils (except coconut oil, palm kernel oil, RBD palm oil, RBD palm stearin) placed on OGL with 30% import duty.
◆ 1996-97 (in regular Budget)	Further reduction in import duty to 20% +2%(special duty of customs) bringing total import duty to 22%.Another special duty of custom @ 3% was later imposed bringing the total import duty to 25%.
◆ July, 1998	Import duty further reduced to 15%.
◆ 1999-2000 (Budget)	Import duty raised to 15% (basic) + 10% (surcharge) = 16.5%.
◆ December, 1999	Import duty on refined oils raised to 25% (basic) + 10% (surcharge) = 27.5%. In addition, 4% SAD levied on refined oils.
◆ June, 2000	Import duty on crude oils raised to 25% (basic) + 10% (surcharge) = 27.5% and on refined oils raised to 35% (basic) + 10% (surcharge) + 4% (SAD) = 44.04%. Import duty on Crude Palm Oil (CPO) for manufacture of vanaspati retained at 15% (basic) + 10% (surcharge) = 16.5%.
◆ November, 2000	Import duty on CPO for manufacture of vanaspati raised to 25% and on crude vegetable oils raised to 35%. Import duty on CPO for other than vanaspati manufacture raised to 55%. Import duty on refined vegetable oils raised to 45% (basic) + 4% (SAD) = 50.8%. Import duty on refined palm oil and RBD palmolein raised to 65% (basic) + 4% (SAD) = 71.6%.
◆ March, 2001 (As amended on 26.4.2001)	Import duty on crude oils for manufacture of vanaspati/refined oils by the importers registered with Directorate of VVO&F raised to 75% (for others import duty levied at 85%) except soyabean oil, rapeseed oil and CPO at 45%, 75% and 75% respectively The duty on refined oils including RBD Palmolein raised to 85% (basic) except in the cases of Soyabean Oil and Mustard oil where the duty is placed at 45%(basic) and 75% (basic) respectively due to WTO binding. In addition, 4% SAD levied on refined oils.
◆ October, 2001	Import duty on Crude Palm Oil and its fractions, of edible grade, in loose or bulk form reduced from 75% to 65%.
◆ November, 2001	Import duty on crude sunflower oil or safflower oil reduced to 50% upto an aggregate of 1,50,000 MTs ( <b>Tariff Rate Quota</b> ) of total imports of such goods in a financial year <b>subject to certain conditions</b> . Import duty on refined rape, colza or mustard oil reduced to 45% upto an aggregate of 1,50,000 MTs ( <b>Tariff Rate Quota</b> ) of total imports of such goods in a financial year <b>subject to certain conditions</b> .
◆ March, 2002	Statusquo on import duty structure of vegetable oils/edible oils maintained. Import of vanaspati from Nepal be levied SAD @ 4%.
◆ August, 2002	SAD is not applicable on vanaspati imported from Nepal under TRQ.
◆ March, 2003	Statusquo on import duty structure of vegetable oils/edible oils maintained.
◆ April, 2003	Import duty on Refined Palm Oil and RBD Palmolein reduced from 85% to 70% and SAD not applicable on edible oils.
◆ July, 2004	Import duty on Refined Palm Oil and RBD Palmolein raised from 70% to 75%.
◆ February, 2005	Import duty on Crude Palm Oil/Crude Palmolein raised from 65% to 80% and import duty on refined Palm Oil/RBD Palmolein raised from 75% to 90%.
◆ 2006-2007 (Budget)	With effect from 1.3.2006, edible oils attract a special CVD @ 4% and import duty on vanaspati and similar products raised from 30% to 80%.
◆ August, 2006	With effect from 8.8.2006, special additional duty of customs is not applicable on vanaspati imported from Nepal.With effect from 11.8.2006, import duty on Crude Palm Oil/Crude Palmolein has been reduced from 80% to 70% and import duty on refined Palm Oil/RBD Palmolein reduced from 90% to 80%.

## ANNEXURE-VIII

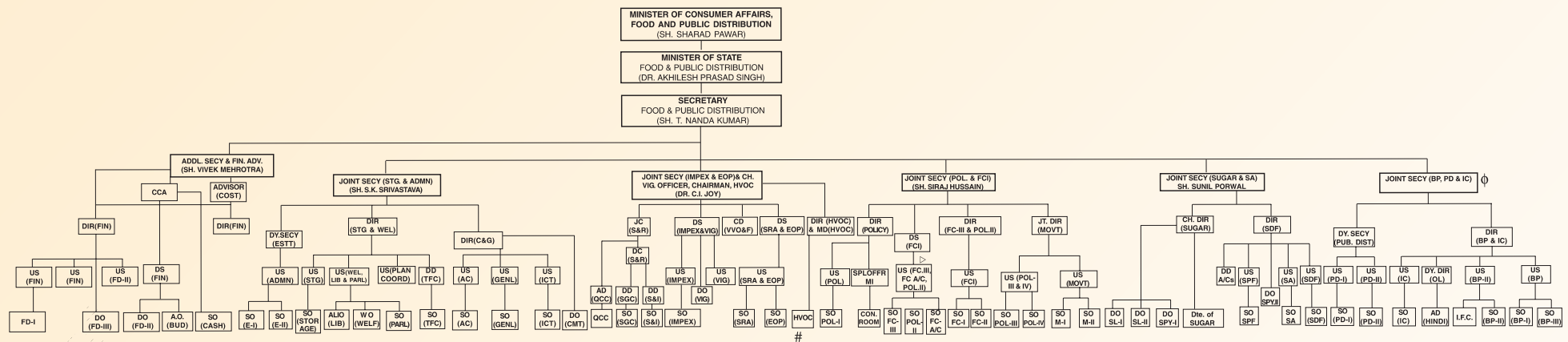
**List of Senior Central Public Information Officers (Sr.CPIOs) (Apellate Authorities), Central Public Information Officers (CPIOs) and Central Assistant Public Information Officers (CAPIOs) (As on 7.2.2007)**

Sl. No.	Divisions/ Charge	Sr.CPIOs	Present Incumbent S/Sh./Ms.	Tele No:	Room No., Krishi Bhavan	CPIOs	Present S/Sh	Tele No: Incumbent Bhavan	Room No., Krishi	CAPIOs	Present S/Sh/Ms.	Tele No: Incumbent Bhavan	Room No., Krishi
1	IMPEX	Jt. Secy.	Dr. C.I. Joy	23382956	158	Dy.Secy.	Anurag Bhatnagar	23382533	284	Under Secy.	Sujata Banerjee	23382504	290
2	EDIBLE OIL	Jt. Secy.	Dr. C.I. Joy	23382956	158	Dy.Secy.	Anurag Bhatnagar	23382533	284	Under Secy.	SS Gupta	23097050	394
3	STORAGE & RESE ARCH (HQRS.)	Jt. Secy.	Dr. C.I. Joy	23382956	158	Dy.Secy.	Anurag Bhatnagar	23382533	295-A & 283	Under Secy. & Dy Director	SS Gupta & B.C.Joshi	23097050 & 23387622	394 & 580
4	VIGILANCE	Jt. Secy.	Dr. C.I. Joy	23382956	158	Dy.Secy.	Anurag Bhatnagar	23382533	284	Under Secy.	T.K. Gulati	23383587	563
5	PUBLIC GRIEVANCES	Jt. Secy.	Dr. C.I. Joy	23382956	158	Dy.Secy.	Anurag Bhatnagar	23382533	284	Under Secy.	P.K.Sud	23382504	291
6	FOOD CORPN OF INDIA	Jt. Secy.	Siraj Hussain	23381177	194	Director	J.S. Tiwana	23389436	18-A	Under Secy.	K.L. Sharma	23384055	484
7	POLICY	Jt. Secy.	Siraj Hussain	23381177	194	Director	Ashesh Agarwal	23385238	183	Under Secy.	SM Gupta	23384448	292
8	MOVEMENT	Jt. Secy.	Siraj Hussain	23381177	194	Jt. Di	H.S Bajwa	23382709	182	Under Secy.	Renu Saxena	23384448	282
9	SUGAR POLICY	Jt. Secy.	Siraj Hussain	23381177	194	Dir./ CD(S)	Abinash Verma & RP Bhargia	23389625 & 23383760	181 & 186	Under Secy., Section Officer & Desk Officer	DS Rawat & S. Bandopadhyay	23385726 & 23382223	474 & 459
10	SUGAR ADMINN	Jt. Secy.	Sunil Porwal	23382512	175	Director	Abinash Verma	23389625	182-A	Under Secy.	Harsh Malviya	23388571	397-E
11	SUGAR DEVELP. FUND	Jt. Secy.	Sunil Porwal	23382512	175	Director	Abinash Verma	23389625	182-A	Under Secy.	R.B.S. Negi	23388571	381-A
12	PLAN CO-ORD. CELL	Jt. Secy.	S.K.Srivastav	23382529	199-C	Director	Ranjana Jha	23382338	182	Under Secy.	Mitter Sain	23388544	391-A
13	STORAGE	Jt. Secy.	S.K.Srivastav	23382529	199-C	Director	Ranjana Jha	23382338	182	Under Secy.	Kuldeep Kumar	23382504	266
14	ESTABLISHMENT	Jt. Secy.	S.K.Srivastav	23382529	199-C	Dy.Secy.	Sat Pal	23384653	280-A	Under Secy.	R.K. Gaur	23382504	266
15	GEN. ADMINN	Jt. Secy.	S.K.Srivastav	23382529	199-C	Director	Rajiva Ranjan	23388161	275	Under Secy.	HC Azad	23382240	282
16	CO-ORD-GEN	Jt. Secy.	S.K.Srivastav	23382529	199-C	Director	Rajiva Ranjan	23388161	275	Under Secy.	L. Santhanam	23383046	284-A
17	CO-ORD-ICT	Jt. Secy.	S.K.Srivastav	23382529	199-C	Director	Rajiva Ranjan	23388161	275	Under Secy.	Amarjit Singh	23381024	259-A
18	WELFARE	Jt. Secy.	S.K.Srivastav	23382529	199-C	Director	Ranjana Jha	23382338	182	Under Secy.	SK Srivastava	23384055	297-A-II
19	CANTEEN	Jt. Secy.	S.K.Srivastav	23382529	199-C	Director	Ranjana Jha	23382338	182	Under Secy.	SK Srivastava	23384055	297-A-II
20	LIBRARY	Jt. Secy.	S.K.Srivastav	23382529	199-C	Director	Ranjana Jha	23382338	182	Under Secy.	SK Srivastava	23384055	297-A-II
21	PARLIAMENT	Jt. Secy.	S.K.Srivastav	23382529	199-C	Director	Ranjana Jha	23382338	182	Under Secy.	SK Srivastava	23384055	297-A-II
22	BASIC PLAN	Jt. Secy.	Sunil Porwal /LO	23382512	175	Director	Anju Nigam	23097040	260	Under Secy.	AS Negi	23382223	473-A
23	PUBLIC DISTRIBUTION	Jt. Secy.	Sunil Porwal /LO	23382512	175	Dy. Secy	P.Kalyansundaram	23097037	42	Under Secy.	M.C. Jeph	23097017	294
24	INTERNL. CO-OPERN.	Jt. Secy.	Dr. C.I. Joy	23382956	158	Director	Anju Nigam	23097040	260	Under Secy.	Neelam Bala Kapoor	23381024	486
25	FINANCE	Advisor (Cost)	P.S. Hameed	23381375	288-A	Director	Ravi Aggrwal	23382625	185	Under Secy.	Kannad Bhagat	23388646	256
26	BUDGET	Chief Contr. of A/c	A.N.Bokshi	23782609	280	Dy.Secy.	Baboo Ram	23097038	372-B	Budget Officer	M.S. Rawat	23388646	257
27	TRAINING	Jt. Secy.	S.K. Srivastav	23382529	199-C	Director	Rajiva Ranjan	23388161	275	Desk Officer	T.D. Sehra	23383911 (Ex:4333)	277-A
28	HINDI	Jt. Secy.	Sunil Porwal	23382512	165	Dy Dir (OL)	SL Sud	23383308	289	Asst Dir (OL)	J.P.Balooni	23383308	293
29	CASH	Chief Contr. of A/c	A.N.Bokshi	23782609	280	DDO	Murari Lal	23388835	34-A	Cashier	M.K. Pandit (Ex:4359)	23383911	33-A

STATEMENT SHOWING NUMBER OF SANCTIONED POSTS IN DEPARTMENT OF  
FOOD AND PUBLIC DISTRIBUTION AS ON 01.01.2007

Group	Deptt of Food & PD	COA	Dte. of Sugar	NSI Kanpur	SRA HQrs	IGMRI Hapur & Field Stations	SGC Offices	QCC Offices	DVVO&F	TOTAL
Gr. A	57	2	16	53	12	17	16	4	13	190
Gr. B	204	46	12	19	1	15	34	0	21	352
Gr. C	136	139	21	122	19	60	81	4	23	605
Gr. D	137	37	23	168	0	49	89	3	16	522
<b>TOTAL</b>	<b>534</b>	<b>224</b>	<b>72</b>	<b>362</b>	<b>32</b>	<b>141</b>	<b>220</b>	<b>11</b>	<b>73</b>	<b>1669</b>

ORGANISATION CHART OF THE DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION  
AS ON 15.02.2007



LEGENDS

A	Administration
A/Cs	Accounts
AC	Admn. Coordination
AD	Assistant Director
ADMN	Administration
ALIO	Assistant Lib. & Inf. Officer
AO	Accounts Officer
AS & FA	Addl. Secy & Fin Adviser
BGT	Budget
BP-I	Basic Plan - I
BP-II	Basic Plan - II
BP-III	Basic Plan - III
C&G	Coordination & General
CCA	Chief Controller of Accounts
CD	Chief Director
CGAL	Central Grain Analysis Lab.
CMT	Career Management Trg.
CR	Control Room
CVO	Chief Vigilance Officer
DC	Deputy Commissioner
DD	Deputy Director
DIR	Director
DO	Desk Officer
DS	Deputy Secretary
E I	Establishment - I
E II	Establishment - II
EOP	Edible Oils Policy
Estt	Establishment
FC A/Cs	Food Corporation Accounts

FC-I	Food Corporation - I
FCI	Food Corporation of India
FC-II	Food Corporation - II
FC-III	Food Corporation - III
FD I	Finance Desk-I
FD II	Finance Desk-II
FD III	Finance Desk-III
FIN	Finance
GEN	General
HVOC	Hindustan Vegetable Oils Corp.
IC	International Cooperation
IFC	Information Facilitation Centre
IMPEX	Import Export
JC	Joint Commissioner
JS	Joint Secretary
LIB	Library
M I	Movement - I
M II	Movement - II
MOVTT	Movement
OL	Official Language
P	Policy
PAO	Pay & Accounts Office
PARL	Parliament
PC	Plan Coordination
PD-I	Public Distribution - I
PD-II	Public Distribution - II
PG	Public Grievance
PY-I	Policy - I
PY-II	Policy - II

PY-III	Policy - III
PY-IV	Policy - IV
QCC	Quality Control Cell
S	Sugar
SL	Sugar Litigation
S&I	Storage & Inspection
S&R	Storage & Research
SA	Sugar Administration
SDF	Sugar Development Fund
SGC	Save Grain Campaign
SLD	Sugar Litigation Desk
SO	Section Officer
SPD	Sugar Policy Desk
SPF	Sugar Price Equalisation Fund
Spl Off (MI)	Special Officer (Market Intelligence)
SRA	Storage Research Administration
STG	Storage
TFC	Task Force Cell
US	Under Secretary
VIG	Vigilance
VVO&F	Vanaspati, Vegetable Oils & Fats
WEL	Welfare
WO	Welfare Officer

▷ CASES RELATING TO FC ACCOUNTS THROUGH DIRECTOR(POL)  
 \* DESK CONSISTS OF 3 DESK FUNCTIONARIES I.E. US (S), US(I) AND DO (FD II).  
 US(S) & US(I) REPORT TO DIR (FIN) and DO (FD II) REPORTS TO DS(FIN).  
 \$ CASES PERTAINING TO BUDGET ARE SUBMITTED TO CCA.  
 ^ CASES RELATING TO IFC ARE SUBMITTED TO DIR (IMPEX & VIG).  
 # CASES RELATING TO HVOC ARE SUBMITTED THROUGH SH. ABINASH VERMA, DIR(SDF)  
**NOTE:**  
 - ADVISOR(COST) IS TO ADVISE THE DEPARTMENT ON ALL MATTERS RELATING TO THE COST ANALYSIS CONCERNING THE FUNCTIONING OF FCI, CWC, HVOC, VVO&F AND SUGAR.  
 φ Vacant. Charge being looked after by Link Officer

DIVISIONAL HEADS

DIR(FC)	Sh. J.S. Tiwana
DIR(FIN)	Sh. Ravi Agrawal
DIR(BP&IC)	Ms. Anju Nigam
DS (IMPEX&VIG)	Sh. Anurag Bhatnagar
JT. DIR(MOVTT)	Sh. H.S. Bajwa
DIR(POLICY)	Sh. Ashesh Agarwal
DIR(SDF)	Sh. Abinash Verma
DIR(STG. & WEL)	Ms. Ranjana Jha
DIR(FCII & POL.II)	Sh. A.L. Makhijani
DIR(C&G)	Sh. Rajiva Ranjan
DS(FIN)	Sh. Baboo Ram
DS(PD)	Sh. Kalyanasundaram
DS(Estt)	Sh. Sat Pal
DS(SRA & EOP)	On long leave
JC(S&R)	Vacant.
CD, Dte of VVO&F	Sh. P.K. Sardar
CD, Dte of Sugar	Sh. R.P. Bhargia
DS, CVC	Smt. Suchitra Goswami

\* Additional Charge to DS (Impex & Vig)

KAM KHAN SINGH

STATEMENT SHOWING BE, RE & ACTUALS IN RESPECT OF DEPARTMENT OF FOOD &  
PUBLIC DISTRIBUTION FOR THE YEARS FROM 2002-2003 TO 2007-08.

(Rs. in Crores)

Years	Department	Demand No.	Budget Estimates			Revised Estimates			Actuals		
			Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2002-2003	Department of Food & Public Distribution	40	44.23	21642.45	21686.68	40.31	24533.13	24573.44	32.72	24400.60	24433.32
2003-2004	Department of Food & Public Distribution	18	44.23	28695.19	28739.42	42.00	26048.99	26090.99	40.42	25709.65	25750.07
2004-2005	Department of Food & Public Distribution	19	48.64	27052.19	27100.83	48.64	26886.65	26935.29	46.98	26553.23	26600.21
2005-2006	Department of Food & Public Distribution	19	93.87	27055.44	27149.31	60.00	23496.23	23556.23	58.20	23366.21	23424.41
2006-2007	Department of Food & Public Distribution	18	95.80	24500.00	24595.80	70.00	24500.00	24570.00	44.56*	20096.31*	20140.87*
2007-2008	Department of Food & Public Distribution	18	85.40	26000.00	26085.40	-	-	-	-	-	-

\* As on 31.12.2006