



सत्यमेव जयते
GOVERNMENT OF INDIA

Annual Report

2007-2008



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



Hon'ble Union Minister for Agriculture, Consumer Affairs, Food and Public Distribution, Sh. Sharad Pawar, delivering the inaugural address at the 73rd Annual General Meeting of the Indian Sugar Mills Association in New Delhi on December 21, 2007.

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**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



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 06.07.2006.

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.

Revised policy on distribution of wheat flour/fortified wheat flour under TPDS

HIGHLIGHTS

(A) PUBLIC DISTRIBUTION SYSTEM

- (i) The Antyodaya Anna Yojana (AAY) was launched in December, 2000 for one crore poorest of the poor families. AAY contemplates identification of poorest of the poor families from amongst the BPL families covered under TPDS within the States and providing them foodgrains at a highly subsidized rate of Rs.2/- per kg. for wheat and Rs. 3/- per kg for rice. The scale of issue, which was initially 25 kg per family per month, has been increased to 35 kg per family per month with effect from 1st April, 2002.
- (ii) The AAY Scheme has been expanded thrice by addition of 50 Lakh BPL households at the risk of hunger - first in 2003-2004, second w.e.f 1st August, 2004 and third in 2005-06 , thus increasing its coverage to estimated 2.5 crore households.
- (iii) With these expansions, as against 2.5 crore families (i.e. 38% of BPL) to be covered, 2.426 crore families have already been covered under the AAY.

- W.e.f 17th January, 2008, the Government has permitted the State Governments to take up distribution of wheat flour/fortified wheat flour, instead of whole wheat through FPS network under the TPDS to Antyodaya Anna Yojna(AAY), Below Poverty Line (BPL) and Above Poverty Line (APL). This is intended to check diversion of wheat under TPDS and to enable State and UT Governments to take up distribution of fortified wheat flour for nutritional improvement of targeted beneficiaries.

(B) VILLAGE GRAIN BANK SCHEME

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

9-POINT ACTION PLAN

- With implementation of 9-Point Action Plan by States & UTs, lists of BPL & AAY cards have been reviewed and 65 lakh ineligible/bogus ration cards have been deleted.

51.79 crores in 2006-07 to establish 8191 VGBs. However, an amount of Rs. 16.90 crores has been approved by Ministry of Finance for establishment of 2513 Grain Banks during 2007-08. The scheme would be evaluated during 2008-09.

(C) PROCUREMENT OF FOODGRAINS

- (i) During Kharif Marketing Season (KMS) 2006-07 (October, 2006 to September, 2007) 250.75 lakh tonnes of paddy/rice was procured which was 25.81 lakh tonnes lower than the previous all time record of 276.56 lakh tonnes procured in KMS 2005-06.
- (ii) Procurement of coarsegrains in KMS 2006-07 was negligible as compared to 11.5 lakh tonnes in KMS 2005-06 due to higher prices in the open market. However, in KMS 2007-08, 1.89 lakh tonnes was procured till 31.12.2007.
- (iii) Till 31st December, 2007, 127.23 lakh tonnes of rice has been procured in KMS 2007-08 (October, 2007 to September, 2008) compared to 127.76 lakh tonnes in the same period in KMS 2006-07.
- (iv) 111.28 lakh tonnes of wheat had been procured for the Central Pool during the Rabi Marketing Season (RMS) 2007-08 (April, 2007 to March, 2008) which is 19 lakh tonnes more than 92.26 lakh tonnes procured during RMS 2006-07.
- (v) The scheme of Decentralized Procurement (DCP) of Foodgrains was introduced by the Government in 1997-98 with a view to encourage local procurement to the

maximum extent and thereby extend the benefits of minimum support price (MSP) to local farmers, to enhance efficiency of procurement and PDS, to provide foodgrains more suited to local taste under the PDS and also to effect savings in transportation and handling costs of the FCI. The number of States implementing this scheme is 11.

(D) ALLOCATION AND OFFTAKE OF FOODGRAINS

- (i) The offtake of foodgrains (wheat and rice) from the Central Pool under Targeted Public Distribution System (TPDS) during the first nine month (April 2007-December, 2007) of the financial year 2007-08 was 246.95 lakh tonnes. This comprises of 112.03 lakh tonnes under Below Poverty Line(BPL), 69.49 lakh tonnes under Antyodaya Anna Yojana (AAY) and 65.43 lakh tonnes under Above Poverty Line (APL).
- (ii) The offtake under various Welfare Schemes was 26.46 lakh tonnes during April, 2007-December, 2007. This is inclusive of 0.23 lakh tonnes under WFP and 0.18 lakh tonnes under Open/Tender Sale.
- (iii) During the first nine months of the current financial year 2007-08 (April, 2007-December, 2007), the offtake of foodgrains from the Central Pool was 273.41 lakh tonnes, (112.03 lakh tonnes under BPL, 69.49 lakh tonnes under AAY, 65.43 lakh tonnes under APL and 26.46 lakh tonnes under other welfare schemes) as against the offtake of 273.27 lakh tonnes of

foodgrains (105.84 lakh tonnes under BPL, 64.96 lakh tonnes under AAY 64.86 lakh tonnes under APL and 37.61 lakh tonnes under other Schemes) during the corresponding period of last year 2006-07 (April 2006-December-2006).

been announced for a period of one year for sugar exported on or from 19th April, 2007. The amount expected to be incurred on this account in 2007-08 is Rs. 300 crores (approx). This is to be borne by the Sugar Development Fund. This assistance shall be used for payment of cane price arrears of farmers as the first priority.

(E) SUGAR

- (i) Buffer stock of 20 lakh tonnes has been created for a period of one year from 01.05.2007 to 30.04.2008 and additional buffer stock of 30 lakh tonnes has been created for a period of one year from 01.08.2007 to 31.07.2008. Thus, the Government has created a buffer stock of 50 lakh tonnes in 2006-07 sugar season, which would involve an annual subsidy amount of Rs. 880 crores (approx) to be borne from the Sugar Development Fund. The banks provide additional credit on creation of buffer stock. Accordingly, the Reserve Bank of India have already issued necessary directions to the banks in this regard. The banks are estimated to provide additional credit of Rs. 978 crores (approx). As per the SDF Rules, 1983, the buffer subsidy amount and the additional credit are to be used for payment of cane price arrears as the first priority.
- (ii) Export assistance to defray expenditure on internal transport, marketing and handling charges and ocean freight charges @ Rs. 1350/- per tonne for sugar factories located in coastal States and Rs. 1450/- per tonne for sugar factories located in non-coastal States (subject to actuals for export by road/rail to neighbouring countries) has

- (iii) The requirement of obtaining release orders for the purpose of export has been dispensed with effect from 31st July, 2007. This would help the sugar factories to undertake exports expeditiously and improve their liquidity position.
- (iv) The Government has decontrolled Gur from the ambit of Sugarcane (Control) Order, 1966, vide the Notification dated 31.07.2007.

Scheme For Extending Financial Assistance To Sugar Undertakings 2007

- (v) The Central Government has decided to give loans from the banks to the sugar mills private, public and cooperative sector under a special scheme titled 'Scheme for Extending Financial Assistance to Sugar Undertakings 2007'. Under the scheme, the loans to sugar factories will be granted equivalent to the notional Central Excise Duty payable on total production of sugar during 2006-07 and 2007-08 sugar seasons to clear cane price arrears of 2006-07 season and cane price of 2007-08 season relating to Statutory Minimum Price (SMP). The scheme provides for full interest subvention (limited to 12%) to all scheduled commercial Banks, Regional Rural Banks

- and Cooperative Banks for the total duration of the loan, which will be 4 years, including 2 years' moratorium. The interest subvention will be limited to 12% per annum of which 5% will be met out of general budget provisions of the Central Government and the remaining 7% from the Sugar Development Fund. The loan assistance under the Scheme is estimated to be about Rs.3800 crores and interest subvention at Rs.1350 crores over next 4 years. The Reserve Bank of India and National Agricultural Bank for Rural Development have issued necessary advisory memos to scheduled banks and cooperative banks respectively.
- (vi) The Government has permitted sugar factories to produce ethanol directly from sugarcane juice to augment availability of ethanol and reduce over supply of sugar vide the Notification dated 28.12.2007 amending Sugarcane (Control) Order, 1966.
- (vii) Apart from the above, the Government has also taken the following decisions to improve and ensure a stable demand for ethanol, an important by-product of the sugar industry:-
- a) Making 5% blending of ethanol with petrol mandatory across the country, except in J & K, North Eastern States and Island Territories and to make 10% blending optional from October, 2007 and mandatory from October, 2008, excepting in the areas mentioned above;
- b) Uniform purchase price of Rs. 21.50 per litre ex-factory for supply of ethanol which can be implemented all over the country for three years;
- c) Reduction of customs duty from 7.5 % to 5% on "denatured alcohol" and from 10% to 5% on molasses and to implement the same only when mandatory ethanol blending at 5% level is operationalised in the country;
- It is expected that with the above measures, the financial position of sugar factories would improve enabling them to pay cane price to sugarcane farmers including clearing the outstanding cane price arrears.
- Simplification of Rules**
- (viii) Simplified New Buffer Stock Subsidy Rules and the New Export Assistance Rules under Sub-Rule 19A and 20A of the Sugar Development Fund Rules, 1983 for settlement of buffer stock claims and export assistance claims (against the sugar exported on or after 19.04.2007 and upto 18.4.08) have been simplified. The salient features of these sub-rules have been mentioned in detail in the Report in the Chapter related to Sugar.
- (F) SAVE GRAIN CAMPAIGN**
- 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 and Corporate Houses.
 - At present, Indian Grain Storage Management and Research Institute (IGMRI) situated at Hapur (UP) and its 3

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 organizing various types of training programmes on all aspects of post-harvest technology of foodgrains for the benefit of officers of Central and State Governments, Public Sector Undertakings, pest control operators, Agricultural Engineering Graduates, etc. The technology developed by these Institutes is transferred to the farming community through Save Grain Campaign.

Subsidiary Company for development of Rail-side Warehousing Complexes has been formed with Certificate of Incorporation received on 10.7.2007, and has since started commercial operation on 24.07.2007.

A Notification amending the Central Warehousing Corporation Rules, 1963 came into 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 in accordance with DPE OM No. 9(32)/2004-GM-GL-76 dated 9th December, 2005 and 9(26)/2006-GM dated 5th June, 2006. Three Non-Official Directors on the Board of CWC stand appointed w.e.f. 11.5.2007. Prior to this, three posts of functional Directors created on the Board of CWC by amending Warehousing Corporation Act, 1962 and the Gazette Notification to this effect came into force w.e.f. 15.11.2005. In pursuance of this Notification, two functional Directors on the Board of CWC have been appointed and the appointment to the third post of functional Director on the Board of CWC is under process.

(G) WAREHOUSING

- (i) The Warehousing (Development and Regulation) Act, 2007 has been enacted and notified on 20.09.2007 which ensures that the farmers are able to keep their goods in certified warehouses and use the warehouse receipts as a negotiable instrument. With the full implementation of this Act, farmers would find it easy to take loans from commercial banks against negotiable warehouse receipts and not resort to distress sales to take care of their urgent cash needs.
- (ii) M/s Central Railside Warehousing Company Limited, a 100% Owned



Secretary (Food & Public Distribution), Government of India, Shri T. Nanda Kumar, inspecting the Paddy Procurement Centre, opened by a Women Self Help Group, under MSP operations, on May 20th, 2007 at Ootlapally Village, Nalgonda District, Andhra Pradesh.

Chapter-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 2007-08 are discussed in the succeeding paragraphs.

FOODGRAINS PRODUCTION DURING 2006-07 AND PRODUCTION PROSPECTS DURING KHARIF 2007-08

FOODGRAINS PRODUCTION DURING 2006-07

2.1 The cumulative rainfall from 1st June to 30th September, 2006 was excess to normal in 26 meteorological sub-divisions and deficient in 10 out of the 36 meteorological sub-divisions in the country. The rainfall from the south-west monsoon in 2006, for the country as a whole, was 99% of its long period average.

2.2 The foodgrains production during 2006-07 is estimated at 217.28 million tonnes which is 8.68 million tonnes or 4.16% more than 208.60 million tonnes of foodgrains production in 2005-06. The kharif foodgrains production estimated at 110.57 million tonnes in 2006-07 is 0.70 million tonnes or 0.64% more than 109.87 million tonnes of kharif production in 2005-06. The rabi foodgrains production estimated at 106.71 million tonnes is 7.98 million tonnes or 8.08% more than 98.73 million tonnes of rabi foodgrains production in 2005-06.

FOODGRAINS PRODUCTION PROSPECTS DURING KHARIF 2007-08

2.3 The cumulative rainfall from 1st June to 30th September, 2007 was excess to normal in 30 meteorological sub-divisions and deficient in 6 out of the 36 meteorological sub-divisions in the country. The rainfall from the south-west monsoon in 2007, for the country as a whole, was 105% of its long period average.

2.4 As per the 2nd advance estimates released on 07.02.2008, the foodgrains production in the country is estimated at 219.32 million tonnes during 2007-08 which is 0.94% more than last year's foodgrains production. The production of rice is estimated at 94.08 million tonnes, production of wheat is estimated at 74.81 million tonnes, production of coarse cereals is estimated at 36.09 million tonnes and production of pulses is estimated at 14.34 million tonnes during 2007-08.

2.5 The details of final estimates of production for 2006-07 and the 2nd advance estimates for 2007-08 are given in **Annexure-I**.

PRICE POSITION OF FOODGRAINS

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

2.7 The WPI of Foodgrains declined by 1.2 percent to 210.9 in May, 2007 from 213.5 in

January, 2007. Then, the index of foodgrains began to rise gradually from 211.2 in June, 2007 registering an increase of 3.3 percent.

2.8 The index for Cereals began with 207.1 in January, 2007, declined and stood at 213.9 in November, 2007 registering an increase of 3.3 percent.

2.9 The WPI of rice which stood at 181.1 in January, 2007 rose to 194.1 in November, 2007 recording a rise of 7.2 percent during January-November, 2007.

2.10 The WPI of wheat stood at 230.2 in November, 2007 as compared to 234.5 in January, 2007.

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. 645 and Rs. 675 per quintal respectively for the Kharif Marketing Season 2007-2008 (October, 2007- September, 2008). An incentive bonus of Rs. 100 per quintal over and above the MSP was also given during the entire KMS 2007-08. The MSP of wheat was fixed at Rs. 750 per quintal for the Rabi Marketing Season 2007-2008. An incentive bonus of Rs. 100 per quintal over and above the MSP was also given during RMS 2007-08. The comparative MSP of wheat and paddy since 2002-2003 to 2007-2008 (marketing seasons) is given below:

(Rs. per quintal)

YEAR	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\$	645@	675@

* 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 31.3.2007. Later the applicability of bonus extended upto 30.9.2007 for the States of Andhra Pradesh, Tamil Nadu, Orissa, West Bengal and Chhattisgarh and for Bihar and Kerala upto 31.5.2007.

\$ An incentive bonus of Rs. 100 per quintal over and above the MSP was also given during the entire RMS 2007-08

@ An incentive bonus of Rs. 100 per quintal over and above the MSP was also given during the entire KMS 2007-08

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 effecting savings in the form of reduction in the outgo of food subsidy, enhancing the efficiency of procurement and PDS and encouraging local procurement to the maximum extent thereby extending the benefits of MSP to local farmers. Under the decentralized procurement scheme, the State Government itself undertakes direct purchase of paddy and wheat and procurement of levy rice on behalf of Government of India. Purchase centres are opened by the State Governments and their agencies as per their requirements. The State Governments procure, store and distribute foodgrains under TPDS and other welfare schemes. 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 requirement of TPDS and other Schemes, the Central Government, through FCI, meets the deficit out of the Central Pool stocks.

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 decentralized procurement was 40 lakh tonnes in KMS 2002-03. This went up sharply to 78 lakh tonnes during KMS 2003-04 and 94 lakh tonnes during KMS 2004-05 and further to 109 lakh tonnes during KMS 2005-06. During KMS 2006-07, 94.7 lakh tonnes of rice was procured.

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 2003-2004 is given below:-

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

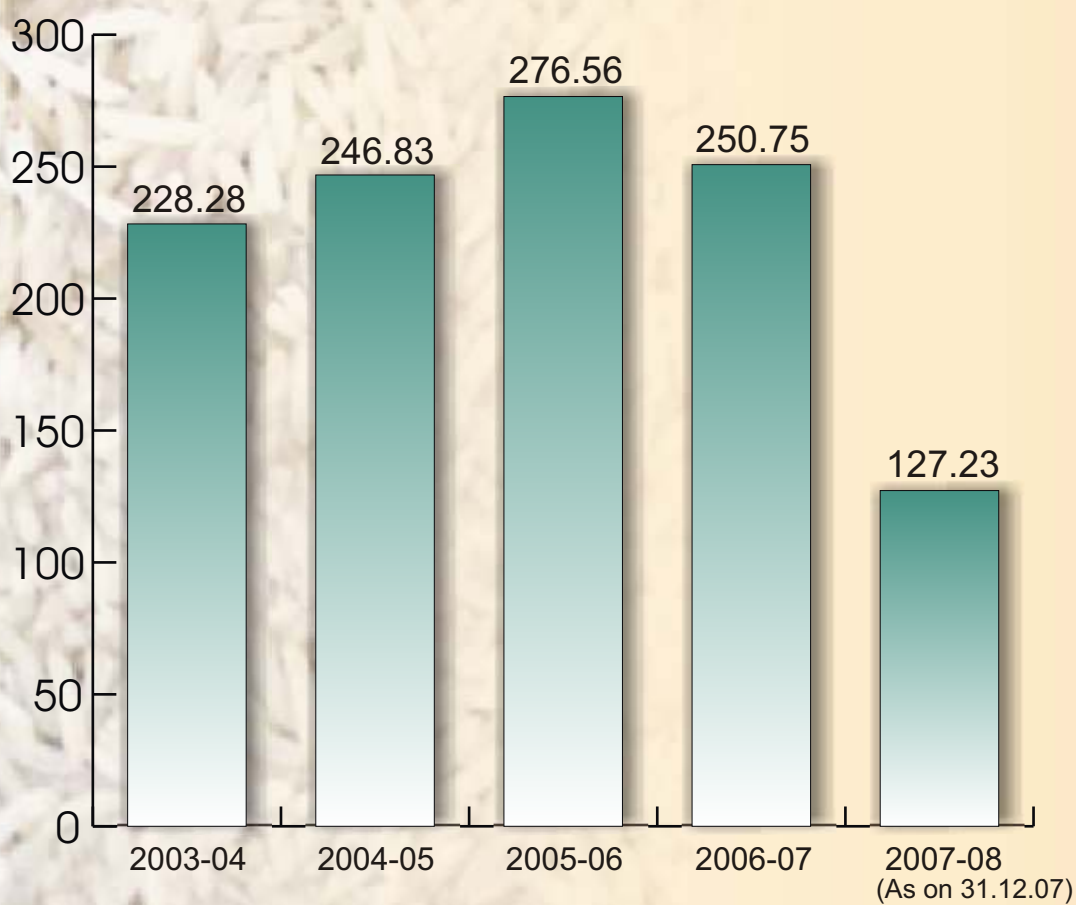
(Figures in lakh tonnes)

Year	Procurement		
	FCI	State Agencies	Total
2003-04	109.73	118.55	228.28
2004-05	116.31	130.52	246.83
2005-06	109.77	166.80	276.56
2006-07	168.85	81.90	250.75
2007-08*	27.15	100.08	127.23

*Position as on 31.12. 2007

PROCUREMENT OF RICE FOR THE CENTRAL POOL

(MARKETING SEASON: OCTOBER-SEPTEMBER)
(FIGURES IN LAKH TONNES)



2.16 For the year 2007-08, procurement of rice is in progress and is estimated at 276 lakh tonnes. The State-wise percentage of the

procurement of rice to the Central Pool during KMS 07-08 and KMS 06-07 is given below:-

**PROCUREMENT OF RICE (INCLUDING PADDY IN TERMS OF RICE) DURING KMS 2007-2008
AND CORRESPONDING POSITION DURING KMS 2006-07 FOR THE CENTRAL POOL**
Total Procurement During KMS 2007-08= 127.23 LAKH TONNES
Total Procurement During KMS 2006-07= 127.76 LAKH TONNES
(As on 31.12.2007)

State	KMS 2007-08		KMS 2006-07	
	Quantity procured (in lakh tonnes)	% of Quantity Procured to Total Procurement	Quantity Procured (in lakh tonnes)	% of Quantity Procured to Total Procurement
Andhra Pradesh	10.69	8.40	9.96	7.80
Chhattisgarh	10.48	8.24	11.99	9.38
Haryana	15.07	11.84	16.86	13.20
Madhya Pradesh	0.23	0.18	0.3	0.23
Maharashtra	0.6	0.47	0.39	0.31
Orissa	5.52	4.34	3.72	2.91
Punjab	72.63	57.09	72.59	56.82
Tamil Nadu	-	neg	2.21	1.73
Uttar Pradesh	9.8	7.70	8.3	6.50
Uttaranchal	0.82	0.64	0.57	0.45
Others	1.39	1.09	0.87	0.68

2.17 The procurement of Rice in 2006-07 KMS and the contribution of States, in terms of percentage is given on next page:-

**PROCUREMENT OF RICE(INCLUDING PADDY IN TERMS OF RICE) DURING 2006-2007 KHARIF
MARKETING SEASON FOR THE CENTRAL POOL
TOTAL PROCUREMENT= 250.75 LAKH TONNES**

State	Quantity procured (in lakh tonnes)	% of Quantity Procured to Total Procurement
Andhra Pradesh	53.27	21.24
Chhattisgarh	28.58	11.40
Haryana	17.73	7.07
Madhya Pradesh	0.74	0.30
Maharashtra	0.96	0.38
Orissa	19.93	7.95
Punjab	78.28	31.22
Tamil Nadu	10.78	4.30
Uttar Pradesh	25.49	10.17
Uttaranchal	1.76	0.70
Others	13.23	5.27

2.18 The share of procurement of paddy by State Agencies out of the total procurement of paddy made during KMS 2007-08 and 2006-07 in major States has been as under: -

**PROCUREMENT OF PADDY DURING 2007-2008 KHARIF MARKETING SEASON FOR THE
CENTRAL POOL
Total Procurement = 154.64 lakh tonnes
(As on 31.12.2007)**

State	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured by State Agencies to Total Procurement by States
	FCI	State Agencies	Total	
Andhra Pradesh	0.07	0.87	0.94	92.55
Chhattisgarh	5.89	81.4	14.03	58.02
Haryana	0.1	17.74	17.84	99.44
Madhya Pradesh	0.28	0.07	0.35	20.00
Maharashtra	0.25	0.64	0.89	71.91
Orissa	2.76	5.48	8.24	66.50
Punjab	1.32	101.88	103.20	98.72
Tamil Nadu	Neg	0.005	0.008	62.50
Uttar Pradesh	2.16	5.35	7.51	71.24
Others	0.36	1.27	1.62	77.94

**PROCUREMENT OF PADDY DURING 2006-2007 KHARIF MARKETING SEASON FOR THE
CENTRAL POOL
TOTAL PROCUREMENT = 236.92 LAKH TONNES**

State	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured by State Agencies to Total Procurement by States
	FCI	State Agencies	Total	
Andhra Pradesh	1.08	6.07	7.15	84.90
Chhattisgarh	-	35.64	35.64	100.00
Haryana	0.11	20.36	20.47	99.46
Madhya Pradesh	0.73	0.36	1.09	33.03
Maharashtra		1.27	1.27	100.00
Orissa	9.36	17.00	26.36	64.49
Punjab	2.27	103.37	105.64	97.85
Tamil Nadu	-	16.08	16.08	100.00
Uttar Pradesh	-	9.57	9.57	100.00
Others	1.73	11.92	13.65	87.33

2.19 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 prevailing in various States/UTs as on 31.12.2007 for the Kharif Marketing Season 2007-

08 is given in **Annexure-III**. State Governments have been directed to impose and collect Minimum 50% levy on all rice millers in their States. Government has approved the proposal of Government of West Bengal for imposing levy on dealers of rice also in addition to rice millers.

PROCUREMENT OF WHEAT

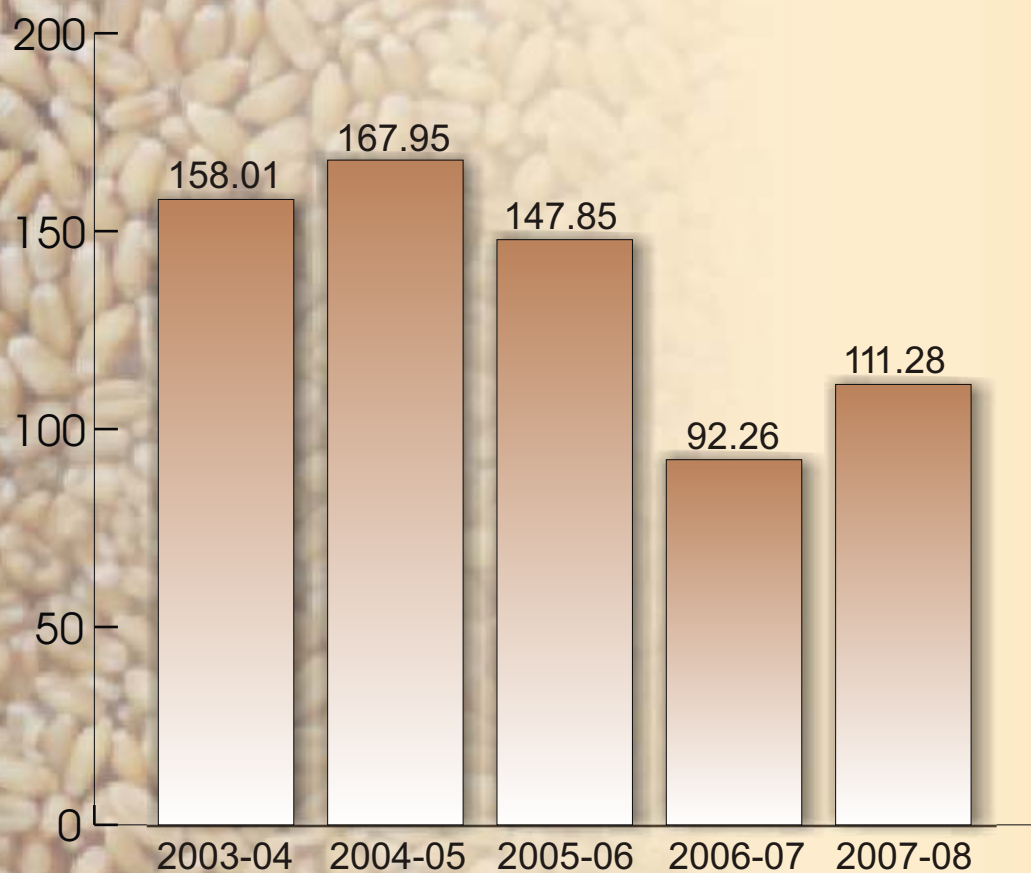
2.20 The State-wise procurement of wheat of different States during the last five years is given below:-

State	2003-04	2004-05	2005-06	2006-07	2007-08
Haryana	51.22	51.15	45.29	22.29	33.50
M.P.	1.88	3.50	4.84	Neg.	0.57
Punjab	89.38	92.40	90.10	69.46	67.81
Rajasthan	2.59	2.79	1.59	0.02	3.83
U.P.	12.13	17.40	5.60	0.49	5.46
Others	0.81	0.71	0.43	0.00	0.11
All India	158.01	167.95	147.85	92.26	111.28

PROCUREMENT OF WHEAT FOR THE CENTRAL POOL

(MARKETING SEASON: APRIL-MARCH)

(FIGURES IN LAKH TONNES)



2.21 The State-wise percentage of procurement of wheat during 2007-08 is given below:-

**PROCUREMENT OF WHEAT DURING 2007-2008 MARKETING SEASON
TOTAL QUANTITY PROCURED =111.28 LAKH TONNES**

State	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured to Total Procurement
	FCI	State Agencies	Total	
Haryana	3.50	30.00	33.50	30.10
M.P.	0.06	0.51	0.57	0.51
Punjab	7.26	60.55	67.81	60.94
Rajasthan	3.26	0.57	3.83	3.44
U.P.	1.32	4.14	5.46	4.91
Others	Neg.	0.11	0.11	0.10

CENTRAL ISSUE PRICE

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

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

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

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

2.25 CIPs of Common rice to APL families is applicable to J&K, H.P., North Eastern States,

Sikkim and Uttaranchal. The CIPs w.e.f. 1.12.97 are given on next page:-

CIP OF RICE (COMMON & GRADE'A')

(Rs.per quintal)

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

CIPs OF WHEAT UNDER TPDS (BPL & APL)

(Rs.per quintal)

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

CIP OF ANTYODAYAANNA YOJANA (AAY)

BUFFER STOCKING POLICY OF FOODGRAINS

2.26 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.

2.27 The main objectives of the Buffer Stocking Policy are: -

- (i) To meet the prescribed Minimum Buffer Stock norms for food security,

- (ii) For monthly releases of foodgrains for supply through the PDS/Welfare Schemes,
- (iii) To meet emergency situations arising out of unexpected crop failure, natural disasters etc. and
- (iv) For market intervention to augment supply so as to help moderate the open market prices.

EXISTING BUFFER NORMS

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

(Figures in lakh tonnes)

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

BUFFER NORMS FOR XI PLAN

2.29 As per practice followed in past years, a Technical Group under the Chairmanship of Secretary (F&PD) has been constituted. The Technical Group will take into consideration the present stock position, revised requirement of foodgrains under various schemes of the Central Government, procurement situation, market conditions etc and recommend buffer norms for XI Plan period.

2.30 As decided, the National Center for Agricultural Economics and Policy Research

(NCAP) was entrusted to undertake a study for revision of Buffer Norms of Foodgrains. Report submitted by the Institute is under examination.

STOCK POSITION IN CENTRAL POOL

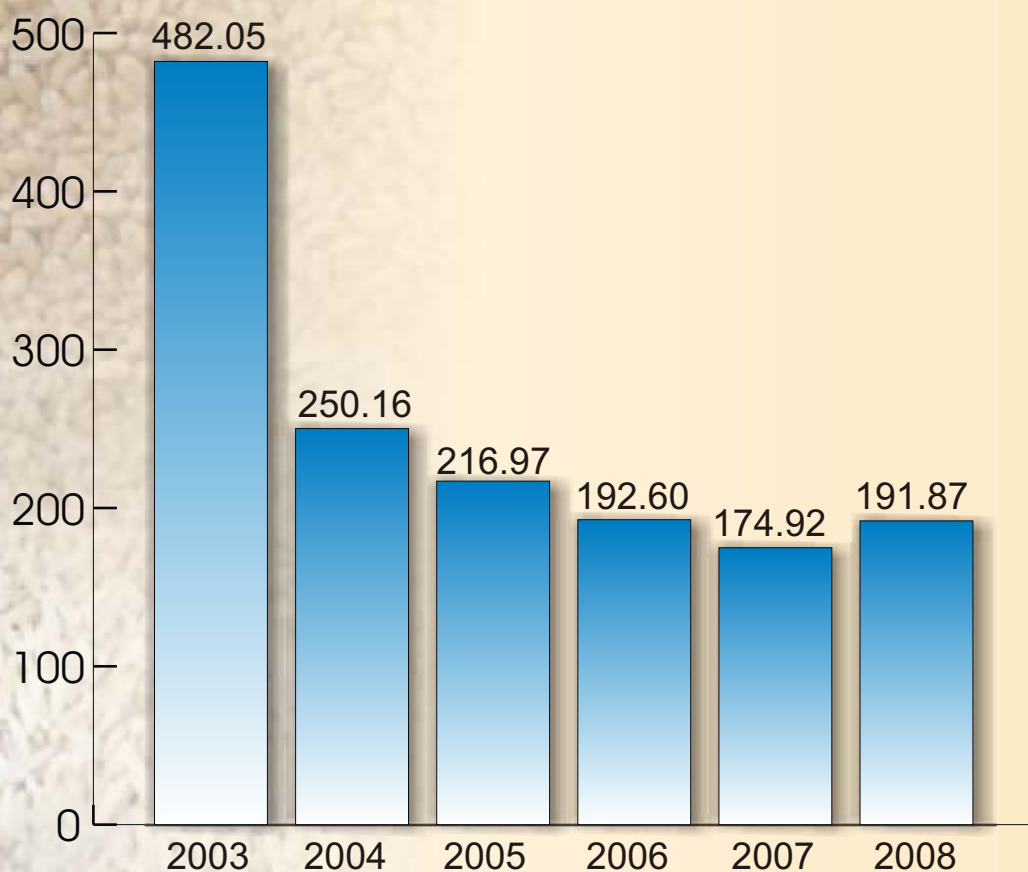
2.31 The stock of foodgrains in the Central Pool as on 1.1. 2008 was 191.87 lakh tonnes which comprises of 114.75 lakh tonnes of Rice and 77.12 lakh tonnes of Wheat. The total stock of foodgrains in the Central Pool including coarsegrains as on 1st January during the last five years was as follows: -

(Figures in lakh tonnes)

Year	Stock
1st Jan., 2003	482.05
1st Jan., 2004	250.16
1st Jan., 2005	216.97
1st Jan., 2006	192.60
1st Jan., 2007	174.92

STOCK POSITION OF FOODGRAINS IN THE CENTRAL POOL

(AS ON 1ST JANUARY)
(Figures In Lakh Tonnes)



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

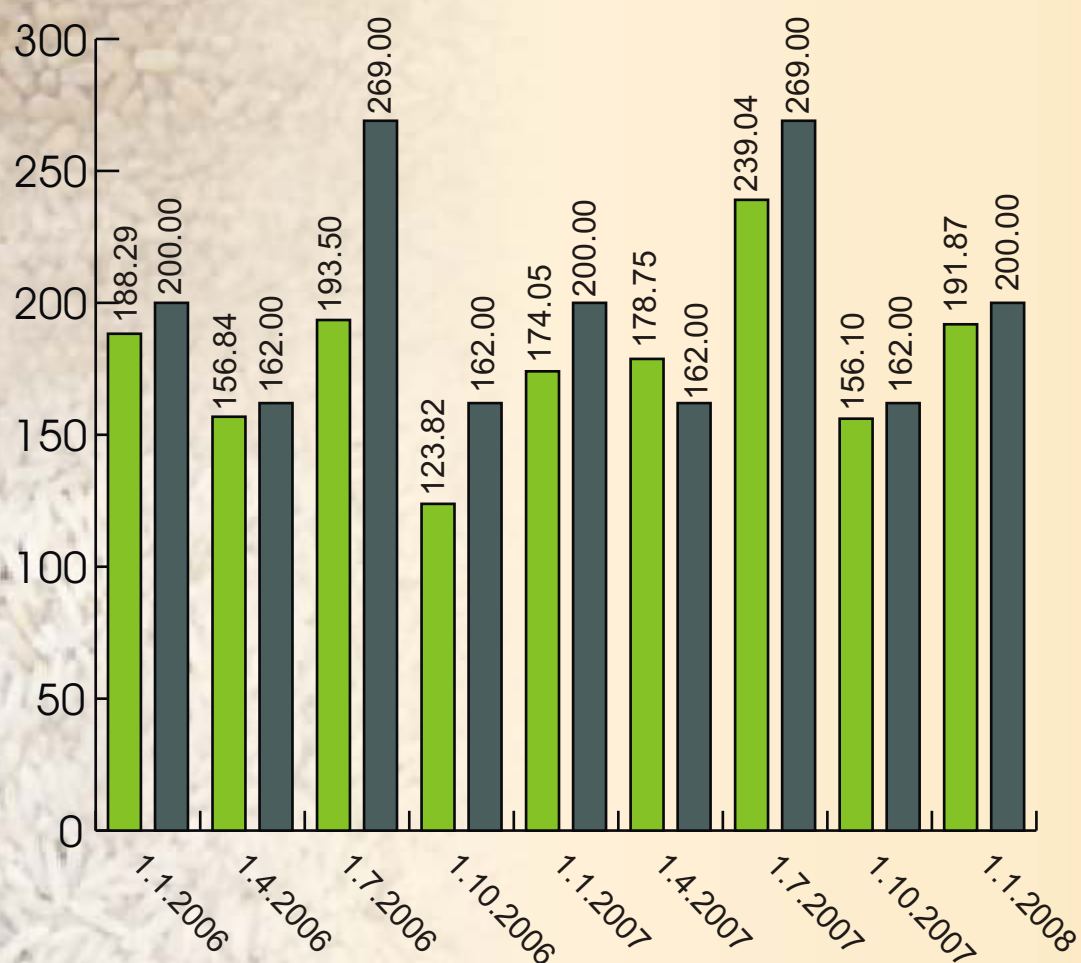
(Figures in lakh tonnes)

AS ON	WHEAT		RICE		TOTAL	
	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms
1.1.2002	324.15	84.00	256.17	84.00	580.32	168.00
1.4.2002	260.39	40.00	249.12	118.00	509.51	158.00
1.7.2002	410.74	143.00	219.37	100.00	630.11	243.00
1.10.2002	356.37	116.00	157.70	65.00	514.07	181.00
1.1.2003	288.30	84.00	193.72	84.00	482.02	168.00
1.4.2003	156.45	40.00	171.57	118.00	328.02	158.00
1.7.2003	241.94	143.00	109.74	100.00	351.68	243.00
1.10.2003	184.27	116.00	52.41	65.00	236.68	181.00
1.1.2004	126.87	84.00	117.27	84.00	244.14	168.00
1.4.2004	69.31	40.00	130.69	118.00	200.00	158.00
1.7.2004	191.52	143.00	107.63	100.00	299.15	243.00
1.10.2004	142.23	116.00	60.92	65.00	203.15	181.00
1.1.2005	89.31	84.00	127.63	84.00	216.94	168.00
1.4.2005	40.66	40.00	133.41	122.00	174.07	162.00
1.7.2005	144.54	171.00	100.71	98.00	245.25	269.00
1.10.2005	102.90	110.00	48.49	52.00	151.39	162.00
1.1.2006	61.88	82.00	126.41	118.00	188.29	200.00
1.4.2006	20.09	40.00	136.75	122.00	156.84	162.00
1.7.2006	82.07	171.00	111.43	98.00	193.50	269.00
1.10.2006	64.12	110.00	59.70	52.00	123.82	162.00
1.1.2007	54.28	82.00	119.77	118.00	174.05	200.00
1.4.2007	47.03	40.00	131.72	122.00	178.75	162.00
1.7.2007	129.27	171.00	109.77	98.00	239.04	269.00
1.10.2007	101.21	110.00	54.89	52.00	156.10	162.00
1.1.2008	77.12	82.00	114.75	118.00	191.87	200.00

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

(Figures In Lakh Tonnes)

Actual Stock (Total) Minimum Buffer Norms (Total)



AN OVERVIEW

2.33 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 adequate to meet the requirement under Targeted Public Distribution System (TPDS) and Welfare Schemes during 2007-08.

PUBLIC DISTRIBUTION SYSTEM (PDS)

INTRODUCTION

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

2.35 Public Distribution System is operated under the joint responsibility of the Central and the State Governments. The Central Government, through FCI, has assumed the responsibility for procurement, storage, transportation and bulk allocation of foodgrains to the State Governments. The operational responsibility including allocation within State, identification of families below the poverty line, issue of ration cards and supervision of the functioning of FPS, rest with the State Governments. Under the Public Distribution System presently the commodities namely wheat, rice, sugar and kerosene, are being allocated to the

States/UTs for distribution. Some States/UTs also distribute additional items of mass consumption through the PDS outlets such as cloth, exercise books, pulses, salt and tea etc.

EVOLUTION OF PUBLIC DISTRIBUTION SYSTEM

2.36 Public Distribution of essential commodities had been in existence in India during the inter-war period. PDS, with its focus on distribution of foodgrains in urban scarcity areas, had emanated from the critical food shortages of 1960s. PDS had substantially contributed to the containment of rise in foodgrains prices and ensured access of food to urban consumers. As the national agricultural production had grown in the aftermath of Green Revolution, the outreach of Public Distribution System was extended to tribal blocks and areas of high incidence of poverty in the 1970s and 1980s.

2.37 Public Distribution System, till 1992, was a general entitlement scheme for all consumers without any specific target. Revamped Public Distribution System (RPDS) was launched in June 1992 in 1775 blocks throughout the country.

2.38 The Targeted Public Distribution System (TPDS) was introduced with effect from June 1997.

REVAMPED PUBLIC DISTRIBUTION SYSTEM (RPDS)

2.39 The Revamped Public Distribution System (RPDS) was launched in June, 1992 with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas where a substantial section of the poor live. It covered 1775 blocks wherein area specific programmes such as the Drought Prone

Area Programme (DPAP), Integrated Tribal Development Projects (ITDP), Desert Development Programme (DDP) and certain Designated Hill Areas (DHA) identified in consultation with State Governments for special focus, with respect to improvement of the PDS infrastructure. Food grains for distribution in RPDS areas were issued to the States at 50 paise below the Central Issue Price. The scale of issue was up to 20 kg per card.

2.40 The RPDS included area approach for ensuring effective reach of the PDS commodities, their delivery by State Governments at the doorstep of FPSs in the identified areas, additional ration cards to the leftout families, infrastructure requirements like additional Fair Price Shops, storage capacity etc. and additional commodities such as tea, salt, pulses, soap etc. for distribution through PDS outlets.

TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

2.41 The PDS, till 1992 was a general entitlement scheme for all consumers without special targets. The RPDS was launched in 1992 in 1775 blocks in tribal, hilly and drought prone areas. PDS as it stood earlier, had been widely criticized for its failure to serve the population Below the Poverty Line (BPL), its urban bias, limited coverage in the States with high concentration of the rural poor and lack of transparent and accountable arrangements for delivery.

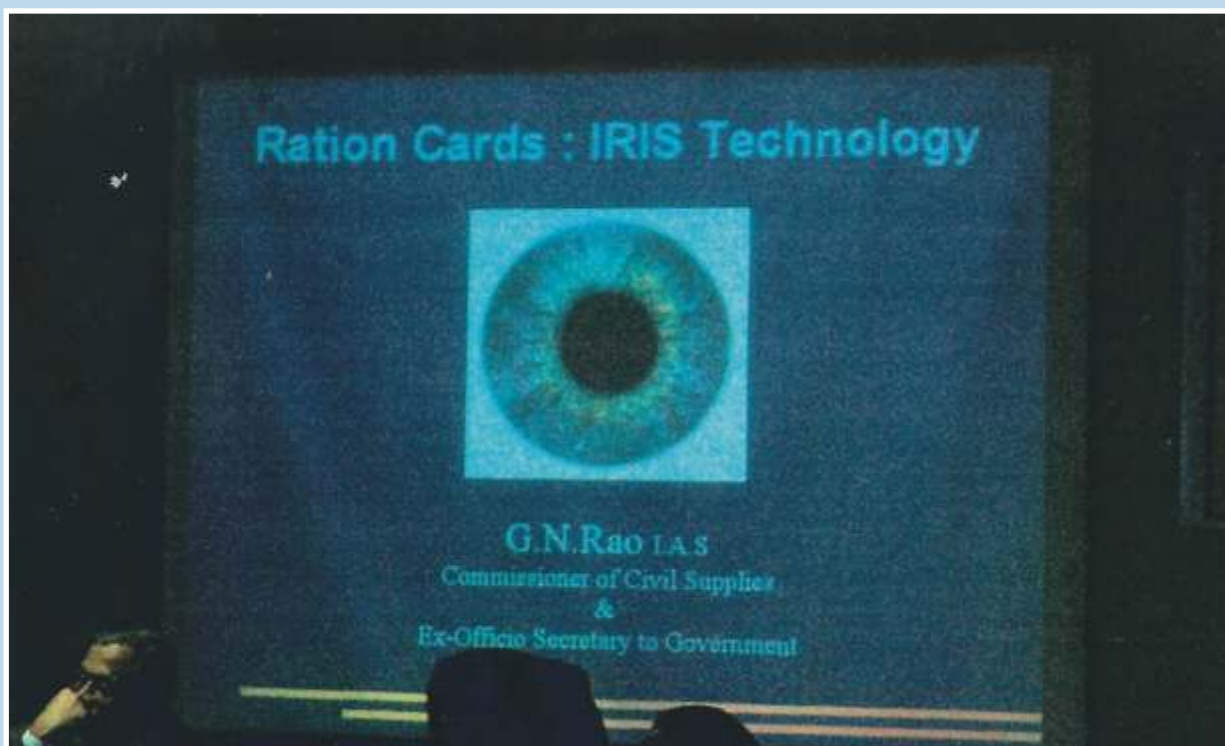
2.42 In June 1997, the Government of India launched the Targeted Public Distribution System (TPDS) with focus on the poor. Under the TPDS, States are required to formulate and implement foolproof arrangements for identification of the poor

for delivery of foodgrains and for its distribution in a transparent and accountable manner at the FPS level.

2.43 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 the poor under the scheme is done by the States as per State-wise poverty estimates of the Planning Commission for 1993-94 based on the methodology of the "Expert Group on estimation of proportion and number of poor" chaired by Late Prof Lakdawala. The allocation of 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 the PDS during the past ten years at the time of introduction of TPDS.

2.44 The quantum of foodgrains in excess of the requirement of BPL families was provided to the State as 'transitory allocation' for which a quantum of 103 lakh tonnes of foodgrains was earmarked annually. Over and above the TPDS allocation, additional allocation to States was also given. The transitory allocation was intended for continuation of benefit of subsidized foodgrains to the population Above the Poverty Line (APL) as any sudden withdrawal of benefits existing under PDS from them was not considered desirable. The transitory allocation was issued at prices, which were subsidized but were higher than the prices for the BPL quota of foodgrains.

2.45 Keeping in view the consensus on increasing the allocation of foodgrains to BPL families, and to better target the food subsidy, Government of India increased the allocation to BPL families from 10 kg. to 20 kg. of foodgrains per family per month at 50% of the economic cost and



Presentation on IRIS Technology as a Tool for Transparent PDS during the Meeting of the State Food Secretaries held at Hyderabad on February 08,2008.



Secretary(Food and Public Distribution),Government of India and State Food Secretaries witnessing the demonstration on IRIS Technology Application for PDS at the State Food Secretaries Meeting held at Hyderabad on February 08,2008.

allocation to APL families at economic cost w.e.f. 1.4.2000. The allocation of APL families was retained at the same level as at the time of introduction of TPDS but the Central Issue Prices (CIP) for APL were fixed at 100% of economic cost from that date so that the entire consumer subsidy could be directed to the benefit of the BPL population.

2.46 The number of BPL families has been increased w.e.f. 1.12.2000 by shifting the base to the population projections of the Registrar General as on 1.3.2000 instead of the earlier population projections of 1995. With this increase the total number of BPL families is 652.03 lakhs as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997.

2.47 The end retail price is fixed by the States/UTs after taking into account margins for wholesalers/retailers, transportation charges, levies, local taxes etc. Under the TPDS the States were requested to issue foodgrains at a difference of not more than 50 paise per kg over and above the CIP for BPL families. Flexibility to States/UTs. has been given in the matter of fixing the retail issue prices by removing the restriction of 50 paise per kg. over and above the CIP for distribution of foodgrains under TPDS except with respect to Antyodaya Anna Yojana where the end retail price is to be retained at Rs. 2/- a kg. for wheat and Rs. 3/- a kg. for rice.

IDENTIFICATION OF BPL FAMILIES UNDER TPDS

2.48 To workout the population below the poverty line under the TPDS, there was a general consensus at the Food Ministers' Conference held in August 1996, for adopting the methodology used

by the expert groups set up by the Planning Commission under the Chairmanship of Late Prof. Lakadawala. The BPL households were determined on the basis of population projections of the Registrar General of India for 1995 and the Statewise poverty estimates of the Planning Commission for 1993-94. The total number of BPL households so determined was 596.23 lakhs. Guidelines for implementing the TPDS were issued in which the State Governments had been advised to identify the BPL families by involving the Gram Panchayats and Nagar Palikas. While doing so the thrust should be to include the really poor and vulnerable sections of the society such as landless agricultural labourers, marginal farmers, rural artisans/craftsmen such as potters, tappers, weavers, blacksmiths, carpenters etc. in the rural areas and slum dwellers and persons earning their livelihood on daily basis in the informal sector like potters, rickshaw-pullers, cart-pullers, fruit and flower sellers on the pavement etc. in urban areas. The Gram Panchayats and Gram-Sabhas should also be involved in the identification of eligible families.

2.49 The number of BPL families has been increased w.e.f. 1.12.2000 by shifting the base to the population projections of the Registrar General as on 1.3.2000 instead of the earlier population projections of 1995. With this increase the total number of BPL families is 652.03 lakhs as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997.

IDENTIFICATION OF ANTYODAYA FAMILIES AND ALLOCATION OF FOODGRAINS

2.50 The identification of the Antyodaya families and issuing of distinctive ration cards to these families is the responsibility of the concerned State

Governments. Detailed guidelines were issued to the States/UTs for identification of the Antyodaya families under the AAY and additional Antyodaya families under the expanded AAY. Allocation of foodgrains under the scheme is being released to the States/UTs on the basis of issue of distinctive AAY Ration Cards to the identified Antyodaya families. The present monthly allocation of foodgrains under AAY is around 8.49 lakh tonnes per month as on December, 2007.

2.51 AAY is a step in the direction of making TPDS aim at reducing hunger among the poorest segments of the BPL population. A National Sample Survey Exercise points towards the fact that about 5 % of the total population in the country sleeps without two square meals a day. This section of the population can be called as “hungry”. In order to make TPDS more focused and targeted towards this category of population, the “Antyodaya Anna Yojana” (AAY) was launched in December, 2000 for one crore poorest of the poor families.

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

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

FIRST EXPANSION OF AAY

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

SECOND EXPANSION OF AAY

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

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

family or societal support or assured means of subsistence.

- All primitive tribal households.

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

THIRD EXPANSION OF AAY

2.56 As announced in the Union Budget 2005-06, the AAY has further been expanded to cover another 50 lakh BPL households thus increasing its overage to 2.5 crore households.(i.e. 38% of BPL)

2.57 The status of identification of households under AAY (Normal, 1st expansion, 2nd expansion and 3rd expansion) is given in **Annexure-IV**.

SCALE OF ISSUE OF FOODGRAINS UNDER TPDS

2.58 Since 1997, the Scale of issue of the BPL families has been gradually increased from 10 kg. to 35 kg. per family per month. The scale of issue

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

ECONOMIC COST AND CENTRAL ISSUE PRICES OF WHEAT AND RICE AND SUBSIDY PROVIDED BY GOVERNMENT OF INDIA.

2.59 Economic cost and central issue prices of wheat and rice and subsidy provided by Government of India is given below:-

ECONOMIC COST 2006-07 (Rs. Per Qtl.)			AAY	BPL	APL
WHEAT	1232.58	CIP (Rs. Per Qtl.)	200	415	610
		Subsidy	1032.58	817.18	622.58
		Percentage subsidy	83.77	66.33	50.50
RICE	1385.92	CIP (Rs. Per Qtl.)	300	565	830
		Subsidy	1085.92	820.92	555.92
		Percentage subsidy	78.35	59.20	40.20
ECONOMIC COST 2007-08 (Rs. Per Qtl.)					
WHEAT	1307.41	CIP (Rs. Per Qtl.)	200	415	610
		Subsidy	1107.41	892.41	697.41
		Percentage subsidy	84.7	68.26	53.34
RICE	1444.89	CIP (Rs. Per Qtl.)	300	565	830
		Subsidy	1144.89	879.89	614.89
		Percentage subsidy	79.23	60.89	42.56
COARSEGRAINS/CEREALS		CIP (Rs. Per Qtl.)	150	300	450

9-Point Action Plan to curb leakages and diversions in TPDS

2.60 Targeted Public Distribution is in operation since 1997. This is primarily focused on families living below poverty line. The Antyodaya Anna Yojna (AAY) was launched in December, 2000 for the estimated one crore poorest of the poor families among the BPL households. Later it has been expanded thrice to cover additional fifty lakh families every time. By December, 2007, 2.43 lakh AAY families have been identified and ration cards issued to them.

2.61 To get independent feedback on the AAY as well as the TPDS as a whole, Government commissioned two evaluation studies, one by PEO of Planning Commission and the other by ORG MARG. Their study reports were received in March and September, 2005. These studies reported diversions of foodgrains under the TPDS in most of the States.

2.62 Reports of the studies were sent to all the State and UT Governments. Thereafter, Regional Conferences and National Conference of State Food Secretaries and State Food Ministers were held during 2005-06, 2006-07. Based on discussions and feed back in these Conferences, to strengthen TPDS, a nine point Action Plan was jointly formulated by the Central and State/UT Governments. Details of the nine points action plan are detailed below:

- (i) Continuous review of the BPL and AAY lists to eliminate bogus ration cards and to ensure coverage of only eligible BPL and Antyodaya families.
- (ii) Ensuring leakage-free and diversion-free distribution of PDS commodities, regular inspection by different levels of

functionaries, strict action against guilty persons/agencies.

- (iii) Involvement of Panchayati Raj Institutions in PDS operations PRI representatives on Advisory Committees, running of fair price shops by Panchayats and effective representation of Panchayati Raj representatives on Vigilance Committees.
- (iv) Ensuring transparency in working of PDS, display of BPL and AAY lists by fair price shops, observance of notified timings by fair price shops.
- (v) Use of Information Technology, Computerization of TPDS operations, display of fair price shopwise and districtwise allocations of PDS commodities on web-sites for public scrutiny.
- (vi) Carryout door-step delivery of PDS commodities to fair price shops.
- (vii) Ensuring timely availability of and issuance of foodgrains by fair price shops.
- (viii) Creating awareness among public about PDS operations, training Vigilance Committees of intricacies of PDS operations.
- (ix) Making fair price shops financially viable entities allowing them to sell non PDS items etc.

2.63 Action Taken by States/UT Governments on implementation of the Action Plan is regularly reviewed by the Department of Food and Public Distribution. Out of 35 States/Union Territories, 30 States/Union Territories have reported to have reviewed their existing BPL/AAY lists and have deleted about 65 lakh bogus/ineligible ration cards. To ensure leakage free distribution of foodgrains to

the targeted families, in 23 States PRIs have been involved in the functioning of Vigilance Committees, 27 States are displaying their BPL/AAY lists at FPS, 15 States have put their foodgrains allocations on their web for public scrutiny, 14 States have door delivery system of foodgrains, 25 States are reported to have imparted training to members of FPS level Vigilance Committees and 12 States have taken up the computerisation of TPDS operations.

2.64 To minimize scope for diversions of foodgrains, the Department has rationalized allocations and offtake of wheat and rice for APL category to States and UTs from June, 2006 and April, 2007 respectively, based on offtake during previous three years.

Revised Policy on Distribution of Wheat flour/fortified wheat flour under TPDS

2.65 Revised policy on distribution of wheat flour/fortified wheat flour has been issued by the Department. This is intended to check diversion of wheat under TPDS and to enable State and UT Governments to take up distribution of fortified wheat flour for nutritional improvement of targeted beneficiaries.

REVISED MODEL CITIZENS' CHARTER

2.66 The Citizens' Charter was issued in November, 1997 for adoption by the State Governments and the same was revised in March, 2006 and sent to all Members of Parliament and all State/UTs for information and adoption by the States /UTs. This Charter is intended to be a model for the State Governments. It contains, inter-alia, basic information of interest to the consumers, model procedure and time schedule for the services. The Charter contains essential information viz. entitlement of BPL families, fair

average quality of foodgrains, information regarding FPS, procedure for issue of ration cards, inspection and checking, right to information, vigilance and public participation etc.

2.67 The Model Citizens' Charter was revised again in July 2007. The revised Citizens' Charter contains:

- (1) Streamlined functioning of TPDS for ensuring food security to weaker sections of the society.
- (2) Contains the instructions issued by the Central Government to State/UT Governments for strengthening TPDS and to curb leakages/ diversions; and
- (3) Covers the RTI Act and TPDS as the action to be taken at various levels such as Government of India, State Government, intermediate & at FPS levels for effective use of RTI Act in TPDS operations.

VIGILANCE COMMITTEES

2.68 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.

2.69 In the Model Citizens' Charter, constitution of Vigilance Committees by State Governments at the level of Panchayat/Ward, Taluk, District and State/UT have also been emphasized. In the guidelines issued in June, 1999 for the involvement of the Panchayati Raj Institutions in the implementation of TPDS, it is mentioned that the

Gram Panchayat/Gram Sabha should be encouraged to form FPS committees. The main functions of Vigilance Committee are to ensure smooth functioning of PDS and redressal of problems related with it. In the guidelines issued during 2005, the States/UTs were requested to actually involve the Members of the Panchayati Raj Institutions (PRIs) in the Vigilance Committee.

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

2.70 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.

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

2.72 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.

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

PDS CONTROL ORDER, 2001

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

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

2.75 The Order requires all State Governments/UTs to ensure that the BPL and Antyodaya families identified are really the poorest of the poor. It also requires the State Governments/UTs to get the lists of BPL and Antyodaya families reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families. It further devolves on the State Governments/UTs to conduct periodical checking of ration cards to weed out ineligible and bogus ration cards. The State Governments/UTs are also to ensure issue of Utilization Certificates confirming that the foodgrains have been lifted and distributed to the intended beneficiaries under the TPDS. An offence committed in violation of the provisions of this Order shall invoke criminal liability

under the Essential Commodities Act, 1955.

2.76 A meeting of the State Food Secretaries was held in Hyderabad on 08.02.2008 to review implementation of computerization of TPDS and the Best Practices under TPDS and to urge the State Governments to plug the loopholes in the system.

PLAN SCHEMES FOR STRENGTHENING THE PUBLIC DISTRIBUTION SYSTEM

(a) Schemes to curb leakages/diversions of foodgrains meant for TPDS

2.77 In order to curb diversion and leakages of food grains meant for TPDS, Government is taking necessary steps by introducing new innovative measures. The scheme consists of six components namely global positioning system, radio frequency identification device, introduction of fortified atta, stamping of PDS foodgrains, dissemination of information to promote right to information and door delivery system. An amount of Rs. 1.00 crore has been kept in the outlay for 2007-08.

(b) Capacity Building

- (i) PDS - Training - Training programmes for officials of the State Civil Supplies Corporation, Seminars/Workshops for senior level officials of the States/UTs engaged in supply management of essential commodities and Central Ministries/Organizations concerned. Research Study on various aspects of PDS. Training programmes/Seminars/Workshops for junior and middle level officials of the State Governments and UTs engaged in Public Distribution System to strengthen and upgrade their skills. An out -

lay of Rs. 0.50 crore was kept in the year 2007-08.

- (ii) PDS - Evaluation, Monitoring and Research: - Purpose of the scheme is to evaluate the impact of the schemes on the target beneficiaries and to plug loopholes in its implementation. An out lay of Rs. 0.50 crore was kept in the year 2007-08. A concurrent evaluation of TPDS was launched in six States during the year 2005-06. Report submitted by NCAER for the study awarded in the year 2005-06 is under examination. In addition two more studies in this regard have been awarded to different institutions (NCAER and IIPA) for concurrent evaluation in another twenty States and Union Territories.
- (iii) Publicity campaign: Undertake publicity - cum-awareness amongst the TPDS beneficiaries, functionaries of the State Governments and the general public for increasing their awareness/sensitilvity about functioning of TPDS. The Department of Food and Public Distribution has earmarked an amount of Rs. 1 crore each out of the Budget Provisions for 2007-08 under the Plan and Non-Plan for the publicity-cum-awareness Campaign.
- (c) A scheme on Computerisation of PDS operations in all State/UTs has been approved by Planning Commission for implementation during the 11th Five Year Plan. For this, with the help of NIC, detailed project report (DPR) has been prepared. Engagement of project consultant for the project, consultation with State Governments and preparation of EFC Memo are under progress.

ALLOCATION OF FOODGRAINS FROM CENTRAL POOL

ALLOCATION UNDER TPDS

Rationalization of wheat allocation

2.78 Keeping in view the declining stock position of wheat in the Central Pool, the Central Government has taken several steps to mitigate the shortage of wheat, such as, rationalization of allocation of wheat for APL category under the TPDS and import of wheat.

2.79 The allocation of wheat under TPDS for the APL category has been rationalized w.e.f. June, 2006 based on each State's average offtake during earlier 3 years i.e. 2003-04, 2004-05 and 2005-06. A 25% cut on this was imposed in respect of rice consuming States. However, there has been no change in the overall allocation/entitlements for BPL and AAY categories.

2.80 Thereafter, in view of the improved stock position and to keep prices of wheat in the open market under check, the Department of Food and Public Distribution has released about one lakh tonnes of wheat under APL category for the States/UTs every month from 2006 to March 2008 (except August, 2007). A quantity of about 1.24 lakh tonnes of wheat and 0.60 lakh tonnes of rice was also allocated as festival allocation to States/UTs during the current year.

Rationalization of Rice allocation

2.81 Similarly, keeping in view stock position of rice in Central Pool, allocation of rice made for the APL category under the TPDS has been rationalized w.e.f. April, 2007 for all the States/UTs on the basis of their offtake during earlier 3 years i.e. 2003-04, 2004-05 and 2005-06.

2.82 While the allocation for AAY and BPL

categories are made @ 35 kg per family per month, allocation for APL category are made depending upon the availability of stocks in the Central Pool.

2.83 During the first nine months of the current financial year 2007-08 (April 2007-December, 2007), the offtake of foodgrains from the Central Pool was 273.41 lakh tonnes which comprises of the following:-

(In lakh tonnes)

SCHEME		OFF TAKE	
(A) TPDS	RICE	WHEAT	TOTAL
BPL	75.88	36.15	112.03
APL	43.26	22.17	65.43
AAY	45.52	23.97	69.49
SUB-TOTAL (A)	164.66	82.29	246.95
(B) WELFARE SCHEMES*			
SGRY	3.96	1.37	5.33
SGRY (SPL. COMP)	0.63	1.65	2.28
MDM	10.35	2.8	13.16
WBNP	1.26	1.71	2.97
EFP	0.12	0.00	0.12
Hostels/Welfare Institutions	1.11	0.19	1.3
ANNAPURNA	0.52	0.22	0.74
WFP	0.08	0.15	0.23
NPAG	0.00	0.001	0.001
VGBS	0.15	0.00	0.15
SUB TOTAL (B)	18.19	8.09	26.28
(C) OPEN SALE/TENDER SALE	0.093	0.090	0.183
TOTAL (A+B+C)	182.094	90.47	273.41

*As reported by FCI

ALLOCATION OF FOODGRAINS FOR OTHER WELFARE SCHEMES

MID-DAY MEAL SCHEME

2.84 The Mid-Day Meal Scheme was launched by the Ministry of Human Resource Development (Department of Education) with effect from 15th 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-VIII in the Government Primary Schools/Upper Primary Schools/ Schools aided by Govt. and the Schools run by local bodies.

2.85 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

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areas the midday meal is distributed in summer vacations also.

2.86 To cut down delays in implementation of the scheme, Department of Elementary Education & Literacy has been authorized 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 Department of Elementary Education and Literacy

2.87 Allocation/offtake of foodgrains under the scheme during 2001-2002, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 is as under:-

(Figures in lakh tonnes)

Year	Rice		Wheat		Total allocation	Total off-take
	Allocation	Off take	Allocation	Off take		
2001-02	18.67	13.48	9.96	7.28	28.63	20.76
2002-03	18.84	13.75	9.40	7.45	28.24	21.20
2003-04	17.72	13.49	9.08	7.20	26.80	20.69
2004-05	20.14	15.41	7.35	5.92	27.49	21.33
2005-06	17.78	13.64	4.72	3.63	22.50	17.27
2006-07	17.22	13.05	4.38	3.50	21.60	16.55
2007-08*	19.98	10.36	5.29	2.80	25.27	13.16

* Offtake up to December, 2007, furnished by FCI as on 28.1.2008.

WHEAT BASED NUTRITION PROGRAMME (WBNP)

2.88 This Scheme is implemented by the Ministry of Women & Child Development. The foodgrains allotted under this Scheme are utilized 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.

2.89 Allocation/offtake of foodgrains under the scheme during 2001-2002, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 is as under: -

(Figures in lakh tonnes)

Year	Rice		Wheat		Total allocation	Total off-take
	Allocation	Off take	Allocation	Offtake		
2001-02	0.80	0.32	1.75	1.03	2.55	1.35
2002-03	1.47	0.69	1.75	2.13	3.22	2.82
2003-04	1.04	0.61	3.72	3.16	4.76	3.77
2004-05	1.16	0.85	3.42	3.57	4.58	4.42
2005-06	1.5	2.07*	2.82	2.73	4.32	4.8
2006-07	1.98	1.61	3.19	2.98	5.17	4.59
2007-08#	2.19	1.26	3.25	1.71	5.44	2.97

* Backlog quota included # Offtake up to December, 2007, furnished by FCI as on 28.1.2008.

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

2.90 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 stocks of foodgrains.

2.91 During 2005-06, the allocation and offtake of foodgrains under the scheme were reviewed. On the basis of offtake, for last three years, of States/UTs, (on recommendation of the Parliamentary Standing Committee for Food) the allocation to the States/UTs was rationalized w.e.f. August, 2005.

2.92 Allocation/offtake of foodgrains under the scheme during 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 is as under: -

(Figures in lakh tonnes)

Year	Rice		Wheat		Total allocation	Total offtake
	Allocation	Offtake	Allocation	Offtake		
2002-03	6.58	1.30	4.53	0.14	11.11	1.44
2003-04	6.25	3.15	5.19	0.23	11.44	3.38
2004-05	6.06	1.94	4.80	0.75	10.86	2.69
2005-06	3.47	2.37	2.44	0.27	5.91	2.64
2006-07	3.26	2.76	0.57	0.25	3.83	3.01
2007-08*	2.13	1.11	0.57	0.19	2.70	1.30

* Offtake upto December, 2007, furnished by FCI as on 28.1.2008

The offtake of foodgrains of States/UTs have already increased from 2004-05 to 2006-07

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

2.93 This scheme was introduced in October, 1994. Ministry of Consumer Affairs, Food & Public Distribution is the nodal Ministry for the scheme. Allocation of foodgrains was made for the first

time during 2001-02 to nineteen States on the recommendation of Ministry of Social Justice & Empowerment. The residents of the hostels having 2/3rd students belonging to SC/ST/OBC are eligible to get 15 kg foodgrains per resident per month. In such hostels, foodgrains are provided for the entire resident students,

including those who belong to other categories. Only Karnataka and Andhra Pradesh are availing this scheme.

2.94 Allocation/offtake of foodgrains under the scheme during 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 is as under: -

(Figures in lakh tonnes)

Year	Rice		Wheat	
	Allocation	Offtake	Allocation	Offtake
2001-02	1.96	0.76	-	0.07
2002-03	0.36	-	-	-
2003-04	1.63	-	-	-
2004-05	1.34	-	-	-
2005-06	-	-	0.14	-
2006-07*	1.62	-	0.14	-
2007-08#	0.28	-	0.14	-

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

* 1,33,693 MTs of rice to Andhra Pradesh and 28332.30 MTs of rice and 14166.15 MTs of wheat to Karnataka in 2006-2007.

28332 MTs of rice and 14166 MTs of wheat to Karnataka in 2007-08.

ANNAPURNA SCHEME

2.95 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.

2.96 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 ground rests with the States/UTs.

2.97 The foodgrains is 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, 2006-07 and 2007-08 is as under:-

(Figures in lakh tonnes)

Year	Rice		Wheat		Total allocation	Total off-take
	Allocation	Off take	Allocation	Off take		
2001-02					1.62**	0.93**
2002-03	0.54	0.53	0.24	0.62	0.78	1.15
2003-04	0.56	0.45	0.67	0.64	1.23	1.09
2004-05	0.90	0.64	0.77	0.68	1.67	1.32
2005-06	0.90	0.69	0.77	0.70	1.67	1.39
2006-07	0.90	0.61	0.77	0.29	1.67	0.90
2007-08*	0.92	0.51	0.77	0.22	1.69	0.73

* Offtake upto 12/07, furnished by FCI as on 28.1.08** No bifurcation is available

SAMPOORNA GRAMIN ROZGAR YOJANA (SGRY)

2.98 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 organizing various employment generation programmes. Under the Scheme, 50 lakh tonnes of foodgrains is to be allotted to the States/UTs free of cost by Ministry of Rural Development. Ministry of Rural

Development reimburse the cost of foodgrains at economic cost prevailing at the time to FCI. The Ministry of Rural Development, which is the nodal Central Ministry for the programme launched the scheme on 25.9.2001. The Ministry of Rural Development has been authorized, to communicate to FCI directly the allocations made to various State Governments under the scheme.

2.99 Allocation/offtake of foodgrains under the scheme during 2001-2002, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 is as under:-

(Figures in lakh tonnes)

Year	Rice		Wheat		Total allocation	Total off-take
	Allocation	Offtake	Allocation	Offtake		
2001-02	23.64	11.69	11.14	5.64	34.78	17.33
2002-03	28.01	21.15	13.90	18.87	41.99	40.02
2003-04	73.55	63.49	39.35	42.73	112.9	106.22
2004-05	32.64	30.27	16.99	19.73	49.63	50.00*
2005-06	24.81	24.21	12.58	15.71	37.39	39.92
2006-07	12.04	11.66	4.89	4.77	16.93	16.43
2007-08#	4.61	3.96	4.86	1.37	9.47	5.33

• The offtake is reducing due to merging of SGRY districts to introduction of National Employment Guarantee Act.

* Offtake includes lifting against backlog quota.

Allocation upto 14.1.2008 and Offtake upto December, 2007, furnished by FCI as on 28.1.2008

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SPECIAL COMPONENT OF SAMPOORNA GRAMIN ROZGAR YOJANA

2.100 Special Component of Sampoorna Gramin Rozgar Yojana with a view to extending support to the people affected by Natural Calamities in States/UTs. Foodgrains is released under the Spl. Comp. of SGRY by the Ministry of Rural

Development, being the nodal Ministry for the Scheme, after the approval of Department of Food and Public Distribution after its recommendation by IFD/HLC.

2.101 Allocation and offtake of foodgrains under the scheme during 2002-03, 2003-04, 2004-2005, 2005-06, 2006-07 and 2007-08 is as under: -

(Figures in lakh tonnes)

Year	Rice		Wheat		Total allocation	Total off-take
	Allocation	Off take	Allocation	Off take		
2002-03	37.02	31.89	26.38	13.33	63.40	45.22
2003-04	43.05	32.55	22.79	21.89	65.84	54.44
2004-05	14.37	12.29	10.68	7.90	25.05	20.19
2005-06	5.99	7.44	7.15	9.82	13.14	17.26
2006-07	4.94	5.92	1.70	0.21	6.64	6.13
2007-08#	0.00	0.63	0.00	1.65	0.00	2.28

* Offtake includes lifting against backlog quota.

Allocation up to 14.1.2008 and Offtake upto December, 2007 furnished by FCI as on 28.1.2008

NUTRITIONAL PROGRAMME FOR ADOLESCENT GIRLS (NPAG)

2.102 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 most populous district (excluding the capital district) in remaining smaller States/UTs in the country. This scheme was restarted in 2005-06. The Ministry of Women and Child Development administers the scheme at the Central level and State/UT Governments implement the scheme.

2.103 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 @ 6kg. per beneficiary per month is provided to the adolescent girls (weight < 35 kg.) 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 inspite of receiving foodgrains for three consequent months do not show improvement in nutritional status are investigated by Anganwadi Workers and, if necessary referred to doctor for investigation and treatment, but continue to receive free foodgrains for the next three months.

2.104 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.

2.105 Department of Food and Public Distribution provides foodgrains at BPL rates to the States /UT

Governments for implementing the programme through M/o Women and Child Development. Annual allocation and offtake of foodgrains under the programme during 2002-03, 2003-04, 2005-06, 2006-07 and 2007-08 is as under: -

(Figures in lakh tonnes)

Year	Rice		Wheat		Total	Total
	Allocation	Offtake	Allocation	Offtake	Allocation	Offtake
2002-03	0.40	0.11	0.22	0.87	0.62	0.98
2003-04	2.22	0.63	0.29	0.00	2.51	0.63
2004-05	Programme was not in operation					
2005-06	0.68	0.40	0.35	0.08	1.03	0.48
2006-07	0.41	0.45	0.07	0.07	0.48	0.52
2007-08	0.45	0.00	0.07	0.01	0.52	0.01*

The offtake is on the increase due to directions of Supreme Court to implement the scheme vigorously.

* Offtake upto December, 2007 furnished by FCI as on 28.1.2008

EMERGENCY FEEDING PROGRAMME (EFP)

2.106 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 State Government since May, 2001 by Department of Food & Public Distribution. During 2006-07 14,400.00 MTs of rice was allocated for the 2 lakh beneficiaries @ 6 kgs/beneficiary/month upto

August, 2006. From September, 06 to March, 07 an additional quantity of 2110 MTs of rice has been allocated for the 2 lakh beneficiaries @ 7.5 kgs/per beneficiary /month. Thus the total allocation for the year 2006-07 becomes 16510 MTs for the period from September, 2006 to March, 2007.

2.107 Cooked food containing, inter-alia, rice- 200gms, 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.

2.108 Following quantities of rice have been allocated during 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 under the Scheme:-

(fig. in '000' tonnes)

Year	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*	14.31
2007-08	16.98	11.79#

* includes additional allocation of 2110 MTs

Offtake upto December, 2007 furnished by FCI as on 28.1.2008

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. Now the scheme was transferred to the Ministry of CA, Food & Public Distribution.

* The revised Village Grain Bank Scheme for establishment of 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 11th 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 which remain cut off because of natural calamities like floods, etc. These villages are to be notified by the concerned State Government/Union Territory.

* 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

Govt. shall be eligible for running the Grain Banks. Each such Executive Committee will have a Woman as its member.

Chhatisgarh, Manipur and Maharashtra **(Annexure-V)**.

- * 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 in the States of Andhra Pradesh, Orissa, Chhattisgarh, Madhya Pradesh, Jharkhand, Tripura & Meghalaya **(Annexure-V)**. A provision of Rs.50.00 crores has been made for 2006-07 out of which Rs.51.79 crores was sanctioned for the establishment of 8191 Grain Banks in the States of Uttar Pradesh, Assam, Sikkim, Himachal Pradesh, Gujarat, West Bengal, Nagaland, Andhra Pradesh, Uttranchal,

- * An exemption has been obtained from the Department of Expenditure for not evaluating the scheme at this stage, as the scheme has been run by the Department for less than three years: hence the evaluation shall be conducted and completed by World Food Programme after the scheme has run for 2007-08 i.e. after completion of three years. The scheme shall be redrafted on the basis of experience of evaluation at that stage and approval will be sought for the revised scheme accordingly.

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

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

- Cost of VGB to be borne by Central Government : Rs. 67,246 per bank say 67,250 per Bank.
- Cost of Transportation to be borne by State Government : Rs. 1800 per bank

2.110 It has been decided to implement the scheme during Eleventh Plan, i.e. 2007-08 and 2008-09, 2009-2010, 2010-2011 and 2011-2012. Rs.16.90 crores have been provided in the Budget Estimates

of 2007-08. With the above estimated expenditure for each grain bank, it would be possible to establish 2476 Banks in the current financial year. During 2008-09 to 2011-2012 with a budgetary allocation of

Rs.69.34 crores, it would be possible to establish another 10160 grain banks, making the total number of grain banks to be established in the country to 12,636 during the Eleventh Plan Period. For a comprehensive evaluation of implementation of the Scheme, to assess impact and effectiveness, provision of funds (Rs. 76 lakhs) has been approved. The 11th Plan outlay for the scheme now works out to Rs. 87 crores.

NATIONAL FOOD FOR WORK PROGRAMME (NFFWP)

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

(Figures in lakh tonnes)

Year	Rice		Wheat	
	Alloc.	Offtake	Alloc.	Offtake
2004-05	14.24	3.06	5.75	0.65
2005-06	6.65	6.59	2.53	4.08
2006-07	0.00	1.22	0.00	0.21

* offtake includes backlog quota.

EXPORT AND IMPORT OF FOODGRAINS

2.112 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 11th August, 2003. After meeting the pending commitment of exports, sale of foodgrains for commercial exports have been totally stopped w.e.f. 1st October, 2004.

2.113 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, the Empowered Group of Ministers during its meeting held on 13.3.2007 had directed that necessary steps may be taken to import up to 3 million tonnes of wheat in case procurement falls short of target. On 29th March, 2007 Cabinet decided that a plan to import upto 5 million tonnes of wheat may be kept in readiness.

2.114 EGoM in the meeting held on 18.4.2007, decided import of one million tonne of wheat in suitable tranches. The STC was accordingly directed to float a tender for import of one million tonne of wheat on Government account. The tender was floated on 30.4.2007 and was opened on 21.5.2007. None of the bid offers could be accepted.

2.115 EGoM in its meeting held on 22.6.2007 approved the import of one million tonne of wheat. Tenders were floated on 26.6.2007 by STC and

opened on 4.7.2007. On 10.7.2007, STC was authorised to import 5.11 lakh tonnes of wheat on Government account at a weighted average price of US\$ 325.59 per MT C&F (FO).

2.116 As decided in the earlier EGoM, tenders were floated on 23.8.2007 by STC and opened on 29.8.2007. On 03.9.2007, STC was authorised to import 7.95 lakh tonnes of wheat on Government account at a weighted average price of US\$ 389.45 per MT C&F (FO).

2.117 EGoM in its meeting held on 7th September 2007 approved import of one million tonne of wheat and the price at which imported wheat will be purchased and delivered to FCI for Central Pool Stocks may be decided by Ministry of Commerce. The Department of Commerce decided that import of one million tonne of wheat will be equally divided between the three STEs namely, STC, MMTC and PEC. The price at which imported wheat will be purchased and delivered to FCI will be done by a Committee consisting of CMD of the STE, AS & FA of Department of Commerce and AS & FA of Department of Food and Public Distribution and a representative of FCI. STC has been designated as the coordinating agency for coordinating the port-wise and quality-wise imports and also for hedging on behalf of the three STEs.

2.118 Accordingly, MMTC Ltd. has floated a tender on 12.11.2007. Orders have been placed on 22.11.2007 for import of 3.425 lakh tonnes of wheat at weighted average price of US \$ 400.19 per MT C&F (FO).

2.119 Next tender was floated by PEC Ltd. on 26-11-2007 which was opened on 3rd December 2007. Orders have been placed by PEC Ltd. for

import of 1.5 lakh MTs of wheat at weighted average price of US\$ 396.91 per MT C&F (FO).

2.120 Further the tender floated by STC on 10.12.2007 and opened on 17.12.2007 has been cancelled.

2.121 10.117 lakh MTs of wheat has arrived as on January 1st, 2008.

OPEN MARKET SALES SCHEME (Domestic) [OMSS(D)]

2.122 In addition to maintaining buffer stocks and for making a provision for meeting the requirement of the TPDS and other Welfare Schemes, FCI on the instructions from the Government has been resorting to sale of wheat at predetermined prices in 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)}

2.123 The Open Market Sale 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 OMSS price of wheat was fixed at Rs.986.06 for all States during 2006-2007.

2.124 The quantity of wheat disposed of under the OMSS (D) during the last three years has been as under:-

Year	Qty. (Lakh MTs)
2004-05	2.39
2005-06	10.50
2006-07	1.11

2.125 In 2007-08, no stocks were released under the scheme.

DISPOSAL OF RICE UNDER OMSS (D)

2.126 Stocks of rice, which are old, and not acceptable to the State Governments for the TPDS and the other welfare schemes are sold through public tenders from time to time.

FOOD SUBSIDY

2.127 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 realization 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.

2.128 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 measure of food security. Eleven States, namely Madhya Pradesh, Uttar Pradesh, Chhattisgarh, West Bengal, Uttaranchal, Tamil Nadu, Andaman & Nicobar, Orissa, Gujarat, Karnataka and Kerala have undertaken the responsibility of not only procuring foodgrains from within the State but also distributing the same to the targeted population under TPDS and other welfare schemes. Under this scheme of decentralised procurement, State specific economic cost is determined by the Government of India and the difference between the economic cost so fixed and the Central Issue Prices is passed on to the State as food subsidy.

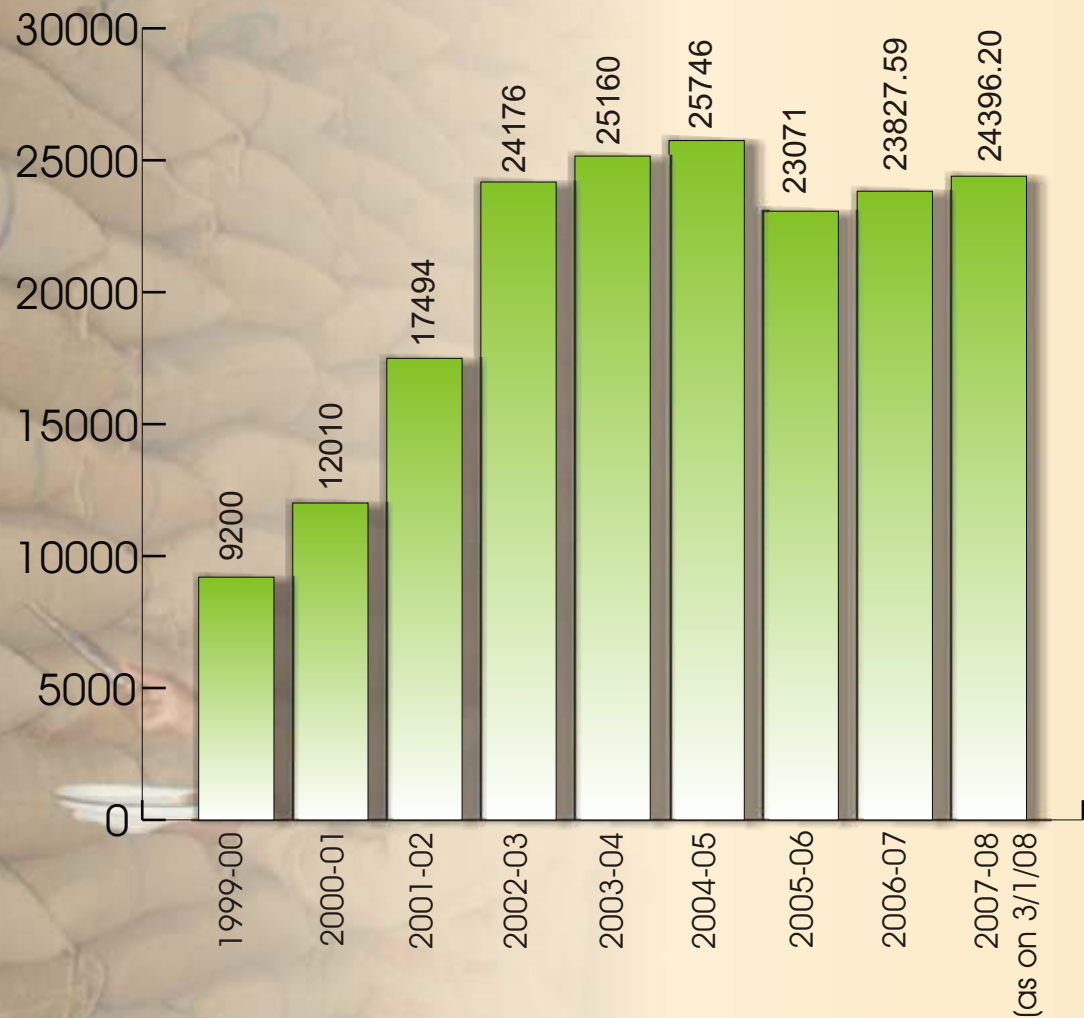
2.129 The year-wise break-up of subsidy released on foodgrains during the last ten years to FCI and the States operating the Decentralised Procurement Scheme is as under:-

(Figures Rs. in crores)

Year	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	20786.21	3041.38	23827.59
2007-08 (as on 3.1.2008)	21924.89	2471.31	24396.20

SUBSIDY ON FOODGRAINS

(Figures In Crore Rupees)



Subsidy for 2007-08

2.130 The quantum of food subsidy depends on the level of procurement of foodgrains and offtake under TPDS and other welfare schemes. A provision of Rs. 25424.89 crore was made in BE 2007-08 for food subsidy.

MOVEMENT OF FOODGRAINS
Overview

2.131 Coordinating and monitoring the movement of foodgrains from surplus regions to deficient areas vis-à-vis, storage capacity, procurement, stocks, allocations and offtake of foodgrains is one of the important functions of the Department of Food and Public Distribution. Food Corporation of India undertakes the activities connected with the movement of foodgrains for the Public Distribution System and other Schemes. Movement Division in the Department of Food and Public Distribution closely monitors the movement and regularly co-ordinates with the FCI and the Railways. Optimum evacuation of foodgrains from the procuring regions and induction and stocking of foodgrains in the North-Eastern States, Jammu & Kashmir and other areas, identified from time to time, is specially monitored. Movement Division also monitors the movement of imported wheat.

Movement of Foodgrains

2.132 The overall movement of foodgrains by the Food Corporation of India (FCI) during the year 2006-07 is estimated to be about 26.61 million tonnes as against 28.79 million tonnes during the previous year. Overall movement of foodgrains on the Inter-State account as well as Intra-State

account has decreased during this year, as compared to the same period in the previous year, due to less movement of imported wheat.

OTHER ACTIVITIES
Disaster Management

2.133 The 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

2.134 With a view to improve the storage practices at farm and commercial level and to minimize the post-harvest losses in foodgrains under the Post Harvest Operation Scheme, the following activities are being carried out in Department of Food & Public Distribution:-

Research & Development and Institutional Training on Scientific Storage of foodgrains.

2.135 The Indian Grain Storage Management and Research Institute (IGMRI), Hapur and its three field stations located at Hyderabad, Jorhat and Ludhiana are carrying out Research & 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.

2.136 IGMRI also conducts long term as well as short duration training courses on scientific storage and preservation of foodgrains including insect pest management 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 Courses (LTTCs) conducted by the IGMRI have been recognized by the Directorate of Plant Protection Quarantine and Storage, Ministry of Agriculture for grant of license to pest control operators.

2.137 The following Research & Development projects are being undertaken by the IGMRI during 2007-08 are given in next column.

- Suitability of HDPE/PP bags for packaging of wheat and rice for longer duration storage in commercial godowns.
- Testing of the efficacy of new insecticide INDISPRON P-406 against stored grain insect pests under laboratory conditions.
- Study on bio-efficacy of ITC's Azadirachtin, a neem based formulation for the control of stored grain insect pest in collaboration with CWC.

2.138 The performance of IGMRI under various activities during 2007-2008 (upto 31st December 2007) is summarized below:-

Sl. No	Items / Activities	2007-2008	
		Annual Target	Achievements (upto 31st Dec., 2007)
1.	Long Term Training Courses (LTTCs) and Short Term Training Courses (STTCs)	25	20
2.	Artisan Training Courses	11	8
3.	Analysis of foodgrain samples for physical quality parameters (No. of samples)	1400	1109
4.	Monitoring of foodgrain samples for mycotoxin contamination (No. of samples)	250	171
5.	Analysis of foodgrain samples for pesticide residue (No. of samples)	390	278
6.	Research and Development Projects under Annual Action Plan	-	Projects are in progress.

Save Grain Campaign (SGC)

2.139 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 on scientific storage of foodgrains among the farming community so that the farm level storage losses in foodgrains may be minimized.

2.140 The main functions of SGC are:-

- i To educate, motivate and persuade the farmers through training, demonstration, publicity etc. to adopt recommended methods at farm level to minimise the foodgrains losses.
- ii To organise stipendiary and non-stipendiary training courses for farmers/farm-woman on scientific

methods of storage and preservation of foodgrains.

- iii To popularise improved storage structures like metal bins, pucca kothies, RCC ring bins etc. among farmers.

2.141 The performance of SGC under its various activities during 2007-2008 (upto 31st December, 2007) is given below:-

Sl. No	Activities	2007-2008	
		Targets	Achievements (upto 31st Dec., 2007)
1.	Training for farmers	1104	850
2.	Villages covered	780	625
3.	Film /Slide shows	1104	856
4.	Exhibitions arranged/ participated	780	606
5.	Construction/ improvement of non-metallic storage structures	14400	8212

Quality standards for Foodgrains

2.142 The Government exercises due control over the quality of foodgrains which are procured for the Central Pool for distribution through Targeted Public Distribution System (TPDS) and other welfare schemes. Quality specifications of foodgrains for procurement under Central Pool are announced before commencement of Rabi and Kharif Marketing Seasons keeping in view the interest of producers as well as the consumers and the provisions under the Prevention of Food Adulteration Act/Rules (PFA).

2.143 During the year under report (upto 31st December, 2007), 1359 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 105 persons on analysis of foodgrains upto 31st December, 2007.

Monitoring quality of foodgrains

2.144 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 carried out by the officers of these cells to ensure the quality of foodgrains. It is also ensured that the guidelines/instructions issued by Government about proper storage and maintenance of foodgrains are followed by the FCI

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 Government for investigation. Some

complaints are also investigated by quality control officers.

2.145 The work carried out by quality control cells during 2007-2008 (upto 31st December, 2007) is as under:-

Sl. No	Items/Activities	2007-2008	
		Annual Target	Achievements (upto 31st Dec., 2007)
1.	Inspection of Food Storage Depots	500	300
2.	Inspection of Procurement Centers	300	312
3.	Inspection of Rail Heads	140	105
4.	Inspection of Fair Price Shops(FPSs)	720	487
5.	Inspection of Rice Mills	120	112
6.	Collection of foodgrain samples for checking physical quality parameters	2600	2005
7.	Investigation of complaint	-	9

2.146 On the recommendation of Expenditure Reforms Commission (ERC), Quality Control mechanism is being strengthened by increasing the strength of existing QCCs at New Delhi, Hyderabad and Kolkata and opening of 5 new QCCs at Bangalore, Bhopal, Bhubaneswar, Lucknow and Pune by re-adjusting the staff of 12 Save Grain Campaign offices and IGMRI Jorhat which are being closed by 01.03.2008.

INTRODUCTION OF NEGOTIABLE WAREHOUSE RECEIPT SYSTEM IN THE COUNTRY

2.147 The Warehousing (Development and Regulation) Act, 2007 has been enacted and notified on 20-09-2007 which would ensure that the farmers are able to keep their goods in certified

warehouses and use the warehouse receipts as a negotiable instrument. With the full implementation of this Act, farmers would find it easy to take loans from commercial banks against negotiable warehouse receipts and not resort to distress sales to take care of their urgent cash needs.

FORMATION OF A SUBSIDIARY COMPANY FOR DEVELOPMENT OF RAILSIDE WAREHOUSING COMPLEXES/ MULTIMODE LOGISTICS HUB, BY CENTRAL WAREHOUSING CORPORATION.

2.148 A subsidiary company, the Central Railside Warehouse Corporation has been constituted under the Public Private Partnership mode on 10.07.2007. The CRWC has entered into a Memorandum of Understanding (MoU) with the

Ministry of Railways for developing Railside Warehouses Complexes at 22 locations throughout the country. The Railways have agreed to lease out land for 30 years at these locations, where necessary infrastructure shall be set up by CWC at its own cost, in return for 5% of gross revenue. The new company has been incorporated and has commenced business with effect from 24.07.2007.

NATIONAL POLICY ON HANDLING, STORAGE AND TRANSPORTATION OF FOODGRAINS

2.149 With a view to minimize 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 section participation on Build-Own-operate (BOO) basis.

2.150 The base depots at Monga (Punjab) and Kaithal (Haryana) have been completed. The 5 field

depots are likely to be completed soon.

STORAGE AND WAREHOUSING

2.151 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.

2.152 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 and also other notified commodities. The position of covered storage/ warehousing capacity available with the FCI/CWC/SWCs during the period between March 31, 2003 and December 31, 2007 is given in the table below:-

(Figures In lakh MTs)

Agencies	As on 31.3.2003			As on 31.3.2004		
	Owned	Hired	Total	Owned	Hired	Total
FCI	128.18	137.70	265.88	128.15	108.50	236.65
CWC	76.11	15.03	91.14	80.75	12.84	93.59
SWCs	151.55	47.76	199.31	158.05	48.76	206.81

Agencies	As on 31.03.2005			As on 31.03.2006		
	Owned	Hired	Total	Owned	Hired	Total
FCI	129.09	104.61	233.70	129.31	99.05	228.36
CWC	84.38	17.49	101.87	80.22	20.16	100.38
SWCs	128.84	66.36	195.20	127.64	69.41*	197.05

Agencies	As on 31.03.2007			As on 31.12.2007		
	Owned	Hired	Total	Owned	Hired	Total
FCI	129.41	93.42	222.83	129.48	87.93	217.41
CWC	81.10	21.10	102.20	81.20	16.98	98.18
SWCs	126.89	65.31	192.20	133.33	60.09	193.42

* Inclusive of plinths.

2.153 During the Tenth Five Year Plan (2002-2007), FCI and CWC constructed an additional storage capacity of 3.66 and 15.00 lakh MTs respectively.

2.154 Details of storage capacity constructed by FCI, CWC and SWCs during 2006-07 and the capacity expected to be constructed by these agencies during 2007-08 are given in the table below: -

(In lakh tonnes)

Agencies	2006-07	2007-08 (Target)
FCI	0.20	0.25
CWC	3.78	2.13* as per RE of Capital Plan Outlay.
SWCs	1.64	2.53 (As per BE)
Total	5.62	4.66*

2.155 Storage capacity constructed by FCI and the CWC from 2001-02 to 2006-07 and capacity expected to be constructed during 2007-08 are as under:-

Agencies	YEAR							
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (Target)	Achievement (Upto 31.12.07)
FCI	1.62	0.94	1.33	0.97	0.23	0.21	0.25	0.15
CWC	3.24	3.59*	2.98	1.17	2.76	3.78	2.13**	as per RE of Capital Plan Outlay. 1.89** upto 31.12.2007

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

** Includes Railside Warehouses under CRWC Ltd

Central Railside Warehouse Company Ltd.

2.156 Central Railside Warehouse Company Ltd. has been incorporated on 10th July, 2007 and received Certificate for commencement of business on 24th July, 2007 from Registrar of Company. CWC has subscribed to the share capital of Rs. 40.56 Crores as equity of the new company and has transferred 7 of the Railside Warehouses @ cost of Rs.39.71 crores.

2.157 The individual capacity of the Railside

Warehousing Complexes are as follows:

1. Whitefield, Bangalore	29,700 MTs
2. Shakur Basti	18,730 MTs
3. Nishatpura	16,700 MTs
4. Sanatnagar	13,225 MTs
5. Nasik Road	9,270 MTs
6. Badnera	17,000 MTs
7. Ghaziabad	6,000 MTs

Chapter-3

Sugar



GENERAL

Due to drought in major sugar producing states like Maharashtra, Karnataka & Tamil Nadu and Woolly 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 from 201.32 lakh tonnes achieved in 2002-03 sugar season. However, the situation improved in 2005-06 sugar season and the sugar production increased to 193.21 lakh tonnes. During 2006-07 sugar season, sugar production is provisionally placed at 280 lakh tonnes which is a new record. The present estimate of sugar production in 2007-08 is 270 lakh tonnes.

NUMBER OF SUGAR FACTORIES

3.1 There were 608 installed sugar factories in the country as on 31.12.2007. The sector-wise breakup is as follows:-

	Sector	Number of factories
(i)	Cooperative	317
(ii)	Private	229
(iii)	Public	62
	TOTAL	608*

* Includes closed sugar factories

SUGAR CANE PRICING POLICY

3.2 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

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



Cogeneration Power Plant in a Sugar Mill



An Ethanol Plant in a Sugar Mill

3.3.1 The fixation of SMP of 2008-09 sugar season is under the consideration of the Government.

3.4 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

3.5 As reported by the sugar mills and the State Governments, the position of cane price payment and arrear for the 2006-07 as on 15.11.2007 was as under:-

(Amount in Rs. Crores)

i)	Cane price payable	29455.09
ii)	Cane price paid	27629.33
iii)	Cane price arrears	1825.76
iv)	Percentage of cane price arrears on cane price payable	6.2

SUGAR POLICY: PARTIAL CONTROL

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

3.7 The Central Government has been following a policy of partial control and dual pricing for sugar. Under this policy, a certain percentage of sugar produced by sugar factories is requisitioned by the Government as compulsory levy at a price fixed by Government in every sugar season. Levy sugar is distributed under the Public Distribution System (PDS) at a uniform retail issue price

throughout the country. The non-levy (free sale) sugar is allowed to be sold as per the quantity released by the Government under the regulated release mechanism.

PHASED DECONTROL OF SUGAR INDUSTRY

3.8 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. January 1, 2000. With effect from February 1, 2001, the compulsory levy obligation has been further reduced to 15%. The levy obligation now stands at 10% of the production w.e.f. March 1, 2002.

Regulated Release Mechanism

3.9 In order to safeguard the interests of sugarcane growers, the producers of sugar and the general public, to stabilize the open market price of sugar and to obviate intervention in the 'regulated release' mechanism, the Essential Commodities Act, 1955 was amended in June, 2003. The Essential Commodities (Amendment) Act, 2003 incorporated the provisions analogous to Clause 4 and 5 of the Sugar (Control) Order, 1966 in the Essential Commodities Act, 1955 through insertion of sub-sections (3 D) and (3 E) 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 off or delivers any kind of sugar except under and in accordance with the direction issued by the Government. Accordingly, the Government, in exercise of the powers conferred by sub-sections (3D) and (3E) of section 3 of the EC Act, 1955, read with the provisions of Clause 4 and 5 of the Sugar (Control) Order, 1966, now regulates the sale and dispatch of non-levy sugar.

INTRODUCTION OF FUTURES/ FORWARD TRADING IN SUGAR

3.10 The commodity futures trading in sugar is regulated under the provisions of the Forward Contracts (Regulation) Act, 1952. Futures contracts in sugar are presently traded at three national exchanges viz. National Commodity and Derivative Exchange Ltd. (NCDEX), Mumbai, Multi Commodity Exchange Ltd. (MCX), Mumbai and National Multi Commodity Exchange (NMCE), Ahmedabad. Bulk of the futures trading in sugar takes place at NCDEX.

LIBERALISATION OF SUGAR TRADE

3.11 Government have withdrawn the stockholding limits on wholesale dealers of sugar with effect from July 7, 2000.

3.12 Government have abolished the turnover limits on wholesale dealers of sugar with effect from August 20, 2001.

PRODUCTION, CONSUMPTION AND STOCK OF SUGAR

PRODUCTION OF SUGAR

3.13 During the sugar season 2007-2008, production of sugar is preliminarily estimated at about 270 lakh tonnes as against the production of 280 lakh tonnes (Provisional) during the previous season 2006-2007. 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 1.10.2007 to 15.12.2007, the sugar production is provisionally placed at 35.09 lakh tonnes as compared to 50.42 lakh tonnes during the corresponding period in the last sugar season.

3.14 Season-wise production of sugar since 1997-98 is given below:-

(in lakh tonnes)

Sugar Season	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	139.58
2004-2005	130.00
2005-2006	193.21
2006-2007 (Provisional)	280.00

CLOSING STOCK OF SUGAR

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

(in lakh tonnes)

Sugar Season	Closing Stock
1997-1998	53.70
1998-1999	66.78
1999-2000	93.40
2000-2001	106.63
2001-2002	113.19
2002-2003	116.16
2003-2004	85.00*
2004-2005	40.00**
2005-2006	44.00***
2006-07 (Provisional)	110.00 #

* Central Excise Authorities reported closing stocks at 85 lakh tonnes.

** - 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 under Court orders etc.

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

Central Excise Authorities have reported closing stocks of 110 lakh tonnes.

CONSUMPTION OF SUGAR

3.16 The quantity of levy and non-levy sugar released for internal consumption from 1997-1998 has been given in next column:-

(In lakh tonnes)

Sugar Season	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	183.21
2006-2007 (Provisional)	190.00

3.17 The position regarding production, internal consumption and export during the sugar seasons 2002-03 to 2006-07 is indicated below :-

Sl. No.	Particulars	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
1.	Carry over stocks from Previous season	113.19	116.16	85.00	40.00**	44.00 #
2.	Production of sugar	201.32	139.58@	130.00	189.59	280.00
3.	Import of sugar	0.41	5.53	20.74	3.62	0.00
4.	Total availability	314.92	261.27	235.74	233.21	324.00
5.	Internal consumption	183.76	175.00	171.44	183.21	190.00
6.	Exports	15.00	2.94	0.98	13.68	15.00
7.	Closing stocks at the end of season	116.16	83.33*	63.32*	36.32	## 119.00

* 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 under Court orders etc.

@ - includes sugar converted from imported raw sugar.

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

- Central Excise Authorities have reported closing stocks of 110 lakh tonnes.



A sugarcane field



Lorrying/Freighting sugarcane to a sugar mill for crushing



Cane handling operations in a sugar factory



Juice extraction process



An effluent treatment plant in a sugar mill

LEVY SUGAR SUPPLY UNDER PDS

3.18 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.

3.19 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.

3.20 The minimum per head per month quantum of levy sugar allotted under the PDS was increased from 425 gms to 500 gms with effect from 01.02.01.

3.21 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.

RELEASE OF NON LEVY (FREE SALE) SUGAR

3.22 A quantity of 159.00 lakh tonnes (Provisional) of non-levy (free sale) sugar was released for sale in the open market during 2006-2007 sugar season (October-September) as compared to 162.26 lakh tonnes (Provisional) during the previous sugar season 2005-2006.

3.23 During the sugar season 2007-08, a quantity of 42 lakh tonnes of non-levy (free sale) sugar has been released up to December, 2007. A

quantity of 44 lakh tonnes of non-levy (free sale) sugar is being released during the months of January, 2008 to March, 2008.

LEVY SUGAR PRICE

3.24 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:

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

3.25 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.

3.26 The levy sugar price of sugar seasons 2004-05, 2005-06 and 2006-07 have been notified provisionally, which is the same as was notified for the sugar season 2003-04 and the same will be finalized after the acceptance of the report of the Cost Accounts Branch (CAB) of Ministry of Finance submitted in March, 2005 and subsequently revised report in August, 2007 which is at present under examination.

3.27 Further, a study into the cost structure of sugar industry has been entrusted to the Tariff Commission, which shall be applicable for the sugar seasons 2007-08 to 2009-10. Accordingly, levy sugar price for sugar season 2007-08 shall be fixed after receipt of the report of the Tariff Commission and its examination by the Government.

RETAIL ISSUE PRICE OF LEVY SUGAR UNDER THE PDS

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

EX-MILL PRICES OF NON LEVY SUGAR

3.29 The range of ex-mill prices of non-levy (free sale) sugar (S-30 grade) in the major centres of the country during 2004-05 to 2007-08 sugar season up to 31.12.2007 was as under:-

(Rupees per quintal)

Sugar Season	Ex-mill Prices of Sugar
2004-05	1410-1840
2005-06	1550-1990
2006-07	1100-1830
2007-08 (upto 31.12.2007)	1140-1425

SOURCE:- Daily Trade Mart Enquiry, Directorate of Sugar

RETAIL PRICES OF NON-LEVY SUGAR

3.30 The range of retail price of non-levy sugar from 2004-05 to 2007-08 sugar seasons (up to 31.12.2007) was as under:-

(Rupees per kilogram)

Sugar Season	Retail Price of Sugar
2004-2005	16.00-20.50
2005-2006	18.00-23.00
2006-2007	13.50-22.00
2007-2008 (up to 31.12.2007)	14.00-20.00

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

BUFFER SUBSIDY

A. For the buffer stock created vide Notification dated 17.12.2003 for the period 18.12.2002 to 17.12.2003, subsequently extended upto 17.12.2004.

3.31 There was appreciable decline in the market prices of free sale sugar, which constrained the capacity of the sugar mills to pay the cane price to the sugar cane growers. In order to mitigate the hardship of the sugar cane growers, the Government had created the buffer stock of 20 lakh MTs of sugar for the period of one year w.e.f. 18.12.2002 to 17.12.2003. Advance buffer subsidy had been paid to 357 sugar mills amounting to Rs.219.72 crores and the final subsidy claims of 329 sugar mills amounting to Rs.66.74 crores had been settled up to 31.12.2007.

3.32 The buffer stock was extended for one more year i.e. up to 17.12.2004. Buffer subsidy claims for the three quarters of extended period i.e. from 18.12.2003 to 30.09.2004 has been settled so far of 295 sugar mills amounting to Rs.233.76 crores and claims for the last quarter of extended period i.e. for the period 01.10.2004 to 17.12.2004 has been

settled so far of 144 sugar mills amounting to Rs.40.25 crores.

3.33 The buffer stock subsidy disbursed during the financial years 2003-04, 2004-05, 2005-06 and 2006-07 was to the tune of Rs.205.70, 198.90, 58.93 and 69.92 crores, respectively. During the current financial year 2007-08, the buffer stock subsidy amounting to Rs.27.02 crores have been disbursed up to 31.12.2007, for the buffer stock created during 2002-03 sugar season.

B. For the buffer stock created vide Notification dated 20.04.2007 for the period from 01.05.2007 to 30.04.2008 and order dated 01.08.2007 for the period from 01.08.2007 to 31.07.2008

3.34 In order to alleviate the distress of sugar mills to pay cane price to sugarcane farmers due to fall in prices of sugar in the open market and also in the international market, the Government has created a buffer stock of 20 lakh tonnes for a period of one year from 01.05.07 to 30.04.08 vide Notification dated 20.04.2007 and an additional buffer stock of 30 lakh tonnes for the period of one year from 01.08.07 to 31.07.08 vide Order dated 01.08.2007.

3.35 Accordingly, buffer stocks have been allocated to 432 sugar factories out of 20 lakh MTs buffer stock created for the period from 01.05.07 to 30.04.08, and to 371 sugar factories out of 30 lakh MTs buffer stock created for the period from 01.08.07 to 31.07.08.

3.36 Further, for settlement of the buffer stock subsidy claims for the buffer stock created during 2006-07 sugar season onwards, a new Rule 19A has been inserted in the SDF Rules, 1983, vide Notification dated 08.11.2007 and the claims of 55 sugar factories for the period from 01.05.07 to

31.10.07 have been received till 31.12.07 which are under process in the Directorate of Sugar.

3.37 The B.E. provision for payment of buffer subsidy for the financial year 2007-08 was Rs.35 crores and a supplementary grant of Rs.300 crores has been provided under the Supplementary Demands for Grants for financial year 2007-08 (1st Batch) for disbursement of buffer subsidy for the buffer stock created during the year 2007. Further, a R.E. of Rs.350 crores has been proposed, which is inclusive of approved supplementary grant of Rs.300 crores.

EXPORT OF SUGAR

3.38 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).

3.39 Through an Ordinance, the Sugar Export Promotion Act, 1958 was repealed with effect from 15th 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 of export of sugar and also dispensed with requirement of the Registration-Cum-Allocation Certificates (RCACs) by APEDA with effect from 1.04.2001 on sugar exports. Thereafter, the sugar export was undertaken by the various sugar mills / merchant exporters, after obtaining the export release orders from the Directorate of Sugar. The Government has further liberalized exports of sugar and now the export of sugar can be undertaken by the various sugar mills/exporters

without any release order from the Directorate of Sugar with effect from 31st July, 2007 upto 30.09.2008.

3.40 As per information published by the DGCIS, Kolkata the export of sugar from financial year 2003-2004 and onwards was as under:-

Financial year (April-March)	Quantity (In Lakh MTs)	Value (in Rs. Crores)
2003-2004	12.01	1216.59
2004-2005	1.09	149.52
2005-2006	3.17	557.09
2006-2007	16.36 (P)	3055.45 (P)
2007-2008 (up to May, 2007)	5.40 (P)	752.74 (P)

(P) Provisional

3.41 During 2005-06 sugar season the export Release Orders 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 (NFCFSF), the Apex Organizations of the sugar industry, was allowed to export 1.5 lakh tonnes of sugar to the Trading Corporation of Pakistan. Out of the total export obligation during 2004-05 and 2005-06 sugar seasons to the extent of 21.9 lakh tonnes, about 11.9 lakh tonnes was fulfilled during 2005-06 sugar season. Thereafter, to curb rise in prices of sugar in the domestic market, the Government banned export of sugar with effect from 22nd June, 2006 vide Notification dated 4th July, 2006 up to the end of 2006-07 financial year i.e upto March, 2007 except for 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 22nd 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, in such cases.

3.42 The DGFT vide Notification dated 9th August, 2006 amended the Notification dated 4th 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 9th August, 2006 further amended the Notification dated 4th July, 2006 providing that the prohibition on export of sugar shall not apply to export of sugar to Bhutan and Maldives.

3.43 In view of expected higher production of sugar in 2006-07 sugar season, the Government vide Notification dated 4th January, 2007 relaxed ban on export of sugar and allowed exports against advance licenses and under Open General License (OGL) vide Notification dated 23rd January, 2007. After relaxation on ban of export of sugar, as on 30.09.2007, about 17.28 lakh tonnes of sugar was exported under Open General License.

3.44 DGFT vide its Notification dated 17th August, 2007 has made an amendment to its Notification dated 9th August, 2006 extending the period of export obligation for one year (without payment of composition fee) w.e.f. the date on which the export obligation of the exporter expires

provided that the export obligation period did not expire on 19.04.2007.

3.45 The Government reviewed the restrictions on export of sugar and decided, vide Notification dated 31st July, 2007, to dispense with requirement of obtaining export release orders from the Directorate of Sugar for export of sugar except for export to the member countries of European Union and United States, for a period up to 30th September, 2008.

3.46 In order to encourage export of sugar, the Central Government has decided to give the following non-cash incentives to the sugar factories for a period of one year from 03.01.2007 to 02.01.2008 for exports under Advance Authorization Scheme and from 23.01.2007 to 22.01.2008 under Open General License:

- (i) exemption from levy obligation on the quantity of sugar exported;
- (ii) deferment of adjustment of export releases in the stocks of sugar factories.

3.47 The Government has also decided to give export assistance on exports of sugar by defraying the internal transport and freight charges, ocean freight and marketing & handling charges at flat rates of Rs.1350 per tonne to sugar factories situated in coastal States and Rs.1450 per tonne for sugar factories situated in other than the coastal States in India for a period of one year with effect from 19th April, 2007 to 18th April, 2008. The assistance is being provided for exports made under OGL only.

IMPORT OF SUGAR

3.48 Import of sugar, which was placed under Open General License (OGL) with zero duty in

March 1994, continued with zero duty up to 27.4.1998. Government imposed a basic customs duty of 5% and a countervailing duty of Rs.850/- 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 besides cess as applicable rates.

3.49 As per the information furnished by the DGCIS, Kolkata, the import of sugar from financial year 2003-04 and onwards was 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	0.010 (P)	3.48 (P)
2007-08 (up to May, 2007)	Negligible	-

(P) Provisional

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

such extended period as allowed by Directorate General of Foreign Trade (DGFT) by exporting indigenously manufactured white sugar. As per information received from DGFT, the quantum of export obligation on account of imports in 2004-05 and 2005-06 sugar seasons (October-September) under Advance License Scheme comes to about 22 lakh tonnes. Out of this, about 14 lakh tonnes of sugar have been exported during 2005-06 and 2006-07 sugar seasons.

IMPORTANT ACTIONS TAKEN BY THE GOVERNMENT TO HELP THE SUGAR INDUSTRY AND SUGARCANE FARMERS

Restructuring of outstanding loans of cooperative sugar mills

3.51 Based on the announcement made by the Finance Minister in the Budget Speech for 2005-06, the following financial packages have been approved for the cooperative sugar mills in the country.

3.51.1 All cooperative 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 categorized as falling under either 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 of 15 years including a moratorium of two

years for payment of interest and principal.

3.52 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. 1st April, 2005, irrespective of the original contractual rate. Government of India will provide interest subvention on the restructured loans.

3.53 A Committee under NABARD was assigned the task of examining the financial condition of the cooperative 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 re-schedulement 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.

3.54 The excess production of sugar in 2006-07 sugar season and anticipated higher production of sugar in 2007-08 sugar season depressed prices of sugar in the open market, consequently affecting the repaying capacity of sugar mills to pay cane price to sugarcane farmers. Hence, the Central Government has decided to extend the moratorium on outstanding term loans as on 1st April, 2005, announced in September, 2005, for cooperative sugar mills, from two to five years (reckoned from 1st April, 05) and to include the cooperative sugar mills not included in the earlier package, for availing the benefits of earlier package. It has also been decided to convert outstanding loan on account of harvesting and transport charges and short margins on sugar stocks as appearing in books of

sugar mills on 1st April, 2007, into term loans upto a maximum period of five years, without any reduction in the existing rate of interest. The amount of interest subvention from the budgetary support has been since increased from Rs.560 crores to Rs.600 crores.

3.55 NABARD is now re-working the 'individual' packages in view of the above decisions of the Central Government. The scheme is under implementation.

Buffer Subsidy and Export Assistance

3.56 The high production of sugar in 2006-07 sugar season and anticipated higher production in the current 2007-08 sugar season has resulted in decline in sugar prices which severely constrained the capacities of sugar mills to pay cane price to sugarcane farmers. The open market prices of non-levy sugar have declined by about Rs. 450-600 per quintal in 2006-07 season. In order to ensure that high production of sugar does not lead to mounting cane price arrears, the Government has taken the following steps: -

- (i) Buffer stock of 20 lakh tonnes has been created for a period of one year from 01.05.2007 to 30.04.2008 and additional buffer stock of 30 lakh tonnes has been created for a period of one year from 01.08.2007 to 31.07.2008. Thus, the Government has created a buffer stock of 50 lakh tonnes in 2006-07 sugar season, which would involve an annual subsidy amount of Rs. 880 crores (approx.) to be borne from Sugar Development Fund. The banks provide additional credit on creation of buffer stock. Accordingly, the Reserve Bank of India and National Agricultural

Bank for Rural Development (NABARD) have already issued necessary directions to the banks in this regard. The banks are estimated to provide additional credit of Rs. 978 crores (approx). As per SDF Rules, 1983, the buffer subsidy amount and the additional credit are to be used for payment of cane price including cane price arrears as a first priority.

- (ii) Export assistance to defray expenditure on internal transport, marketing and handling charges and ocean freight @ Rs. 1350/- per tonne for sugar factories located in coastal areas and Rs. 1450/- per tonne for sugar factories located in non-coastal areas (subject to actuals for export by road/rail to neighbouring countries) has been announced for a period of one year for exports made on or after 19th April, 2007. The amount involved is estimated at about Rs. 300 crores (approx.) in 2007-08 which is to be borne from Sugar Development Fund. This assistance shall be exclusively used for payment of cane price arrears of farmers, as a first priority.
- (iii) The requirement of obtaining release orders for the purpose of export has been dispensed with effect from 31st July, 2007. This would help the sugar factories to undertake exports expeditiously and improve their liquidity position.

Scheme for Extending Financial Assistance to Sugar Undertakings 2007

- (iv) The Central Government has decided to give loans from the banks to the sugar mills private, public and cooperative sector

under a special scheme titled 'Scheme for Extending Financial Assistance to Sugar Undertakings 2007'. Under the scheme, the loans to sugar factories will be granted equivalent to the notional Central Excise Duty payable on total production of sugar during 2006-07 and 2007-08 sugar seasons to clear cane price arrears of 2006-07 season and cane price of 2007-08 season relating to Statutory Minimum Price (SMP). The scheme provides full interest subvention (limited to 12%) to all scheduled commercial Banks, Regional Rural Cooperative Banks for the total duration of the loan, which will be 4 years including 2 years moratorium. The interest subvention will be limited to 12% per annum of which 5% will be met out of general budget provisions of the Central Government and the remaining 7% from the Sugar Development Fund. The loan assistance under the Scheme is estimated to be about Rs.3800 crores and interest subvention at Rs.1350 crores. The Reserve Bank of India and National Agricultural Bank for Rural Development have issued necessary advisory memos to scheduled banks.

Other Measures

3.57 Apart from the above, the Government has also taken the following decisions to improve the financial position of the sugar factories:-

- (i) Making 5% blending of ethanol with petrol mandatory across the country, except in J & K, North Eastern States and Island Territories and to make 10% blending optional from October, 2007 and mandatory

from October, 2008, excepting in the areas mentioned above;

- (ii) Uniform purchase price of Rs. 21.50 per litre ex-factory for supply of ethanol which can be implemented all over the country for three years;
- (iii) Reduction of customs duty from 7.5 % to 5% on "denatured alcohol" and from 10% to 5% on molasses and to implement the same only when mandatory ethanol blending at 5% level is operationalised in the country;
- (iv) Permitting sugar factories to produce ethanol directly from sugarcane juice to augment availability of ethanol and reduce over supply of sugar. Sugarcane (Control) Order, 1966, has been accordingly amended in December, 2007.

It is expected that with the above measures, the financial position of sugar factories would improve enabling them to pay cane price to sugarcane farmers including clearing the outstanding cane price arrears.

Simplified New Buffer Stock Subsidy Rules

3.58 The rules for settlement of buffer stock subsidy claims have been simplified and a new Sub rule 19A has been inserted in the Sugar Development Fund Rules, 1983. The highlights of the new sub rule are as under: -

- (i) The allocated quantity of buffer stock shall be separated and stored in the distinctly identifiable stock within the factory premises.
- (ii) The buffer stock shall be insured covering all the risk as required by the bank.

- (iii) In case of damage or loss of the buffer stock the same shall be replaced with the new stock within thirty days of such damage or loss.
- (iv) In case the sugar mill desires to replace the buffer stock of 2006-07 sugar season with the stock of new sugar season, the same may be done without any break and for such replacement no permission of Chief Director (Sugar) is required. However, a certificate from the concerned Central Excise Authority for such replacement is required to be submitted in Annexure-I of the Form- X along with the claim.
- (v) The sugar mill must avail the additional credit from the bank against the hypothecation of the buffer stock, if there are cane price arrear against the sugar mill at any point of time during the currency of the entire buffer stock period, unless the lending bank with whom the stock of the sugar mill is pledged, has denied to extend the additional credit to the sugar mill.
- (vi) The amount of additional credit received from the bank will be utilized only for the purpose of payment of the cane price including arrears of cane price for the 2006-07 and 2007-08 sugar seasons.
- (vii) Amount of buffer subsidy received shall be utilized for the purpose of payment of the cane price including arrears of cane price for the sugar season 2006-07 and 2007-08 and only when there are no cane price dues against the sugar mill, can be utilized for any other purpose. The utilization of buffer stock subsidy shall be met within one month and sugar factories shall submit utilization certificate within three months from the date of disbursement of the same.
- (viii) The claim for the quarter shall be submitted within the three months from the end of the quarter. If the claim is submitted beyond three months but within 6 months from the end of the quarter, a penalty of 10% of the subsidy amount will be imposed. Claims submitted beyond a period of 6 months will not be admissible.

Simplified New Export Assistance Rules

3.59 The rules for settlement of export assistance claims against sugar exported on or after 19th April, 2008 have been simplified and a new sub-rule 20A has been inserted in the SDF Rules, 1983. The highlights of the new Sub-Rule are as under:-

The Scheme

- A sugar factory is eligible for export incentives from Central Government for exports of domestically manufactured sugar exported on or after 19th April 2007 and upto 18th April 2008.
- The exports made under OGL and not advance license are eligible.
- Exports of white sugar as well as raw sugar are eligible for the incentive.
- The incentive, payable from SDF, will be Rs.1350 per tonne of sugar exported for the mills located in coastal States and Rs. 1450 per tonne for the mills located in non coastal States.
- However, if exports are to neighbouring countries and the exports have been made only by rail/road, without involving

movement by sea/ocean, the payment will be restricted to actual expenditure incurred in the transportation, marketing and handling charges or Rs.1350 or Rs. 1450 per tonne, as applicable, whichever is less.

- No Release Order (RO) is required for the exports since 31.07.2007.
- The incentives are to be used for clearance of cane price arrears, if due. Payments will be made to a separate bank account opened for this purpose.
- Sugar mills are to furnish utilization certificates (UCs) within 3 months from date of payment that the amount has been used for cane price arrears or that there are no arrears.

Submission of claim

- The claim is to be submitted by the factory to the Department of Food and PD, Government of India in Krishi Bhawan, New Delhi. An acknowledgement of receipt would be issued immediately.
- Separate claims should be submitted for each calendar month of export i.e. month-wise claims are to be submitted. Bank account number also to be furnished with the claim.
- The claim should be submitted within 90 days from date of issue of last BRC (bank certificate of export & realization) for the month of claim. Delayed submissions upto 180 days would be considered, but 10% of the payable amount would be deducted for such late submission. Provided that for the payment of claims for exports which have taken place before issue of this notification,

the time limit of 180 days shall be from the date of issue of this notification or date of last BRC for the month of claim, whichever is later.

- The claim is to be submitted in form IX, accompanied with some prescribed documents. Incomplete claims would be registered, but would be processed only on submission of all documents in proper form and all information.

Dispensing with controls over 'Gur' under the Sugarcane (Control) Order, 1966

3.60 Although the sugar industry was delicensed vide Press Note dated 31st August, 1998 and freedom was given to the entrepreneur to set up new sugar factories without requirement of obtaining license from Central Government, the licensing requirement for gur was still continuing. The Government reviewed the matter and decided that there should be no licensing requirement for setting up of gur units within or outside the reserved area of the sugar factory. Accordingly, Clauses 6(1)(e), 7, 8 and 9 of the Sugarcane (Control) Order, 1966 have been amended to dispense with controls on gur under the said order vide Notification dated 31st July, 2007. The main advantages of removing the restrictions on manufacture of gur are as under:-

- This will give an alternate window to sugarcane farmers to dispose of their cane especially in the years of excess production. In shortage years, purchase by gur manufacturers may affect availability of cane to sugar factories. However, gur manufacturers will have to pay higher cane

- price in competition with sugar factories, thereby benefiting farmers.
 - It will give an outlet for disposal of cane in areas where sugar factories have not been set up or the capacities of existing sugar factories are inadequate to crush all cane grown in the area.
 - It will provide employment opportunities in rural areas.
- (iv) To examine aspects such as water, fertilizer and energy usage in sugarcane cultivation and to suggest ways to bring about economies in their usage and to improve farm productivity, recovery of sugar and net income of farmers.
 - (v) To study the existing crushing and refining capacities and recommend their augmentation keeping in view domestic consumption and opportunities for export of sugar.
 - (vi) To examine possibilities such as production of refined sugar/ alcohol/ ethanol directly from sugarcane juice to reduce cost of production and increase production of alcohol/ethanol in years of surplus production.

Constitution of Group of Experts for Development of Sugar Sector

3.61 The Central Government, in August, 2007, has decided to set up a Group of Experts under Chairmanship of Dr. Vijay Kelkar to examine various options available for the growth and development of the sugar economy and to suggest a blue print of the action. The terms of reference of the Expert Group are as follows:-

- (i) to study the present state of the sugar economy of India and to develop short, medium and long-term perspective plans for strengthening it in the context of the emerging national and international scenario and the requirements of the food security of the country.
- (ii) To study the existing regulations and controls over sugar industry and sugarcane farming and to suggest measures for deregulation.
- (iii) To suggest ways and means to optimize the usage of bi-products of sugar industry such as bagasse and molasses in the context of emerging market opportunities, particularly, in cogeneration and energy sector.

3.62 Following the appointment of Dr. Vijay Kelkar as Chairman of the next Finance Commission, Dr. Yeshwant S. Thorat has been appointed as new Chairman. The Group has been requested to give its report by August, 2008. The Group has since started consultations with different stake holders.

LEVY SUGAR PRICE EQUALISATION FUND

3.63 The Levy Sugar Price Equalization Fund Act, 1976 (as amended in 1984) has been enforced from 01.04.1976. During the current financial year 2007-08 (upto 31.12.2007) a sum of Rs. 4.87 crores consisting of Excess Realization (Price) of Rs. 1.19 crores and Rs. 3.68 crores towards interest has been recovered from various sugar mills and the same has been credited to Levy Sugar Price Equalization Fund. This is against a budgeted target of Rs. 5.00 crores fixed for 2007-08. In the

year 06-07 an amount of Rs. 6.38 crores was recovered and remitted to the said Fund.

3.64 Ministry of Consumer Affairs, Food and Public Distribution had approved payment of differential claims on account of re-fixation 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 Organization (APO) and export of levy sugar.

3.65 The allocation, utilization of funds and number of claims settled on account of re-fixation of ex-factory prices of levy sugar for 1974-75 (w.e.f. 12.7.75) to 1979-80 sugar seasons during the financial year 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 (upto 31.12.2007) are given below:-

Year	Sanctioned Budget (in crores)	No. of claims settled	Actual Expenditure (in crores)
2003-2004	30.00	7	1.70
2004-2005	10.00	47	7.66
2005-2006	10.00	22	3.39
2006-2007	10.00	14	2.59
2007-2008 (upto 31.12.2007)	8.00	2	0.15

Payment of internal transport and freight charges, ocean freight and handling & marketing charges on export shipment of sugar

3.66 The Central Government vide its Notifications dated 21.6.2002 and 19.11.2003 decided to defray the expenditure on internal transport and freight charges and payment of neutralization of ocean freight charges and handling and marketing charges respectively to the sugar factories on export shipments 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 shipments of sugar was made effective for exports made with effect from 21.6.2002 and upto exports made till 18.8.2004 in pursuance of release orders issued upto 20.6.2004 with validity of two months.

3.67 The Government has announced new export incentives on export of sugar by sugar mills for exports made on or after 19.4.2007 for one year. The new export incentives cover payment of internal transport and freight charges including ocean freight and handling and marketing charges at a flat rate of Rs. 1350/- per tonne for sugar mills located in coastal States and Rs. 1450/- per tonne for sugar mills located in non-coastal states. The procedural details etc. for new export incentives have been notified on 7th November, 2007 by amending SDF Rules with insertion of rule 20 A therein.

3.68 The allocation and utilization of funds and number of claims settled under (i) re-imbursement of internal transport and freight charges (ii) payment of ocean freight charges and (iii) handling and marketing charges during the financial years

2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 (upto 31.12.2007) are given below:-

Year	Sanctioned Budget (BE)	Internal Transport and freight charges (in crores)		Ocean freight and handling & marketing charges		Total Expenditure (in crores)
		No. of claims settled	Actual Exp. (in crores)	No. of claims settled	Actual Exp. (in crores)	
2003-2004	50.00	418	31.86	---	---	31.86
2004-2005	125.00	392	46.09	---	---	46.09
2005-2006	90.00	44	5.88	270	31.56	37.44
2006-2007	50.00	38	7.94	94	13.02	20.96
2007-2008 (upto 31.12.07)	30.00	15	1.85	44	5.76	7.61*

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

3.69 A software programme has been created to register and acknowledge the claims of sugar mills for export incentives on export of sugar notified recently. The programme is aimed at fixing priority for processing the applications on first-come-first served basis and also facilitating monitoring of disposal of claims with precision. This will also facilitate transparency in processing of the claims and help in generating relevant data relating to receipt and disposal of such claims whenever required.

SUGAR DEVELOPMENT FUND

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

3.71 The Sugar Development Fund Act, 1982, provides that an amount equivalent to the proceeds

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

3.72 During the period from 1982-83 to 2007-08 (upto 30.11.2007) a cess amount of Rs.4685 crores have been collected. Of this, upto 30.11.2007, Rs.4006 crores have been transferred to the Sugar Development Fund.

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

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

(Rs. in Crores)

b)	Making loans for the undertaking of any scheme for development of sugarcane in the area in which any sugar factory is situated.	(i)	Loans to sugar factories for modernization/rehabilitation of plant and machinery, including expansion of crushing capacity	92.55
c)	Making grants for the purpose of carrying out any research project aimed at the promotion and development of any aspect of sugar industry.	(ii)	Loans to sugar factories for sugarcane development.	4.68
d)	Defraying expenditure on internal transport and freight charges on export shipment of sugar.	(iii)	Grant-in-aid to research institutions.	0.28
e)	Making loans to any sugar factory to implement a project of bagasse-based co-generation of power.	(iv)	Loans to sugar factories for bagasse based cogeneration power projects.	107.70
f)	Making loans to a sugar factory for production of anhydrous alcohol or ethanol from alcohol or molasses.	(v)	Loans to sugar factories for production of anhydrous alcohol /ethanol from alcohol or molasses.	3.61
g)	Defraying expenditure for the purpose of building up and maintenance of buffer stock with a view to stabilizing price of sugar.			
h)	Defraying any other expenditure for the purpose of the Act.			

3.77 During the current financial year 2007-08 (upto 31.12.2007), an amount of Rs.129 crores (approx.) have been recovered from various sugar mills from the outstanding recoverable dues of SDF loans.

NATIONAL SUGAR INSTITUTE, KANPUR.

3.74 Sugar Development Fund is an important source of funds for providing loans at concessional rate to sugar factories to modernize and expand their capacity and utilize the by-products like bagasse and molasses to improve revenue generation and their viability.

3.75 SDF Rules have been further amended on 5th December 2007 to provide for restructuring of loans of potentially viable sick sugar undertakings.

3.76 Upto 31.01.2008, the amount disbursed to various sugar mills for various schemes during financial year 2007-08 is as follows: -

3.78 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 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 2007-08 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)	63
2.	Associateship of National Sugar Institute (Sugar Engineering)	13
3.	Diploma in Fermentation & Alcohol Technology	25
4.	Sugar Engineering Certificate Courses	05
5.	Sugar Boiling Certificate Courses	50
6.	Pre-Harvest Cane Maturity Survey Certificate Courses	09
	TOTAL	165

3.79 The Institute undertakes research on the problems of Sugar Industry, Alcohol, and Allied Industry, by products utilization etc. on the basis of finding of research work carried out by the different divisions of the Institute. 04 research papers were published by the different faculty members of the Institute in Indian and International Sugar Journals.

3.80 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, 28 sugar factories have been visited under advisory services and 20 under extension services. The research works done by the various divisions of the Institute from 01.01.2007 to 31.12.2007 are as under:-

BIO-CHEMISTRY DIVISION

(i) Microbial Deterioration of Molasses:-

3.81 Molasses under certain conditions undergoes deterioration and losses in sucrose content

takes place. Sometimes the loss in the total reducing sugar content also for such study the products of secondary metabolism of bacteria has been determined and isolation of mesophilic and thermophilic bacteria has been done. The role of these micro organisms in molasses deterioration is under investigation.

(ii)(a) Bioconversion of Lignocellulosics

3.82 Lignocellulosics are by and large resistance to biodegradation basically due to the presence of lignin which acts as cementing material between cellulose and hemicellulose of plant tissues and hinders any attack by microbes and enzymes. Various pretreatment methods have been investigated to remove lignin from Lignocellulosic wastes including the use of organic solvent the bio-degradability of Lignocellulosic after lignin removal is under process.

(ii)(b) Alcohol Production from Lignocellulosics

3.83 The pre treated Lignocellulosics material has been subjected to hydrolysis by various methods including enzymatic and once satisfactory hydrolysis is achieved the same shall be utilized for the fermentative production of ethanol.

AGRICULTURE CHEMISTRY DIVISION:

3.84 The division undertakes the applied and fundamental research work in the fields as mentioned below:-

- Applied research on sugarcane agriculture to improve its yield and quality.
- Studies on deterioration of sugarcane during post harvest & post maturity periods.

- c) Research on Sugar Chemistry to improve the quality & keeping quality of sugars.
- d) Standardisation of analytical methods for analysis of sugars & sugar house products.

SUGAR TECHNOLOGY DIVISION

3.85 The following research work / projects were undertaken and a few are in progress.

- (i) Coordinated 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 some Gujarat based manufacturer. The effect of the system and the basic principle involved was the object of the study. Team of NSI experts visited both the factories and identified the process parameters. 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/masseccuite reductions in the chemical content etc.
- (ii) In another coordinated research project in collaboration with M/s Jindal Steels Ltd., was carried out to study the corrosion effect on customized material of construction as developed by M/s Jindal Steels Ltd., for Sugar Industry to be used as evaporator pipes. The full scaled trail in factory condition was carried out at Ghatampur Sugar Factory and critical analysis in terms of corrosion parameters were studied and published in STAI Seminar held at Gangtok during May 2007 on corrosion control in Sugar Industry.

- (iii) Presently the filtrate clarification is done by floatation method, involving huge investments plus recurring expenditure. The same is being studied by 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. The work is in progress.
- (iv) Some data are being collected on the study on colour audit under different conditions of pan boiling and detailed data collection will be done during the ensuing season in some of the factories and data compilation shall be done for its publication.

Bureau of Sugar Standards (BSS)

3.86 BSS Section which is under Sugar Technology Division is responsible for preparation for Sugar Standards as a mandatory of all sugar factories to match their sugar production for sale in Indian market.

3.87 It is an on-going process and makes a survey of sugar quality being made in different factories in the season and identifies sugar for making of standards. For this purpose staff is deputed to visit various sugar factories in different regions. The sugar selected from different factories are collected, analysed and graded at BSS.

3.88 During identification of sugar, for this purpose of making sugar standards care is taken to ensure that the prepared sugar standards for different grades of sugar could be achievable by the sugar factories, working in all the region of India.

3.89 The entire BSS work at a glance in terms of

revenue earned is given below in comparison with previous year:-

Sl. No	Particulars	No of Bottles Sold		Revenue Earned (Rs.)	
		2005-06	2006-07	2005-06	2006-07
1.	No. of sugar standard bottles sold to sugar factory @ Rs.140/- per bottle	3203	3202	448420	448280
2.	No. of sugar standard bottles sold to other users @ Rs.140/- per bottle	-	36	-	5040
3.	No. of Empty bottles sold to sugar factory @ Rs.200/- per bottle	238	1128	47600	225600
4.	No. of packing case sold to sugar factory @ Rs.120/- each.	97	88	11640	10560
5.	No. of teak wood boxes sold to sugar factory @Rs.380/- each.	51	54	19380	20520
	Total			527040	710000

ORGANIC CHEMISTRY DIVISION

(i). Determination of phosphate (in organic) in sugarcane juice

3.90 The above research scheme was completed in March-April 2007. Subsequently a paper incorporating this work was communicated to the journal "Indian Sugar" which was published in May 2007 issue.

(ii). Modification of the Above Phosphate Estimation Method

3.91 Attempt to enhance the sensitivity and range of the above phosphate estimation method by employing modified ammonium molybdate reagent was made and several experiments were carried out; the work is in progress.

PHYSICAL CHEMISTRY DIVISION

- To study for the selection of suitable buffer for measuring the colour of sugar in solution phase.
- 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.
- 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.
- Effect of pH on the measurement of colours in solution phase in Sugar.
- Dissociation constant of sucrose which was not expected to dissociate.

CHEMICAL ENGINEERING DIVISION

- a. Newer topics have been introduced by upgrading the syllabus.
- b. Providing tutorial assistance to the students.
- c. Co-ordinate academic work with Guest faculty.
- d. Co-ordinate with library with other divisions of the Institute and I.I.T., Kanpur in preparation of SRS report and software customization.
- e. Preparation of Vision document of Institute, **Vision 2007**.

RESEARCH PAPER PUBLISHED / COMMUNICATED:

1. Evaluation of Various processes for producing superior quality white sugar by S.K. Gupta and Narendra Mohan.
2. Performance of sweet sorghum genotypes in North India by S.K. Gupta, Dr. L. Singh, Dr. S.B. Nazir and Mr. R. Krishna.
3. Sustainable development and manufacturing cost in Sugar Industry presented by Dr. R. P. Shukla & J.P. Srivastav.
4. Spectro-photo-metric estimation of phosphate in cane juice with malachite green by Dr. R.P. Shukla, Dr. S. Bhatt. and Dr. Chitra Yadav.

EXPERIMENTAL SUGAR FACTORY

3.92 In curriculum of various courses of Sugar Technology and Sugar Engineering discipline, there is provision to provide technical Know how to the students in working condition of sugar plant, for this purpose we have a 100 TCD vacuum sugar plant, wherein on-the-job training are being

provided to the students of different courses to acquaint them with the processing of manufacturing of Sugar.

3.93 The Experimental Sugar Factory worked for 32 days during 2006-07; during this period 9213.11 Qtls.of sugarcane has been crushed & 170 Qtls. of white sugar produced.

PARTICIPATION IN SEMINARS & CONFERENCES

3.94 Following Seminar and Conference were attended by the faculty members of the Institute:-

- (i) 68th Annual convention of Sugar Technologists' Association of India at Goa.
- (ii) One day Seminar on Evaluation of various processes for "Production of Superior Quality Sugar" at Gangtok, Sikkim.

PLACEMENT CELL

3.95 The organization like Mawana Group, Triveni Group, Bajaj Group, DSCL Group, Sarvaraya Group, Daya Sugars, Praj Industries are the prime taker of our pass out final year students and they have also given them a package ranging from Rs.1.2 to Rs. 2.2 lakhs per annum.

3.96 Junior Research Fellowship Entrance examination was held on 11.02.2007 and 09 numbers JRF got selected out of which 06 numbers have joined in Physical Chemistry, Organic Chemistry, Agriculture Chemistry Divisions. However, last date for joining for the JRF is 31st January 2008.

PUBLICATION

3.97 Quarterly technical journal "SHARKARA" is being published by the Institute and now a Bi-monthly new magazine "NSI NEWS" is also published regularly.



Air Pollution Control Unit of a Sugar Factory

Chapter-4

Edible Oil



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 are nine principal oilseeds viz. groundnut,

rapeseed/mustard seed, soyabean seed, sunflower seed, sesame seed, nigerseed, safflower seed, castor seed and linseed. The main secondary sources of oils include coconut, cottonseed, rice bran and oilseed cakes. The production of nine principal oilseeds and net availability of edible oils from domestic sources (primary source and secondary source) for the years 2005-06 and 2006-2007 are recorded below:-

(In lakh tonnes)

Name of Oilseeds	2005-2006		2006-2007*	
	Oilseeds	Oils	Oilseeds	Oils
(A) Primary Source				
Groundnut	79.93	18.38	49.09	11.29
Rapeseed/Mustard seed	81.31	25.21	70.97	22.00
Soyabean seed	82.74	13.24	88.57	14.17
Sunflower seed	14.39	04.75	11.78	3.89
Sesame seed	6.41	1.99	5.86	1.82
Nigerseed	1.08	0.32	0.71	0.21
Safflower seed	2.29	0.69	2.24	0.67
Castor seed	9.91	3.96	7.95	3.18
Linseed	1.73	0.52	1.67	0.50
Total	279.79	69.06	238.84	57.73
(B) Secondary Source				
Coconut		4.20		4.50
Cottonseed		5.70		6.30
Rice-bran		6.80		7.00

Oilseed cakes		4.30		3.50
Oilseeds of Tree & Forest Origin		1.30		1.20
Sub-Total		22.30		22.50
Total (A)+(B)		91.36		80.23
(C) Less: Export & Industrial Use		8.20		7.80
(D) Net Domestic Availability of Edible Oils		83.16		72.43

Source :

- (i) In respect of oilseeds: Ministry of Agriculture
- (ii) In respect of oils: Directorate of Vanaspati, Vegetable Oils & Fats
- (iii) In respect of export: Solvent Extractors' Association of India
- (iv) In respect of Industrial Use: Directorate of Vanaspati, Vegetable Oils & Fats
- * 4th Advanced Estimates (Declared on 19.7.2007)

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 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 and Fats (DVVO&F) of the Ministry of Consumer Affairs, Food and Public Distribution is the only specialized organization in the field of Vegetable Oils and Fats and Vanaspati at the Government level (both Central and State). The DVVO&F is staffed with qualified technical people. The DVVO&F assists the Ministry in the

coordinated management of Vegetable Oils, particularly relating to quality control and monitoring of prices. The activities of DVVO&F include regulatory, developmental and advisory functions.

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 from the Headquarters.

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 tested in the laboratory of the DVVO&F for checking conformity with the prescribed quality 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 2006-07, out of the 3207 samples of edible oils and fats analyzed in the laboratory of the DVVO&F, 31 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.

R&D PROGRAMME FOR DEVELOPMENT OF VEGETABLE OILS

4.10 The DVVO&F is presently operating a Plan Scheme on "Research and Development and Modernization of Laboratory of the DVVO&F" during the 11th Five Year Plan. The broad objectives of the R&D Scheme are to coordinate and concentrate research efforts for development of technology for increased production of oils from oil bearing materials as also optimum utilization of these materials. In addition, the scheme is also aimed to equip the laboratory of the DVVO&F introducing modern equipments for testing of oils and fats.

4.11 The approved outlay for the Plan Scheme of the DVVO&F during the 11th Five Year Plan Period (2007-2012) is Rs. 1.00 Crore with annual allocation of Rs. 20 lakhs. Actual expenditure in the year 2006-07 was Rs.17.88 lakhs.

ASSESSMENT OF PRODUCTION AND SUPPLY OF EDIBLE OILS

4.12 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 standard of living of people.

4.13 Figures pertaining to production of principal 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 (Primary Source)	Net availability of edible oils from all domestic sources	Total Availability/ Consumption of edible oils (from domestic and import sources)
2002-2003	148.38	46.64	90.29
2003-2004	251.86	71.40	124.30
2004-2005	243.54	72.47	117.89
2005-2006	279.79	83.16	126.04
2006-2007	238.84	72.43	114.60

Source :

- (i) Production of oilseeds : Ministry of Agriculture.
- (ii) Net availability of edible oils: Directorate of Vanaspati, Vegetable Oils & Fats.
- (ii) Import of edible oils: DGCI&S, Kolkata, Ministry of Commerce & Industry.

PER CAPITA CONSUMPTION OF EDIBLE OILS AND FATS IN THE COUNTRY AS COMPARED TO WORLD PER CAPITA CONSUMPTION OF EDIBLE OILS DURING THE LAST FEW YEARS

4.14 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]

Year	India	World
2002-2003	11.0	19.65
2003-2004	11.1	20.11
2004-2005	11.4	21.08
2005-2006	11.7	22.18
2006-2007 (Estimated)	11.9	23.03

Source: Oil world, 2007

IMPORT POLICY ON EDIBLE OILS

4.15 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.

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

the basket of edible oils under OGL import with revision of import duty structure.

4.17 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 review the duty structure of edible oils from time to time. The custom duty on crude and refined palm oil/palmolein has been reduced to 45% and 52.5% respectively w.e.f. 23.7.2007. The custom duty on crude and refined sunflower oil has been reduced to 40% and 50% respectively w.e.f. 23.7.2007. The custom duty on soybean oil is also reduced to 40% w.e.f. 23.7.2007.

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

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

4.19 The India-Nepal Trade Treaty has been revised on 2nd March, 2002, to safeguard the interest of domestic vanaspati manufacturers. w.e.f. 6.3.2002, a fixed quantity of one lakh MTs of vanaspati was allowed to be imported from Nepal without payment of customs duty, through 6 designated Land Customs Stations. The fixed quota of vanaspati from Nepal was canalized through the Central Warehousing Corporation

(CWC) and State Trading Corporation (STC) w.e.f. 16th May, 2002 and 6th June, 2003 respectively. W.e.f. 23-10-2003, State Trading Corporation has been made the sole agency to make imports of vegetable fats (vanaspati) from Nepal.

4.20 Further w.e.f. 04-10-2004, STC and the associates to be appointed by the STC have been made agencies to import the specified quantity of vegetable oils (Vanaspati) subject to the overall responsibility of STC who will ensure its distribution and monitoring as per Government Policy.

IMPORT OF VANASPATI FROM SRI LANKA UNDER THE INDIA-SRI LANKA FREE TRADE AGREEMENT

4.21 The Government of India and the Government of the Democratic Socialist Republic of Sri Lanka to promote mutually beneficial bilateral trade have contracted for Free Trade Agreement. The Government of India shall grant duty free access to all exports from Sri Lanka in respect of items freely importable into India which include Vanaspati as per the Agreement signed on 28th day of Dec. 1998. Import of Vanaspati including bakery shortening and margarine has been allowed under India-Sri Lanka Free Trade Agreement restricted to 2.5 lakh tonnes per annum as per the arrangement indicated in the Public Notice No.69 dated 21.11.2006 issued by Directorate General of Foreign Trade.

TARIFF VALUE

4.22 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 had been notified and

revised from time to time. As per last revision made vide Notification dated 15-09-2006, the tariff values are as under:-

Name of Oil	Crude Palm Oil	RBD Palm Oil	Other Palm Oil	Crude Palmolein	RBD Palmolein	Others Palmolein	Crude Soya bean Oil
Tariff Value (USD per tonne)	447	476	462	481	484	483	580

PRICES OF EDIBLE OILS

4.23 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. In order to maintain un-interrupted supply of edible oils at affordable prices to the consumers, particularly in the context of domestic shortfall in edible oilseed production and keeping in view the high prices of edible oils, duty structures of edible oils are reviewed from time to time. During the year 2007, the duty on edible oils has been reduced as under.

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

- (a) 70% to 60% and 80% to 67.5% respectively w.e.f 24.1.2007;
- (b) 60% to 50% and 67.5% to 57.5% respectively w.e.f. 13.4.2007; and
- (c) 50% to 45% and 57.5% to 52.5% respectively w.e.f. 23.7.2007.

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

- (a) 75% to 65% and 85% to 75% respectively w.e.f. 24.1.2007;

- (b) 65% to 50% and 75% to 60% respectively w.e.f 1.3.2007; and
- (c) 50% to 40% and 60% to 50% respectively w.e.f. 23.7.2007.

The customs duty on crude and refined soybean oil reduced from 45% to 40% w.e.f. 23.7.2007.

4.24 As a result of recent downward revisions in the import duties, the prices of edible oils have gone up at much lower rate in the domestic market as compared to the international market.

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 FOOD GRADE HEXANE

4.26 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. 09-07-2004.

EXPORT PROMOTION OF EDIBLE OILS, OILSEEDS, MINOR OILS & FATS AND OILCAKES/EXTRACTIONS.

4.27 Exports of oilseeds, minor oils and fats and oilcakes/extractions during the last four years are as under: -

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

Year (April-March)	Oil Seeds		Minor Oils and Fats		Oilcakes/ extractions		Total	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
2003-04	3.85	1287.3	2.62	1096.6	33.71	3065.06	40.18	5449.5
2004-05	3.66	1261.2	2.60	1027.7	27.34	2323.9	33.60	4612.8
2005-06	4.18	1314.5	1.84	635.97	44.57	3563.56	50.59	5213.58
2006-07	5.23	1825.26	1.89	668.96	65.92	5502.97	73.04	7997.19

Source: Solvent Extractors' Association of India

4.28 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.

Chapter-5

Public Sector Undertakings



FOOD CORPORATION OF INDIA

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

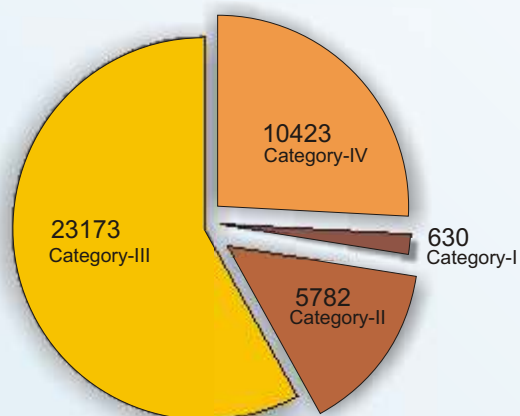
5.3 The Food Corporation of India coordinates its functions through a country-wide network of offices with Headquarters, at New Delhi with 5 Zonal Offices, 23 Regional Offices, one Port Office at Kandla and 166 District Offices under its control.

5.4 The category-wise staff-in-position as on 31-12-2007 in the Corporation is given in the next column:

Category	Staff-in-position
I	630
II	5782
III	23173
IV	10423
Total	40008

STAFF IN POSITION

(As on 31.12.2007)



CAPITAL STRUCTURE

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

(Rs. in crores)

	As on 31.03.2005	As on 31.03.2006	As on 31.03.2007	As on 17.01.2008
Authorized Capital	2500.00	2500.00	2500.00	2500.00
Subscribed Capital	2437.47* (4.86)@	2473.25* (3.34)@	2480.75* (3.60)@	2498.42* (1.65)@

(*) Includes Rs. 54.64 crores as on 31.03.05 and Rs.69.64 crores as on 31.03.06 and Rs.84.13 crores as on 17.1.08 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. The accounts of the Corporation for the year 2004-2005 alongwith report of the C&AG and reply thereto has been laid before both the Houses of Parliament during December, 2005.

5.7 The accounts for the year 2005-06 are under printing.

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

(Fig. in Rs. Crores)

Year	Purchase	Sales	Total
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	34679.55	22976.13	57655.68
2006-2007 (Prov.)	35686.36	18606.94	54293.30

PROCUREMENT

RABI SEASON

Report for the period upto 31.12.2007

5.9 Rabi Marketing Season 2007-08 started from April, 2007 for which Government of India fixed Rs. 750/- per qtl. as Minimum Support Price (MSP) to be paid to the farmers for their FAQ wheat stocks. A bonus of Rs. 100/- per quintal was announced by GOI in addition to MSP. An incentive of Rs. 10/- per qtl. to farmers had been allowed for direct procurement of wheat in FCI depots.

Arrangements were made to procure wheat by FCI as well as State Agencies in advance and support price operations were organized in about 13895 purchase centres. In order to give benefit of MSP to the farmers, wide publicity through Radio, TV, Pamphlets and Banners etc. was given during first week of February, 2007.

5.10 Procurement of wheat during RMS 2007-08 is as under :-

(Fig. in lakh tonnes)

State	Estimates of Procurement	Actual Procurement
Punjab	75	67.81
Haryana	45	33.50
Uttar Pradesh	15	5.46
Bihar	10	0.08
Madhya Pd.	3	0.57
Rajasthan	2	3.83
Uttarakhand	1	0.02
Gujarat	0.5	-
Others*	Neg	0.01
TOTAL :	151.50	111.28

* Includes Chhattisgarh, Himachal Pradesh, J&K, Delhi and Jharkhand.

5.11 As per reports as on 31.12.2007, a quantity of 154.30 lakh MTs has arrived in the market as against 137.01 lakh MTs during RMS 2006-07. Out of total arrivals of 154.30 lakh MTs, a quantity of 111.28 lakh MTs (excluding 4.27 lakh MTs procured by Punjab State Agencies on State Pool account) has been procured by Government Agencies as compared to 92.31 lakh MTs procured during last year.

5.12 The reasons for less procurement than

Department of Food and Public Distribution

estimated procurement of 151.50 lakh MTs during RMS 2007-08 can be attributed to:

(i) Participation of Private Traders :-

Private traders such as Cargil, ITC, Adanis, Reliance etc. have entered the market in a big way and contracted the farmers at their doorsteps to purchase wheat.

(ii) Higher Market Prices:

Market Prices of wheat were much higher than the MSP as the Private traders offered higher prices to the farmers than the MSP.

(iii) Less arrivals in the mandis :

Arrivals of wheat in the market were also less particularly in Punjab and UP.

(iv) Higher estimates:

Higher estimates were made in the State Food Secretaries Meeting held in the Ministry of Food for procurement of wheat during RMS 2007-08.

PADDY PROCUREMENT (KMS) 2007-08:-

5.13 During State Food Secretaries Meeting held on 6.8.2007, an estimated target for procurement was drawn at 276 lakh MTs for KMS 2007-08.

5.14 During Kharif 2007-08, till 31.12.2007, the total procurement of paddy is reported to be at 154.64 lakh tonnes as against 160.03 lakh tonnes procured during the corresponding period last year. The quantum of market arrivals of paddy during the Current Kharif 2007-08 is of the order of 232.13 lakh MTs (Position as on 31.12.2007) as against 245.26 lakh MTs during the entire season last year. FCI/State Agencies have procured

about 103.33 lakh MTs of paddy in Punjab (as on 31.12.2007) as against 105.78 lakh MTs procured during corresponding period last year. Out of this, FCI procured a quantity of 1.45 lakh MTs, including UT Chandigarh, which works out to be about 1.40%.

5.15 In Haryana, till 31.12.2007 FCI/Agencies have procured 17.84 lakh MTs of paddy out of the total arrival of 26.16 lakh MTs as against 20.46 lakh MTs of paddy procured during corresponding period last year. Procurement of paddy by FCI in Haryana is 0.10(0.56%) lakh MTs out of the total procurement of 17.84 lakh MTs.

5.16 It is expected that by the end of the season i.e. 30.9.2008, 250-276 lakh tonnes of paddy will be procured.

RICE PROCUREMENT (up to 31.12.2007)

5.17 The procurement of levy rice by FCI/Agencies for the Central Pool during KMS 2007-08 was 23.61 lakh MTs as against 21.74 lakh MTs during the corresponding period last year.

5.18 The total procurement of Rice (including paddy in terms of rice) during KMS 2007-08 for the Central Pool was 127.23 lakh MTs against 128.96 lakh MTs procured during the corresponding period last year.

COARSEGRAINS

5.19 In the States of Rajasthan, Gujarat, Maharashtra, Karnataka, A.P., Madhya Pradesh and Chhattisgarh, FCI has engaged State Government and its Agencies as sub-agent of FCI to procure coarsegrains to make use of the infrastructure available with the State Agencies.

However, procurement of Coarsegrains as on 31.12.2007 during KMS 2007-08 was only 1.89 lakh MTs.

TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

5.20 The supply of foodgrains under TPDS and other schemes to ultimate users are made by the State/UT Governments and their agencies against the monthly allocations of foodgrains under TPDS and annual allocations under other various schemes made by Government of India. FCI ensures adequate foodgrains stocks at all its base depots throughout the country for TPDS and other welfare schemes at all times.

5.21 The offtake of wheat and rice under TPDS and all other welfare schemes of Government of India during the year 2007-08 (upto December 31, 2007) was as follows:-

(Fig. in million tonnes)/(Provisional)

Name of scheme	Category	2007-2008 (upto 31.12.2007)		
		Wheat	Rice	Total
TPDS	APL	2.12	4.24	6.36
	BPL	3.62	7.46	11.08
	ANTYODAYA	2.40	4.56	6.96
	TOTAL	8.14	16.26	24.40
ALL OTHER * SCHEMES		0.97	2.04	3.01
GRAND TOTAL		9.11	18.30	27.41

5.22 The estimated offtake of wheat and rice for the period January, 2008 to March, 2008 are as under:-

(Figs. in million tonnes)/(Provisional)

Name of scheme	Category	From 1.1.2008 to 31.3.2008		
		Wheat	Rice	Total
TPDS	APL	0.89	1.30	2.19
	BPL	1.26	2.32	3.58
	ANTYODAYA	0.86	1.17	2.03
	TOTAL	3.01	4.79	7.80
ALL OTHER SCHEMES *		0.34	0.61	0.95
GRAND TOTAL		3.35	5.40	8.75

Note: Above figures of TPDS are excluding stocks utilized by the state Government 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, NPAG, Grain Bank, Emergency Feeding Programme, Defence/BSF/CRPF, Bhutan and stocks lifted under DCP schemes etc.

5.23 North Eastern States are the most critical States in respect of maintaining foodgrains stocks due to topographical constraints and natural calamities. The induction of stocks in the North-Eastern States is a perpetual problem which gets acute during the 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, the railways capacity to carry required number of rakes on daily basis for North Eastern States, are also limiting factor.

5.24 The State-wise issues under all the schemes during the year 2007-08 (upto December 31, 2007)

and comparative position of the corresponding period during the year 2006-07 are as under:

(Figs. In lakh tonnes)

States	WHEAT		RICE	
	2006-07 (upto 31.12.06)	2007-08 (upto 31.12.07)	2006-07 (upto 31.12.06)	2007-08 (upto 31.12.07)
Assam	1.76	2.14	11.37	9.58
Arunachal Pradesh	0.05	0.05	0.55	0.44
Tripura	0.16	0.14	1.73	1.73
Manipur	0.06	0.06	0.68	0.75
Nagaland	0.24	0.37	1.00	0.88
Mizoram	0.07	0.08	0.63	0.81
Meghalaya	0.05	0.05	1.04	1.03
Total	2.39	2.89	17.00	15.22

5.25 It may be seen from the table above that during the year 2007-08 (upto December 31, 2007) the total offtake of wheat has increased and that of rice has decreased in the NE as compared to corresponding period of last year.

5.26 The comparative stock position of foodgrains and sugar in the North Eastern Region as on December 31, 2006 and December 31, 2007 is as under:-

(Fig. in lakh tonnes)

As on	Wheat	Rice	Sugar	Total
31.12.2006	0.07	0.86	0.05	0.98
31.12.2007	0.40	0.89	0.16	1.45

5.27 The stocks as on 31.12.2007 of wheat and sugar are more and rice is less as compared to the corresponding period of last year in NE Region. The reasons for low stock of rice may be attributed to shortage of raw rice stocks in the country and slow pace of delivery of rice in Punjab by rice millers in the beginning of current season.

5.28 Offtake of foodgrains in NE Region for the period from April, 2006 to December, 2006 & April, 2007 to December, 2007 is as under :-

(Figs. In lakh tonnes)

Period	Wheat	Rice	Total
April, 2006 to December, 2006	2.39	17.00	19.39
April, 2007 to December, 2007	2.89	15.22	18.11

5.29 Further, the estimated offtake* of foodgrains in respect of NE Region for the balance period of 2007-08 is as under:-

(Figs. In lakh tonnes)

Period	Wheat	Rice	Total
January, 2008	0.39	1.54	1.93
February, 2008	0.41	1.53	1.94
March, 2008	0.41	1.63	2.04

* Estimated offtake based on the average offtake of last three months.



Foodgrains being brought for storage in a CWC Godown

5.30 The total offtake of foodgrains of NE Region for the year 2006-07 and 2007-08 (estimated) may be as under:-

(Fig. In lakh tonnes)

Period	Wheat	Rice	Total
April 06 to March 07 (Actual)	3.43	22.91	26.34
April 07 to March 08 (Estimated)	4.10	19.92	24.02

IMPORT & EXPORT

IMPORT DURING 2006-07

5.31 During the year 2006-07 Government of India decided to import wheat to the tune of 55.00 lakh MTs. Against this, FCI received the stocks on High Seas Sales basis and a quantity of 54.54 lakh MTs of wheat was received at the Indian Ports as per details given below:-

(Fig. in lakh MTs)

	PORT	Qty. arrived during 2006-07	Qty. arrived during 2007-08
1.	CHENNAI	5.75	-
2.	COCHIN	0.75	-
3.	KANDLA	10.91	0.40
4.	MUMBAI	1.04	-
5.	MUNDRA	26.32	0.35
6.	TUTICORIN	1.99	-
7.	VISHAKHAPATNAM	5.96	-
8.	KAKINADA	1.07	-
	TOTAL	53.79	0.75

IMPORT DURING 2007-08

5.32 For the current year i.e. 2007-08, STC Ltd. has executed contracts on 27-07-2007 against 2nd Tender with three suppliers i.e. M/s Cargill International S.A., Geneva, Switzerland (1.30 lakh MTs), M/s Toepfer International Asia Pte. Ltd., Singapore (2.56 lakh MTs) and M/s Rias Trading S.A., Switzerland (1.25 lakh MTs) for supply of 5.11 lakh MTs wheat at the weighted average rate of US \$ 325.59 per MT C&F (FO) basis and the same is scheduled to arrive at

Mundra Port between September to November, 2007.

5.33 The STC has further executed the contracts for import of 7.95 lakh MTs wheat against 3rd Tender at the weighted average rate of US \$ 389.45 per MT scheduled to arrive during October, 2007 to December, 2007 at Mundra, Kandla, Mumbai and Chennai Ports. Further, STC floated tender on 10.12.2007 for import of 3.50 lakh MTs wheat which was opened on 17.12.2007. Nothing has been learnt about its acceptance.

5.34 The Tender-wise details of quantities arrived, discharged etc. upto 31.12.2007 are as under:-

(Fig. in lakh MTs)

TENDER	Contracted Quantity	Quantity arrived	Quantity discharged
IST	1st tender cancelled by the Government		
IIND	5.11	5.10	5.09
IIIRD	7.95	5.02	3.65
Total	13.06	10.12	8.74

5.35 In addition to above, MMTC on behalf of Government of India has finalized the contract for import of wheat to the tune of mean quantity of 3,42,500 MTs at the weighted average price of US \$ 400.19 per MT C&F(FO) basis. The arrival of the entire quantity will be from January, 2008 to 10th February, 2008. PEC has also finalized the contract for import of 1,50,000 MTs wheat on 05.12.2007, on behalf of Government of India at weighted average price of US\$ 396.9 per MT C&F(FO) basis and arrival schedule is between January, 2008 to February, 2008.

EXPORT

5.36 There has been no Export/sale of wheat/rice, for export purposes, during year 2007-08 (upto 31.12.2007).

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

5.37 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 Tonnes of Wheat to Afghanistan by Government of India, as on 31.12.2007:-

(Fig. in lakh MTs)

YEAR	QUANTITY
2002-03	0.15
2003-04	0.40
2004-05	1.18
2005-06	0.75
2006-07	0.09
2007-08	-
TOTAL	2.57

5.38 Apart from above, 14,989.932 MTs of wheat was lifted by WFP for supply of 3,331 MTs 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. For this quantity i.e. 14,989.932 MTs, an amount of Rs. 15,32,42,074.00 has already been received from Ministry of External Affairs on account of cost of wheat supplied to WFP.

FOODGRAIN STORAGE & GENERAL WAREHOUSING

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

(Fig. in lakh MTs)

Owned	Hired	Total	Owned	Hired	Total
As on 31.3.2003			AS ON 31.3.2004		
128.18	137.70	265.88	128.15	108.50	236.65
As on 31.3.2005			AS ON 31.3.2006		
129.09	104.61	233.70	129.31	99.05	228.36
As on 31.03.2007			AS ON 31.12.2007		
129.41	93.42	222.83	129.48	87.93	217.41

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

(Fig. in lakh MTs)

Year	Owned	Hired	Total
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	22.92	6.32	29.24
2007-2008 (As on 31.12.07)	22.55	4.13	26.68

5.41 State-wise storage capacity available with FCI in different States in the country as on 31st December, 2007 is as under:-

(Fig. in lakh MTs)

Sl. No.	Name of the State/UT	Storage capacity (Covered & CAP)
1.	Bihar	5.30
2.	Jharkhand	1.18
3.	Orissa	5.78
4.	West Bengal	10.00
5.	Sikkim	0.11
6.	Assam	2.58

Sl. No.	Name of the State/UT	Storage capacity (Covered & CAP)
7.	Arunachal Pradesh	0.18
8.	Meghalaya	0.30
9.	Mizoram	0.18
10.	Manipur	0.23
11.	Nagaland	0.20
12.	Tripura	0.40
13.	Delhi	3.70
14.	Haryana	21.98
15.	Himachal Pradesh	0.25
16.	J & K	1.27
17.	Punjab	63.35
18.	Chandigarh	1.08
19.	Rajasthan	9.09
20.	U. P.	24.97
21.	Uttarakhand	1.43
22.	Andhra Pradesh	33.72
23.	Kerala	5.33
24.	Karnataka	5.81
25.	Tamil Nadu	7.32
26.	Pondicherry	0.53
27.	Gujarat	5.61
28.	Maharashtra	15.86
29.	Goa	0.15
30.	Madhya Pradesh	5.51
31.	Chhattisgarh	10.69
	TOTAL	244.09

5.42 During XIth Five Year Plan (2007-2012), FCI is expected to create additional storage capacity of about 4.00 lakh tonnes, subject to approval of plan scheme by the Government.



Storage of Industrial Goods in Vasi Warehouse, Navi Mumbai

Department of Food and Public Distribution

During Annual Plan 2007-08, FCI proposes to construct additional capacity as under:

(Fig. in lakh MTs)

Year	Target	Achievement
2007-08	0.25	0.15 (upto Dec.,2007)

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

(Fig. in Lakh MT)

Agency		Year	
		2000-01	2001-02
FCI		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	0.21	0.20

QUALITY CONTROL

5.44 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 network of 195 laboratories throughout the country. Many of the laboratories

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

5.45 Senior QC officers undertake frequent visits to the procurement and storage points to inspect the quality of foodgrains 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 these found responsible for procurement of stocks beyond the specifications and standard. Senior QC officers are deployed to oversee procurement of wheat, paddy and rice.

PRESERVATION

5.46 To preserve the foodgrains in good & sound condition is an important activity of QC wing of the Corporation. Stocks of foodgrains in FCI are stored in godowns built on scientific lines. Storage in open under CAP (cover and plinth) for wheat and paddy is resorted to only when there is crunch of covered storage space.

5.47 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.

5.48 The stocks of foodgrains strictly conforming

to the uniform specifications of Government of India and within PFA standards are issued to the State Governments by adopting joint sampling system scrupulously.

5.49 The stocks position as on 31.12.2007 is as under:-

CENTRAL POOL STOCKS

(Fig. in Lakh tonnes)

	Rice *	Wheat	Total
Total All India	114.75	77.12	191.87

*Includes paddy in terms of rice also.

5.50 Total quantity of foodgrains treated (stocks with FCI)

(Fig. in lakh tonnes)

Year	Prophylactic Treatment	Curative Treatment
2003-2004	1016.65	276.40
2004-2005	959.55	276.93
2005-2006	789.72	255.80
2006-2007	1031.95	302.65
2007-2008 (upto Dec.07)	724.19	330.88

SLIDING DOWN OF STOCKS (WHEAT & RICE)

5.51 Sliding down of wheat & rice stocks during the year 2007-2008 up to Dec., 2007 was as under:-

(Fig. in Lakh Tonnes)

1	Higher to lower category	0.01*
2.	To feed category	0.07

*fig. rectified by W.Bengal

NON-ISSUABLE FOODGRAINS AND ITS DISPOSAL

5.52 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.'

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

5.54 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 Manager (Regions) are vested with full powers for disposal of non-issuable foodgrains.

5.55 A quantity of 0.57 lakh MTs [including replacement of rice (2004-05) in Punjab Region] was disposed off during April, 2007 to December, 2007. A quantity of 1.17 lakh MTs of non-issuable foodgrains was lying in various Regions/Zones in the country as on 31-12-2007 out of which 10.12 lakh MTs is covered by Tender/Auction.

TRANSPORT OF FOODGRAINS

5.56 The provisional figures of overall loading,

clearance ex-North and induction of foodgrains in Assam/NEF, J&K, HP and Southern States and movement of imported wheat and sugar from April, 2007 to December, 2007 are as under: -

(Fig. in lakh tonnes)
(Provisional)

MONTH	2007-08			2007-08			2007-08			2007-08		
	OVERALL MOVEMENT			OVERALL MOVEMENT			MOVEMENT EX.NORTH			MOVEMENT EX.NORTH		
	Rail	Road	Total	Inter	Intra	Total	Rail	Road	Total	Inter	Intra	Total
April, 07 to Nov., 07 (including Imp. Wheat) (Actual)*	149.59	14.49	164.08	148.29	15.78	164.07	100.18	11.61	111.79	110.82	0.97	111.79
Dec., 07 (Provisional)	24.32	2.22	26.54	19.92	3.52	23.44	15.31	2.22	17.53	17.04	0.49	17.53
Jan.08 to March,08 (Anticipated)	68.15	7.32	75.47	73.79	4.78	78.57	43.95	3.52	47.47	47.35	0.12	47.47
Total	242.06	24.03	266.09	242.00	24.08	266.08	159.44	17.35	176.79	175.21	1.58	176.79

* Approximately based upon the average of movement figures from April, 07 to December, 07, present trend of movement ex-North/other sources and incoming import.

OVERALL MOVEMENT 2006-07

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

(Fig.in lakh tonnes)

MONTH	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 Dec.,06	193.09	11.89	204.98	187.68	17.29	204.98	121.59	10.84	127.93	131.25	1.18	132.43
Jan.,07 to March,07	76.33	6.59	82.92	74.98	7.95	82.92	39.56	4.69	48.75	43.80	0.45	44.25
Total:	269.42	18.48	287.90	262.66	25.24	287.90	161.15	15.53	176.68	175.05	1.63	176.68

5.58 Induction of foodgrains & sugar in NE States, J&K, HP & Southern States was as under:-

(Figures in lakh tonnes)

To	Induction of Foodgrains 2007-08			Induction of Foodgrains 2006-07			
	April, 2007 To Dec., 2007	April, 2006 To Dec., 2006	Total	Inter	Intra	Total	Variation %age
Assam/NEF	21.39	-	21.39	21.79	-	21.79	(-)0.18
J&K	6.80	-	6.80	5.77	-	5.77	(+)15.14
H.P.	3.54	-	3.54	2.89	-	2.89	(+)18.36
Southern States	43.98	10.75	54.73	50.10	6.87	56.97	(-)0.40
Total				80.55	6.87	87.42	

(Figures in lakh tonnes)

	Movement of Sugar April, 2007 To November, 2007			Movement of Sugar April, 2006 To November, 2007			
	Inter	Intra	Total	Inter	Intra	Total	%age
Indigenous	1.46	-	1.46	1.59	-	1.59	(-)0.08
Total	1.46	-	1.46	1.59	-	1.59	

5.59 Inter state movement of foodgrains is likely to decrease by approx.8.2% during 2007-08 as against the previous year. The movement will mainly decrease due to less import of wheat vis-à-vis last year.

5.60 During 2006-07, about 74.23 lakh tonnes of foodgrain were moved to Southern States against 90.25 lakh tonnes during 2005-06. The movement to Southern States has further decreased during April, 2007 to December, 2007 and about 54.73 lakh tonnes of foodgrains was moved to Southern States against 56.97 lakh tonnes during the corresponding period last year.

MOVEMENT PLANNING FROM JANUARY, 2008 TO MARCH 2008.

Month	Ind. & Imp Foodgrains	Sugar	Total
Jan,08	28.94	0.25	29.19
Feb,08	23.50	0.25	23.75
March,08	23.03	0.25	23.28
TOTAL	75.47	0.75	76.22

5.61 Position of movement w.e.f. April, 2007 to December, 2007 is given on next page.

(Fig. in lakh tonnes)

		Foodgrain	Sugar	Total
1.	April, 2007	22.70	0.09	22.79
2.	May, 2007	21.38	0.23	21.61
3.	June, 2007	24.28	0.17	24.45
4.	July, 2007	18.58	0.04	18.62
5.	August, 2007	21.29	0.18	21.47
6.	September, 2007	21.06	0.15	21.21
7.	October, 2007	17.15	0.15	17.30
8.	November, 2007	17.63	0.20	17.83
9.	December 2007	26.54	0.25	26.79

VIGILANCE & SECURITY

5.62 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.

5.63 As on 1st April, 2007, 1870 vigilance cases under Major/Minor disciplinary proceedings were pending in the Food Corporation of India. 1893 fresh vigilance cases were added and 2381 vigilance cases were disposed off during the period from 1st April, 2007 to 30th December, 2007 leaving a balance of 1382 vigilance cases at the end of December 31, 2007.

5.64 In order to minimize the storage and transit losses and to ensure the quality of foodgrains, special squads in FCI conducted 2268 surprise checks and 4263 regular checks during the period 1st April, 2007 to 31st December, 2007.

5.65 Special attention is also being paid in areas, which are more prone to corruption. During the period 1st April, 2007 to 31st December, 2007 penalties were imposed in 2019 vigilance cases.

5.66 Security of FCI's men and material is managed through its own Watch & Ward, as well as outsourcing through Ex-Servicemen, Security Guards, Home Guards, 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.

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

5.68 Physical measures like installation of barbed wires 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.

5.69 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 and pilferage. 909 inspections at various levels were conducted upto December 31, 2007. Training programmes are organized from time to time to train the field and office staff with latest techniques about Security Management.

5.70 The Security Division at HQs 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 were issued. During Trade Union activities viz. Agitation, Dharnas and Rallies etc. proper liaison is maintained with local police and adequate Security Arrangements were made for safety of the personnel and property of the Corporation.

5.71 A Civil Defence Plan has been evolved and the FSDs/Godowns have been categorized viz A, B and C for taking adequate measures to protect men, material and foodgrains of FCI keeping in view the prevailing law and order situation in the country and in particular during war/emergencies, flood/riots etc. Assistance of local administration is obtained to tighten the security of the godowns/offices.

PLANNING AND RESEARCH

5.72 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

5.73 Special emphasis has been given to enhance the storage capacity in the NE States and also other newly emergent rice procurement States during the current year. Action has been taken for identification of new sites for construction of godowns in Tripura, Nagaland, Manipur, Sikkim, Orissa, West Bengal, Jharkhand, HP, Bihar, Chhattisgarh, and J&K. FCI has entrusted the work at Bualpui (Mizoram), to CWC and the same has been completed during November, 2007. For the three centres in Assam Region where augmentation work has been taken up by FCI, the work at Senchowa (Assam) and Chaulkhowa (Assam) has been completed and at Badarpurghat (Assam), a capacity of 3340 MTs has also been completed during December, 2007 and the balance capacity is likely to be completed during January, 2008.

5.74 The details of Target / Achievement made by the FCI during last three years are as under:-

Financial: Rs. / Crores
Physical: Lakh Tonnes

Year	Target				Achievements			
	Procurement of Foodgrains	Storage Construction Programme			Procurement of Foodgrains	Storage Construction Programme		
		Genl	NE	Total		Genl	NE	Total
2005-06								
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
2006-07								
Financial		3.00	4.50	7.50		2.67	4.76	7.43
Physical		-	0.21	0.21		0.09	0.12	0.21
2007-08								
Financial		9.65	8.75	18.40		1.57	1.81	3.38*
Physical		0.05	0.20	0.25		0.05	0.10	.15**

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

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** Position as on 31.12.2007.

Note: The annual plan for the year 2007-08 was formulated for an amount of Rs. 18.40 crores (Rs.8.75 crores for NE and Rs.9.65 crores other than NE) and the allocation for the same has been made by the Ministry.

5.75 Further it is estimated that an amount of Rs.1.60 crores (Rs.1 crore in NE Region, Rs.0.45 crore in J&K Region and Rs.0.15 crore in South Zone) may be incurred and also a capacity of 1670 MTs at Badarpurghat shall be realized during January to March 2008.

PUBLIC RELATIONS

5.76 Public Relations Division continues with its endeavour of Corporation's Image building amongst the general public, opinion leaders through various Public Relations tools on day-to-day basis.

5.77 This Division has been monitoring newspapers daily 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 newspapers reporting has not been in consonance with National Food Policy thus negating the misconception about FCI.

5.78 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 organized in different regions.

5.79 To educate and create awareness amongst the farmers and rural audiences about the benefit of support price operations, the message is conveyed through print and electronic media as well as documentary film.

5.80 Public Relations Division has also been maintaining a Library having a collection of more than 15000 English and Hindi books on different subjects for gainful use by officers and staff on updation of the knowledge.

HUMAN RESOURCE DEVELOPMENT

TRAINING ACTIVITIES OF FCI

5.81 The Food Corporation of India has its own Training Institute, i.e. 'The Institute of Food Security' (IFS) in Gurgaon (Haryana). The Institute imparts training to officers and staff in various disciplines relevant to FCI's operations. The disciplines in which training is imparted primarily relate to Depot Management, Quality Control, Industrial Relations, Administration, Computer, Vigilance and other Management Development Programmes. IFS also impart both classroom teaching and on the job training to newly recruited Management Trainees (MTs.) in the rank of Manager. During the current financial year, IFS has organized 33 Training Programmes up to December, 2007, which were attended by 879 officers and staff. In addition, induction training was imparted to 139 officers and staff.

5.82 Officers of FCI are also nominated for various specialised programmes in professional institutes of repute viz. Indian Institute of Public Administration, National Institute of Financial Management, Indian Institute of Foreign Trade, Asia Pacific Institute of Management, ICWAI, ISTM, ASSOCHAM, SCOPE, FORE, IPA, CHTI etc. During the year, 203 officers were nominated for specialized programmes. These Programmes included diverse subjects such as Right to Information Act (RTI), Lead Auditors Programme

for ISO Certification, Finance and Accounts, Import and Export Procedures, Functioning of Commodity Markets, Presentation and Communication Skills etc. In furtherance of human resource development, 10 middle and senior level management officers have been deputed for various training programmes, workshops, seminars and study tours abroad, so as to keep pace with the changing environment in view of globalization and the present liberalization policy of GOI. In addition, training programmes are being held in various Zones in respect of Cat.III officials in Depot Management and Quality Control and 594 officials have so far been trained.

5.83 For implementation of Financial Accounting Package under computerization of FCI's financial operations, 14 officers have been given training in ORACLE, Financial ERP Applications and 200 officials are to be given training in the financial accounting package in 2007-08.

5.84 FCI has also started specialized training programmes in computers under which 194 officers

have so far been trained in MS Computer Automation.

5.85 In addition to that Executive Director (Zones) have conducted I.T. programmes for their Officers/officials during the period January, 2007 to December, 2007 which is given as under:

Name of Zone	Cat.I	Cat.II	Cat.III
East	05	74	196
West	30	34	46
North	18	143	748
South	10	217	967
North East	35	60	274
G.Total :	98	528	2231

SCs / STs EMPLOYEES IN FCI.

5.86 Statement showing the representation of SCs/STs in services of FCI as on 31.12.2007.

Category of Posts	Total No. of Employees	No. of Employees	
		SCs	STs
Category-I	630	111	56
Category-II	5782	1026	399
Category-III	23173	5242	1566
Category-IV	10423	3408	930
Category-IV (Safaiwala)		94	1
Total	40008	9881	2952

**INTEGRATED INFORMATION SYSTEM FOR
FOODGRAINS MANAGEMENT (IISFM).**

5.87 The Integrated Information System for Foodgrains Management (IISFM) is a plan scheme under Xth Five Year Plan approved by Ministry of CAF & PD. The Project aims at putting an online Management Information System in place to give the information about Foodgrains Management in FCI at any point of time.

5.88 Initially incorporated with the main objective of Foodgrain 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).

5.89 The project has been awarded to National Informatics Centre (NIC) New Delhi on a turnkey basis. A tripartite agreement has been entered into between FCI, NIC and National Informatic Centre Services Inc. (NICSi) for implementation of the project.

5.90 The National Informatics Centre Services Inc. (NICSi) is responsible for procurement/supply of the hardware for the project, while the application software packages have been developed by NIC, which is also responsible for implementation of Project at various locations by FCI/DCP States. NIC certifies cost competence.

5.91 Hardware has so far been installed at FCI Headquarters, 5 Zonal Offices, 23 Regional Offices and 166 District Offices. Out of 891 Depots till 01.05.2007, hardware has also been installed at 877 Depots/Locations as per the IISFM Website.

5.92 District Stock Accounting Module is fully functional at all 166 District Offices and MIS reports are available on fortnightly basis at www.iisfm.nic.in. Output report from all FCI Districts is available on fortnightly/monthly basis giving information about closing balance. FCI stock balance sheet and schemewise offtake. Depot Module Software version 2.2.2 (modified) has been released in all the depots of 102 FCI Districts identified by Executive Directors (Zone). At present, data of more than 450 'Parent Depots' and 180 'Attached Depots' of 127 FCI Districts is available on IISFM Website. Consolidation of depot level data into district level reports is under development/testing by FCI/NIC jointly.

5.93 Districts have been instructed to check and verify these reports vis-à-vis fortnightly DISFM reports. Reports are being finetuned for consolidated District-wise position for use in decision making by Operating Divisions and higher Management. Master Updation and User Feedback Management System is being developed for round the clock online support mechanism for IISFM Software.

5.94 A Virtual Private Network (VPN) is being established to connect 196 locations through BSNL out of them 188 are already functional. 697 owned/hired depots have been provided with the computers out of total 1393 depots owned/hired by FCI including 225 open owned depots of FCI (total depots position as on 30.06.2007). Approximately, 180 more depots are being identified by regions for supply of H/W and S/W. The remaining depots are intended to be linked to the depots provided with computers to provide an online information.

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

5.96 Computerization of State Agencies' of Major procuring / distributing States was initiated to cover 9 States namely Punjab, Haryana, UP, MP, Chhattisgarh, AP, Karnataka, Tamil Nadu, Orissa. FCI has signed MOU from all the States except Punjab for covering nearly 1000 locations. NIC has completed System Study for UP, AP and Chhattisgarh and preliminary study for Orissa, Haryana, Punjab, Tamil Nadu and MP. Hardware supplies have already been executed for UP, Orissa & Chhattisgarh. Foodgrain Procurement Software and State Warehousing Storage Application Software have been developed for Uttar Pradesh.

5.97 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 has been completed.

5.98 A tender for "Procuring a Software Solution, its customization and implementation covering Financial Accounting, Cash Management, Budgeting & Costing, Pay Roll processing including incentive calculation and CPF Trust Accounting" was awarded to M/s TCS Ltd. on 24.11.2006.

5.99 AS IS Process analysis document has been approved by FCI Process owners. TO BE Process analysis document has been submitted by TCS Ltd. for review by the process owners of FCI. As per the revised project plan submitted by M/s TCS Ltd., the major milestones would be achieved as under :

Milestone	End date
Conference Room Pilot I	12th Oct., 2007 (completed on 27.10.2007)

Conference Room Pilot II	22nd Feb., 2008
Deploy Solution	15th May, 2008
Roll out at all locations	15th Oct., 2008

SPORTS ACTIVITIES & NOTABLE ACHIEVEMENTS OF SPORTS PERSONS OF THE CORPORATION DURING THE YEAR 2007-08 (upto December, 31st, 2007).

5.100 Event-wise performance achieved by sportspersons of the Food Corporation of India from 01-04-2007 to 31.12.2007 is as under:-

OVERALL CHAMPIONSHIP TROPHY OF PUBLIC SECTOR BOARD

FOOTBALL

5.101 Food Corporation of India won the RUNNERS-UP Trophy in the All India Public Sector Football Tournament organized by the Food Corporation of India at Gangtok (Sikkim) from 15th to 20th November, 2007.

5.102 FCI Football Team won the Championship Trophy in the A Division of Indian Football Association League played at Kolkata during 2006-07 and promoted to prestigious Super Division league being played at Kolkata.

5.103 Sports Promotion Board organized 37th All India FCI Inter-Zonal Football Tournament at Bhubaneshwar from 2nd to 6th November, 2007. FCI East Zone won the Championship and North Zone was Runners-Up.

CRICKET

5.104 FCI Cricket Team won the Runners-up Trophy in the All India B.L.Saha Memorial 7 aside

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Cricket Tournament held at Nainital during May, 2007.

5.105 FCI Cricket Team won the Winners Trophy in the DDCA Super League held at New Delhi during June, 2007.

POWERLIFTING

5.106 Smt. C.R.Bhatt, participated in the National Bench Press Championship held at Palampur (H.P.) from 1.4.07 to 3.4.07. She participated in the +90 Kg. category and got Bronze Medal.

BADMINTON

5.107 Shri Davinder Dhillon, FCI Badminton player represented Delhi State Badminton Team as captain of the team in the North-Zone Inter-State Badminton Championship held at Delhi in the month of Sept., 2007. Delhi Badminton team lost in the final to Punjab in the Men's Team championship.

WEIGHTLIFTING

5.108 Shri S. Aruldas (Stipend holder) has won the BRONZE medal in snatch event (Weight Cat, 69 kg.) in the 60th Senior National Weightlifting Championship held at Bhubaneshwar from 19th to 23rd Dec., 2007.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY OF GOVERNMENT

5.109 The Corporation continued its efforts to increase the use of official language 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, 2007.

5.110 During the financial year, the Committee of Parliament on Official Language conducted inspection in six offices (Regional Office Bangalore, Chennai, Ranchi, Distt. Office Udaipur, Jammu & Ludhiana) 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 official language Hindi. A number of Hindi Workshops have been organized in various offices to train the officials to do official work in Hindi. During the financial year, a good 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.

MARKET BORROWING

5.111 The Corporation is enjoying a Cash Credit facility upto Rs.33100 crores and further enhanced to Rs. 34495 crores w.e.f. 07.05.2007 to 31.03.2008 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, 9.35% w.e.f. 01.01.2007, 9.95% w.e.f. 20.02.2007 and 10.65% w.e.f. 17.04.2007.

ISSUE OF BONDS

5.112 The Corporation has raised funds through issue of bonds to the tune of Rs.8604.90 crores as per the details given in next page:-

Series	Amount retained (Rs. Crores)	Date of Allotment	Tenure	Coupon Rate	Bonds Allotted (Rs. Crores)
I.	1,000.00	28-Feb-05	5 years	7.10	758.50
			7 years	7.20	58.20
			10 years	7.30	183.30
			Total:		1000.00
II.	3,023.50	31-March-05	5 years	7.09	2341.80
			7 years	7.15	71.50
			10 years	7.27	610.20
			Total:		3023.50
III.	976.5	10-Jun-05	5 years	7.18	976.50
IV	3,604.9	16-Dec-05	5 years	7.28	483.90
			10 years	7.58	3,121.00
				Total	3,604.90
				Grand Total:	8,604.90

5.113 With the issue of Bonds for Rs. 5000 crores under Phase-I & for Rs. 3604.90 crores under phase II, the Corporation has mobilized 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

5.114 With the objective to bring about substantial and sustainable efficiency/improvement in the functioning of FCI, the Government had engaged the Consultant, M/s McKinsey & Co. to conduct a detailed study of operations of FCI. The Consultants commenced the study on the 3rd of January, 2005. The Report on the 1st Stage Study submitted by the Consultants was accepted by the Steering Committee, constituted by the Ministry, in its meeting held on 28th July, 2005.

5.115 The major improvement initiatives

suggested by M/s McKinsey & Co. broadly encompass financial restructuring through multi-tiered debt structure to reduce the interest burden, network optimization by linear programming of rail movement and consolidation of Handling and Transport Contracts, changes in use and sourcing pattern of gunny bags, cost reduction by direct procurement of foodgrains and exclusion of intermediaries, exploring avenues for revenue generation by optimum utilization of all existing assets like godowns, and more cost effective and efficient utilization of human resource through rationalization, automation and better Performance Management System.

5.116 Vide Agreement dated 28th 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, inter-alia, include recommendations for enlarging the scope of operations of FCI in the backdrop of rapid changes being witnessed in the food and agricultural economy in India, as well as in the world. The Consultants were also asked to make a quick diagnosis and offer recommendations on the right organizational structure, changes in current performance culture, including a comprehensive set of recommendations on the personnel policy, redesign of key business processes like budgeting and accounting, business process outsourcing including decentralization, performance appraisal system, vigilance administration for ensuring transparency & accountability, processing, stocking, movement and logistics. The 2nd stage study report of the Consultants was accepted by the Steering Committee headed by Secretary (F&PD) in the meeting held on 6th August, 2007.

5.117 Many of the recommendations given by the Consultants and accepted by the Steering Committee are under various stages of implementation. Some of the recommendations are being further adapted and fine-tuned for implementation. The status of implementation is being apprised to the Board of Directors, FCI as well as to the Steering Committee headed by Secretary (F&PD) in the Ministry of CA, F&PD. The status is also furnished to the PMO as a part of implementation report on Thrust Areas.

5.118 During the discussions in the Steering Committee under the Chairmanship of Secretary (Food & PD), some additional recommendations emerged such as increase in procurement by FCI in States like UP, West Bengal, Orissa, MP, Bihar etc. Other suggestions agreed in Steering Committee meeting are as under :

- i) Proposal of FCI for procurement in UP through Katcha Artiyas.
- ii) Building capacity and expertise within FCI for Creation of 'Price Monitoring Cell'.
- iii) Increased utilization of IT enabled services in procurement.
- iv) Electronic clearance for payment of procurement prices, warehousing, stocks, depots etc.
- v) Renting out excess storage capacity to big Corporates/MNCs.
- vi) Strict quality control regime and monitoring of quality even after transfer of stocks to the State Agencies and PDS Shops.
- vii) Allowing autonomy to FCI for recruitment.
- viii) Engagement of a Commodity Consultant, if necessary.
- ix) Submission of clear procurement programme by FCI, indicating price at which definite quantity can be procured, state-wise.

5.119 In furtherance to implementation of various recommendations of the Consultants, a Programme Implementation Office (PIO) has been set up in FCI. Progress of implementation of various recommendations is being reviewed and monitored in the weekly EDs' meeting of C&MD, FCI apart from being reviewed by the Board of Directors, FCI and the Ministry.

CENTRAL WAREHOUSING CORPORATION

5.120 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.

5.121 The functions of the CWC are as under:-

- To acquire and build godowns and warehouses at such suitable places in India or abroad as it thinks fit.
- To run warehouses for the storage of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities offered by individuals cooperative societies and other institutions.
- To arrange facilities for transport of agricultural produce, seed, manures, fertilizers, agricultural implements and notified commodities to and from warehouses.
- To subscribe to the share capital of a State Warehousing Corporation.
- To act as an agent of the Government for the purposes of purchase, sale, storage and distribution of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities.
- To enter into, with the previous approval of 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;
- The Corporation may, at its discretion and at the request of the parties concerned, undertake disinfestations 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, fertilizers, 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 Cooperative 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, fertilizers, agricultural implements, notified commodities, bonded cargo, air cargo, containerized cargo 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 to undertake any other activities considered incidental to its functions.
- To carry out such other functions as may be prescribed.

**AMENDMENT OF WAREHOUSING
CORPORATIONS ACT, 1962**

5.122 A Notification amending the Warehousing Corporations Act, 1962 has come into force with effect from 15th 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 Nationalized Banks.

5.123 Central Warehousing Corporation has paid a dividend of Rs.18.33 Crores for the year 2006-2007 which is 27% of the paid-up capital.

5.124 CWC is a Schedule 'B' Mini Ratna Public Sector Undertaking.

CAPITAL STRUCTURE

5.125 The authorized 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 2006-07. The capital structure of CWC is indicated below:-

(Rs. in Lakhs)

S.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.	Recognized Associations dealing in agricultural produce	0.71
7.	Companies dealing in agricultural produce etc.	0.05
	Total	6,802.10

GROWTH IN STORAGE CAPACITY

5.126 The warehousing capacity operated by CWC has increased significantly over the past five years. Details since 31.3.2000 are given below:

(Fig. In lakh MTs)

As on	Owned	Hired#	Total
31.03.2000	54.47	20.32	74.79
31.03.2001	56.12	27.79	83.91
31.03.2002	58.89	30.28	89.17
31.03.2003	63.53	27.61	91.14
31.03.2004	65.46	28.70	94.16
31.03.2005	66.57	35.29	101.86
31.03.2006	66.61	33.77	100.38
31.03.2007	67.00	35.20	102.20
31.12.2007	81.20	16.98	98.18

Inclusive of plinths/open construction.

Details of storage capacity

Total No. of Warehouses	495
Capacity as on 31.12.2007	98.18 Lakh MTs
No. of Bonded Warehouses	82
Capacity as on 30.09.2007	5.22 Lakh MTs
No. of CFS/ICDs	33
Capacity as on 30.09.2007	9.92 Lakh MTs
Temperature Controlled Warehouses	3
Capacity	2266 MTs

CAPACITY UTILIZATION

5.127 The Warehousing Capacity, its utilization and percentage of utilization for the last five years (average) are given in the following table.



A View of Container Train operations.



Pest control operation by CWC staff

(Figures in lakh MTs)

Year	Owned/Covered		% of Utils.	Hired/Covered*		% of Utils.	Total		% of Utils.
	Capacity	Utilization		Capacity	Utilization		Capacity	Utilization	
2000-01	55.36	48.52	88	23.62	18.52	78	78.98	67.04	85
2001-02	57.16	48.32	85	29.39	23.32	79	86.55	71.64	83
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	66.88	49.74	74	35.82	29.75	83	102.70	79.49	77
2007-08 (April- Dec, 07)	67.25	48.65	72	32.39	24.70	76	99.64	73.35	74

*Includes open construction/plinths.

TURNOVER, PROFIT AND DIVIDEND

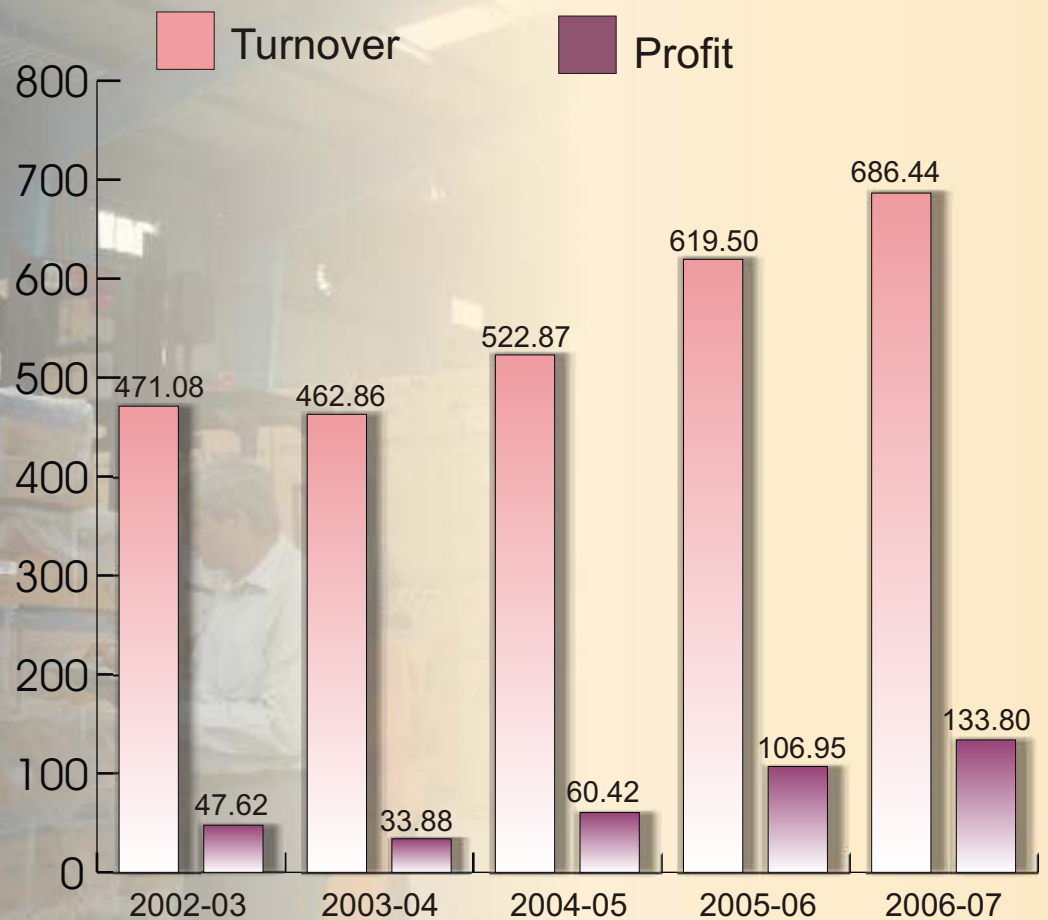
5.128 The Corporation has been making profits and paying dividends consistently.

(Rs. in Crores)

Year	Turnover	Net Profit (Pretax)	Dividend Paid To		
			Central Govt.	Others	TOTAL
1998-1999	255.64	41.50	4.49	3.67	8.16
1999-2000	276.34	48.30	4.49	3.67	8.16
2000-2001	339.86	73.33	7.49	6.11	13.60
2001-2002	379.94	90.72	7.49	6.11	13.60
2002-2003	471.08	47.62	4.12	3.36	7.48
2003-2004	462.86	33.88	2.25	1.84	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
2006-2007	686.44	133.80	10.10	8.23	18.33

TURNOVER & NET PROFIT OF CENTRAL WAREHOUSING CORPORATION

(Figures In Crores)





Hon'ble Minister for Agriculture, Consumer Affairs, Food and Public Distribution, Shri Sharad Pawar, receiving the dividend cheque of Rs.10.10 crores for the year 2006-2007 from the Managing Director, Central Warehousing Corporation.

Department of Food and Public Distribution

FORMATION OF A SUBSIDIARY COMPANY FOR DEVELOPMENT OF RAILSIDE WAREHOUSING COMPLEXES/ MULTIMODE LOGISTICS HUB, BY CENTRAL WAREHOUSING CORPORATION.

5.129 A subsidiary company, the Central Railside Warehouse Corporation has been constituted under the Public Private Partnership mode on 10.07.2007. The CRWC has entered into a Memorandum of Understanding (MoU) with the Ministry of Railways for developing Railside Warehouses Complexes at 22 locations throughout the country. The Railways have agreed to lease out land for 30 years at these locations, where necessary infrastructure shall be set up by CWC at its own cost, in return for 5% of gross revenue. The new company has been incorporated and has commenced business with effect from 24th July, 2007.

THE HINDUSTAN VEGETABLE OILS CORPORATION LIMITED (HVOC)

5.130 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 nationalized 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 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 authorized capital is Rs.10.00 crores and paid up capital is Rs.7.71 crores.

5.131 HVOC has seven units at Delhi, Mumbai, Chennai, Kolkata, Bangalore, Amritsar and Kanpur for production of Vanaspati and refining/packaging of edible oil 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 Kolkata 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.

5.132 HVOC had been incurring losses since 1991-92, due to which it was referred to the Disinvestment Commission in March 1997 for advice. The Commission recommended that HVOC should be classified as a non-core Sector and the company's operations in Vanaspati and packaging of refined oils be discontinued with immediate effect. The company was referred to the BIFR, which declared it a sick industrial company

under SICA in 1999. Due to the continual dismal financial performance of HVOC and in the light of the recommendations of the Disinvestment Commission the Government of India decided that it did not consider it feasible to attempt revival/rehabilitation of the company. The 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

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

Product	Unit of Measurement	Installed capacity	2004-05	2005-06	2006-07	2007-08 upto Dec.07
a. Break-fast Foods	MT	900	493	425	400	254
b. Ready to eat Foods (For Social welfare Programs)	MT	1200	-	-	-	-

5.134 Due to the consequent depletion of staff strength to inoperable levels on account of the VSS, the company has reported that delays have taken place in finalization of annual accounts and

that they have finalized the accounts for the year 2003-2004 and got it audited by CAG. The financial results (provisional) of the company for the last two years and current year are as follows:

(Rupees in Crores)

Particulars	2005-06	2006-07	2007-08 upto Dec. 07
Turnover	3	3	1.60
Losses (Cumulative)	248	268	282

5.135 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

Department of Food and Public Distribution

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.

5.136 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. Next date of its hearing is 10.05.2008.

5.137 During its hearing in the Company Petition No.49/2002, held on 28-9-2006, the Hon'ble High Court of Delhi has permitted the Government of

India to appoint a senior and responsible officer to work as Liquidator. The liquidation of the company will take place exclusive of Breakfast Foods Unit of HVOC. Accordingly Shri B.S. Mahapatra, Chief General Manager, Food Corporation of India has been appointed as an officer to work as liquidator.

5.138 As regards BFF Unit the Hon'ble Court directed that the possibility of its hiving off from the company and its running or otherwise be explored. Accordingly, a proposal for running the unit in the joint venture is under consideration of the Board for Reconstruction of Public Sector Enterprises (BRPSE).

Chapter-6

Miscellaneous



REDRESSAL OF PUBLIC AND STAFF GRIEVANCES

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

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

<http://fcamin.nic.in>

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

6.2 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.

6.3 The information and Facilitation Counter at Gate No. 6 of the Krishi Bhavan provides information to Public on various activities of the department such as Public Distribution System, Welfare Schemes, Import of Foodgrains, Sugar Prices, Subsidies and Storage etc.

WOMEN EMPOWERMENT

6.4 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.

6.5 Based on the guidelines issued by 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.

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

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

WELFARE OF SCHEDULED CASTES/ SCHEDULED TRIBES

6.8 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.

6.9 The total number of Government Servants vis-a vis the number of persons belonging to the Scheduled Castes, Scheduled Tribes, Other Backward Classes, Physically Handicapped and Ex-Servicemen amongst them employed in the Department of Food & Public Distribution, including its attached and subordinate offices as on 01.01.2008 are given below :-

Groups	Total No. of employees	SC	ST	OBC	No. of Physically Handicapped				Ex-service-men
					VH	HH	OH	Total	
GR A	123	18	8	3	0	0	0	0	0
GR B	333	51	9	3	0	0	2	2	0
GR C	487	88	27	48	2	1	10	13	6
GR D	443	131	31	52	9	9	6	24	9
GR D (Safaiwale)	25	23	2	0	0	0	0	0	0
TOTAL	1411	311	77	106	11	10	18	39	15

DEVELOPMENT OF STs

6.10 Under Village Grain Bank Scheme, from 2007-08, separate budget sub-heads have been opened for the benefit of Scheduled Tribes. The annual plan allocation for the scheme for 2007-08 is Rs.16.90 crores, out of which outlay earmarked for NE region is Rs.1.69 crores (10%). 50% of the allocation for NE region viz. Rs.0.845 crore has been earmarked for the benefit of STs, and 10% of the allocation of Rs.15.21 crores (the remaining allocation for areas other than NE region) viz. Rs.1.521 crores, has been provided for the exclusive benefit of STs. Thus the total amount

provided for the benefit of STs under the scheme is Rs.0.845 crore + Rs.1.521 crores = Rs.2.366 crores. Any Village Grain Bank having more than 50% of members as STs will qualify for financial assistance from budget allocation for exclusive benefit of STs in NE and in areas other than NE region.

6.11 During 2007-08, it is proposed to set up 2476 Village Grain Banks. The tentative outlay for the 11th Five Year Plan is Rs.87 crores for setting up of 12,636 Grain Banks.

6.12 The EFC Memo for the Village Grain Bank Scheme for the 11th Five Year Plan has been

approved by EFC. After approval of competent authority, the scheme will be implemented. The likely expenditure (RE) during 2007-08 is Rs.17.45 crores. The Annual Plan Outlay (BE) for 2008-09 for this scheme is Rs. 17 crores.

NORTH EASTERN REGION

Development of NE Region

6.13 Under 'Construction of godowns by FCI/State Government of NE Region/J&K', equity released to FCI for projects for creation of storage capacity in NE Region during 2006-07 was Rs.4.50 crores. In addition, Rs.3.43 crore was released to Government of Assam. The expenditure incurred for construction of godowns for creating storage capacity in NE region by FCI in 2006-07 was as under:-

S. No.	Projects with storage capacity (MTs)	Expenditure during 2006-07 (Rs. in lakhs)
1	Senchowa/Assam/1,670	30.24
2	Badarpurghat/Assam/5,000	39.89
3	Chaulkhowa/Assam/4,170	46.37
4	Lawngtlei/Mizoram/3,340	56.29
5	Chandarpur/Tripura/5,000	87.24
6	Bualpui/Mizoram/5,000	111.14
7	Jiribam/Manipur/2,500	46.57
8	Hailakandi/Assam/5,000	42.85
9	Weighbridges	15.70
	Total	476.29

6.14 Further, a capacity of 11,680 MTs (Chandarpur/Tripura 5,000 MTs, Senchowa/Assam 1,670 MTs, Lawngtlei/Mizoram, 3,340 MTs

and Chaulkhowa/Assam 1,670 MTs) was realised in NE Region during 2006-07.

6.15 The budget provision for the scheme during 2007-08 is Rs.20.40 crores which includes provision of Rs.18.40 crores for release of equity to FCI (including Rs.8.75 crores for construction of godowns by FCI in NE region) including Rs. 2.00 crores for grants-in-aid to be released to State Governments of NE region (including Rs.1.50 crores for grants-in-aid to State Governments and Rs.0.50 crore for grants-in-aid to Government of J&K) for construction of godowns. The EFC Memo for the 11th Five Year Plan is yet to be approved by EFC. The likely expenditure (RE) during 2007-08 is Rs.6 crores including expenditure for NE region.

6.16 The Annual Plan Outlay (BE) for 2008-09 for the Scheme 'Constructions of Godowns by FCI/ State Governments' is Rs. 20 crores out of which Rs. 5 crores is earmarked for release of equity to FCI for construction of godowns in North Eastern Region and Rs. 4 crores for grants-in-aid to State Governments in North Eastern Region (total of Rs.9 crores for NE Region).

6.17 Under Integrated Information System for Foodgrains Management (IISFM) scheme, project expenditure in respect of North-East Region during 2006-07 was as under: -

1. Hardware/SW cost at three North Eastern Depot locations = Rs.6 lakhs (approx)
2. Virtual Private Network = Rs.10 lakhs
3. Video Conferencing = Rs.1.36 lakhs (approx)
4. Financial Accounting = Rs.59 lakhs (approx)

Total estimated expenditure = Rs.76.36 lakhs (approx) or say Rs.76 lakhs.

6.18 The budget provision for IISFM during 2007-08 is Rs.25 crores. The likely expenditure (RE) during 2007-08 is Rs.25 crores.

6.19 Under Village Grain Bank (VGB) Scheme, funds are provided to safeguard against starvation during the period of natural calamity or during lean seasons. The VGBs are set up in food scarce areas like drought prone areas, the hot and cold desert areas, tribal areas and the inaccessible hilly areas. Release of grants-in-aid to States/UTs in NE region during 2006-07 was as under: -

State/UT	No. of VGBs	Amount released (in Rs.)
Assam	100	63,64,800
Sikkim	80	50,91,840
Nagaland	150	95,47,200
Manipur	93	59,19,264
Total	423	2,69,23,104

NOTE ON THE CWC ACTIVITIES IN NORTH-EASTERN REGION

6.20 CWC started functioning in the North East Region in early sixties and is having a capacity of 1.02 lakh MTs with occupancy of 77% as on 31.12.2007. The Centre-wise/State-wise capacity being operated by the CWC in the North Eastern Region is detailed in next column:-

ASSAM	
Amingaon	20000 MTs
Dhubri	10100 MTs
Guwahati	8600 MTs
Jorhat-I	10500 MTs
Jorhat-II	5000 MTs
Sorbhog	10000 MTs
Total	64200MTs
NAGALAND	
Dimapur	13000 MTs
TRIPURA	
Agartala	19250 MTs
Agartala C.S.	4750 MTs
Total	24000 MTs
Grand Total:	101200 MTs

6.21 During the last three years, there was no construction in the North Eastern Region except at Amingaon (Guwahati). The land being a constraint, the 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

6.22 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 North East Region.

6.23 The performance of IGMRI, Jorhat during 2007-2008 (upto 31st December, 2007) is as follows:-

S. No.	Item/Activity	2007-2008	
		Annual Targets	Achievements (upto 31.02.07)
1.	Long Term/Short Term Training Courses	3	2
2.	Artisan Training Course	2	1
3.	Analysis of foodgrain samples for physical quality parameters (No. of samples)	200	170
4.	Monitoring of foodgrains samples for mycotoxin contamination	30	26
5.	Monitoring of foodgrain samples for pesticide contamination	40	34

SAVE GRAIN CAMPAIGN

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

6.25 The performance of SGC Guwahati during 2007-2008 (upto 31st December, 2007) is given below: -

S. No.	Activity	2007-2008	
		Targets	Achievements (upto 31.02.07)
1.	Training Courses for farmers	92	57
2.	Villages covered	65	49
3.	Film /Slide shows	92	60
4.	Exhibitions arranged/ participated	65	55
5.	Construction/improvement of non-metallic storage structures	1200	643

QUALITY CONTROL CELL

6.26 During the year 2007-2008 (upto 31st December, 2007) as many as 3 Food Storage Depots, 15 Fair Price Shops and 4 Rail Heads in NE Region were inspected by Quality Control Cell, Kolkata.

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 of 2007-2008, multipronged efforts were made to increase use of Hindi in official work. For this purpose, workshops were held, in which 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. Training was also given for 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 Kochi on 21.09.2007 in which the progress made in the progressive use of Hindi in the Ministry was reviewed and various measures were considered to encourage the use of Hindi 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 also 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 Till January 2008, the Committee of Parliament on Official Language inspected 11 offices of FCI, CWC and Directorate of Sugar to review the progressive use of Hindi during 2007-2008.

6.29 To review the progressive use of Hindi 51 offices of Food Corporation of India and Central Warehousing Corporation etc. were inspected by the officers of Hindi Division of this Department up to January 2008.

6.30 Hindi Fortnight was also organized from 3rd September 2007 to 17th September 2007 and on this occasion various Hindi competitions were organized and cash prizes and books written in Hindi were distributed to the officers/staffs with a view to create awareness and accelerate the use of Hindi in the Department.

6.31 Stenographers were nominated for Hindi stenography. At present all officers/staffs in the Department possess working knowledge of Hindi.

6.32 To encourage the officers/staff of the Department to do their maximum work in Hindi a Running Shield Scheme has been introduced for its various sections. Similarly, Shield/ Trophy Scheme has also been introduced for the offices working under this Department.

6.33 The Department was awarded 3rd 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 2005-06. These prizes were distributed by the Honorable Home Minister Shri Shivraj Patil on 14-09-07 on the occasion of Hindi Day in a function held at Siri Fort Auditorium.

TRAINING OF OFFICERS OF THE DEPARTMENT

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

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

6.36 The details of the officials of this Department who attended various training programmes during last two years are as under:-

No. of Officers/officials	2006-07	2007-08 (upto 31.12.2007)
Gazetted	60	33+3=36*
Non-Gazetted	34	11

* Three more gazetted officers are projected to complete their respective training programme during January-March, 2008.

APPLICATION OF SOFTWARE DEVELOPED AND IMPLEMENTED

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

I. MIS APPLICATIONS FOR THE DEPARTMENT

- 1) **Integrated Information System for Foodgrains Management:** The districtwise foodgrains stocks information updated by FCI on fortnightly basis with Regionwise and Zonewise consolidations is made available through Internet. Necessary hardware and software has been supplied to 700 depots, all the 167 district offices, 23 Regional offices, 5 Zonal offices and Head office. FCI depots are being computerized and depotwise stock position with transaction details are being captured through a customized software developed for FCI. The project is also extended to cover the state warehouses of de-centralised procuring States and agencies of major procuring States.
- 2) **Monthly Bulletin on Foodgrains:** Foodgrain 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 centralized. Data entry into the software can be done from the concerned section. Sectionwise 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.

- 3) **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. Agencywise and statewide daily procured foodgrain details are entered daily. Agencywise and state-wise daily reports are generated in comparison with the same day of the previous year. Reports are sent to all concerned.

- 4) **Sugar export subsidy claim information system:** Webbased software has been developed to monitor the transport subsidy claimed by the sugar factories in export of sugar. This software provides claims registration, claim process status, claim movement, pending status, claim sanction and various kinds of reports. Queries and reports are being accessed by the Secretary (Food & PD) and JS (Sugar & SA).

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 Secretary (Food and PD), JS (Sugar & SA), 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 monthwise 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:** Weekly production data from all sugar factories are collected and entered and various production reports like weekly production, progressive production factorywise, comparison with previous years data on similar parameters etc. are generated for the sugar stocks management. In order to get the weekly sugar production data directly through Internet, implementation of a web-based software is being done. Using this software sugar factory can send the data electronically through internet from their factory itself. The Directorate of Sugar shall be able to access Statewise/plantwise consolidated reports.
- 4) **Sugar Release Order:** The provisional production data of sugar from 15th to 15th 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 website monthly.
- 5) **Sugar Buffer subsidy claim information system:** An intranet webbased application

has been developed and implemented to monitor the subsidy claimed by the sugar factories on their buffer sugar stock. This software facilitates to register the sugar factory claim, movement of the claim process, sanction process and sanction release. The software is being used by the Costing Cell of Directorate of Sugar and reports on number of applications received, acknowledgement generation, status of application processing and status of sanctions factory-wise etc. can be accessed by Secretary (F&PD), JS (Sugar & SA), Chief Director (Sugar) and Director (Cost).

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 a number of officials of the Department.
- 2) **Payroll Software:** The payroll software for the Department of Food and Public Distribution and Directorate of Sugar has been implemented. The ECS software is linked to payroll information and employee's salary is credited to different branches of different banks through Reserve Bank of India.
- 3) **Personnel Information System:** A webbased 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.
- 4) **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.
 - 5) **'E-Granthalaya' the Library Management System:** Webbased comprehensive software to manage the library activities are implemented. This software maintains a database of all the books and journals in the Department Library. This software supports various searches, queries, availability status, pending status and information about new books and journals.
 - 6) **Court cases monitoring system:** A webbased software is implemented to monitor the court cases of the Department of Food and Public Distribution and Directorate of sugar. This software provides alert reports, contempt cases, decided/closed cases, pending cases, starred cases, advocate address and summary reports.
 - 7) **Parliament Matters management system:** A web based software developed and implemented for maintaining the various parliament related matters like Parliament Questions - Answers, Assurances, Urgent matters etc. User can search any matter related to the Parliament and various administrative level reports are generated through the software.
 - 8) **RTI Request and Appeal Management Information System:** A web based software developed by NIC is installed in the central server to track the RTI requests and appeals. The reports which are required to be submitted to Central information Commission is generated through this software. Necessary training has been provided to the officials of the Department
 - 9) **PGRMS:** An internet web based software is implemented and the necessary training to officers and staff is provided. This public grievance system provides data retrieval and report generation. This is used by the Public Grievance Cell of the Department.
 - 10) **CMS:** CMS authorised user client have been operationalised to upload data on website of the Department through individual authorized clients from their desktops.
 - 11) **The Help Desk** activities have been continued during the current financial year in connection with the computerizations and development of software packages. Also anti-virus/patch management was done for each of the PC nodes connected through LAN in the Department.

INTERNATIONAL COOPERATION

6.38 India is a member of the International Grains Council. A sum of Rs. 13 lakhs has been provided in the BE 2007-2008 for meeting the expenditure on contribution to International Grains

Council. The entire amount of Rs.13.00 lakh has been paid during 2007-08 to IGC Secretariat towards India's membership contribution for the crop year 2007-08.

INTERNATIONAL GRAINS COUNCIL

6.39 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 1st July 1995. IGC have two types of members-Importing Members and Exporting Members. India has been included in the category of Exporting members in July, 2003 and is represented in the meetings/sessions of the Council held from time to time. The Department of Food & P.D. has represented India in the meetings of the Market Conditions Committee (MCC) of IGC held in London on 17th September, 2007 and 26th Council Session of International Grains Council (IGC), IGC Conference, 2007 & Food Aid Committee (FAC) meetings held on 4-7th December, 2007.

WORLD FOOD PROGRAMME

6.40 Government of India is allocating food-grains at BPL rates to the beneficiaries belonging to

BPL category under the development Schemes administered by International Organisations like World Food Programme. For the financial year 2007-2008, an allocation of 70000 MTs of wheat and 15000 MT of Rice has been made at BPL rates to World Food Programme for their developmental schemes in the country for the various projects supported/assisted in the States of Orissa, Jharkhand, Madhya Pradesh, Chhatisgarh, Uttarakhand, Uttar Pradesh, Gujarat, and Rajasthan.

SAARC FOOD BANK

6.41 An Agreement to establish a SAARC Food Security Reserve Board 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 had prepared a concept paper on the establishment of SAARC Food Security Bank. In pursuant to the decision taken in the 14th SAARC Summit held in New Delhi on April 3-4, 2007, the Heads of State or Government have signed the Intergovernmental Agreement on establishing the SAARC Food Bank with the participation of all the SAARC countries. The Food Bank will supplement national efforts to provide food security to the people of the region. The agreement on establishing the SAARC Food Bank has since been ratified by the President of India on 17th April, 2007. As per agreement, India's assessed share of Food Grains for the SAARC Food Bank is 1,53,200 MTs out of total share of 2,41,580 MTs of the reserve. Once the SAARC Secretariat receives all the instruments of ratification from the Member States, the Secretary General would issue a notification and the Agreement would come into force.

**FOOD AND AGRICULTURAL ORGANISATION
(FAO)**

6.42 FAO is one of the largest specialized agency in the UN System founded in 1945 with a mandate to raise levels of nutrition and standard of living to improve agricultural productivity and to better the conditions of rural population. The Committee on World Food Security (CFS) serves as a forum in the United Nations System for review and follow-up of policies concerning world food security, including food production and physical and economic access to food. India is a member to both FAO and CFS. Committee on World Food Security (CFS) monitors the progress on implementation of the WFS Plan of Action. 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. The FIVIMS study in these States has since been completed.

6.43 FIVIMS is essentially a database involving network of information and mapping system, which 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 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 in the formulation of set of voluntary guidelines for enforcement of the right to adequate Food to address the issue of Food Security.

6.44 An Agreement on Project titled “Support for the Preparation of a Regional Programme for Food Security” has been signed between the Director General of FAO and the Secretary General of SAARC on 9th March, 2007. As agreed in the project document, a Regional Technical Working Group (RTWG) and National Technical Working Group (NTWG) have been formed. Joint Secretary (IC) in the Department of Food & P.D. would represent India as a member of the RTWG and the National Technical Working Group (India) has been constituted under the leadership of Dr. R.B. Singh. The NTWG is to prepare a Country Position Paper on Regional Food Security Strategy and Programmes.

6.45 The NTWG (India) has since prepared a draft Country Position Paper (CPP) on India entitled “Food Security in India and Perspective of the Country on Regional Strategy and Programmes for food Security.” The Country Position Paper (CPP) was presented by Dr. Bhagwan Sahai, Joint Secretary and Member, RTWG (India) and Dr. R.B. Singh, Head NTWG (India) in the 2nd Regional Conference Organised by FAO in Colombo Sri Lanka during 27-29 February, 2008.

INTEGRATED FINANCE DIVISION

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

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

6.47 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 scrutinize 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 scrutinize proposals for re-delegation of powers to subordinate authorities;
- (viii) to keep himself closely associated with the formulation of schemes and important expenditure proposals from 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 utilization 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 proposal to be referred to Finance Ministry for concurrence/comments;
- (xvi) to ensure regular and timely submission to the Finance Ministry of the prescribed statements, reports and returns;
- (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**

6.48 The Right to Information Act, 2005 came into force w.e.f. 12th October, 2005. In order to promote transparency and accountability in the working of every public authority, the Act provides for setting out a practical regime for citizens to secure access to information under the control of public authorities. As a first step towards implementation of the Act, six Training / familiarization 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 centralized RTI Management Information System was held in August 2006 and August, 2007.

6.49 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-VII** and also hosted on the website.

6.50 The Department has also complied with the provisions in the Act for publication of information relating to the Organization by public authorities within the prescribed time frame 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 and are being updated regularly. Similarly, information in respect of Food Corporation of India (FCI), Central Warehousing Corporation (CWC), Directorate of Sugar and Directorate of Vanaspati, Vegetable Oil and Fats (VVOF) may be seen at <http://fciweb.nic.in/RTI/Index.htm>, www.fieo.com/cwc/ and http://fcamin.nic.in/right_to_information_act.htm respectively.

6.51 Forty-one requests were received under RTI Act, 2005 during the year 2005-06 (from October 2005 to March 2006) and 140 requests were received during the period from 1st April 2006 to 31st March, 2007. All these requests were disposed off within the prescribed time limit. From 1st April, 2007 to 31st December, 2007, 125 requests have been received out of which 104 requests have been disposed off as on 31st December, 2007.

6.52 Under the RTI Act, 2005, the Public Authorities are required to provide as much information as possible suo motu to the Public. Towards this end, the Department has refurbished its website to make it more citizen-centric (G2C and G2B) and further review has been undertaken. It is also being ensured that the contents available on the website are regularly updated through Content Management Software to make information management more meaningful. Five utility softwares relating to G-2-G interface are also being operationalised in the Department on intranet.

6.53 For pro-active disclosure of information under RTI Act, 2005 and to monitor the disposal of

RTI requests on line, a web based Centralized RTI Management Information System (RTIMIS) has been developed by NIC, DOPT in consultation with Central Information Commission (CIC). Pro-active disclosure of all Annual Maintenance Contracts, contracts, civil works, foreign visits, computer hardware, resource based and allocation, Monthly Expenditure Plan (MEP) with progressive expenditure details on month-wise basis etc. are being regularly updated. The system is designed to monitor the disposal of RTI requests on line. Accordingly, entry of all requests received in the Department under RTI Act, 2005 are being made through the RTIMIS software. Updation of status has been made online as desired under Sec.25, RTI Act, 2005, by the CIC.

SUMMARY OF AUDIT OBSERVATION

6.54 A summary of important audit observations on the Department, included in the C&AG's Reports of 2007 (Commercial) and action taken by the Department thereon are given below: -

CENTRAL WAREHOUSING CORPORATION

1. AUDIT OBSERVATION

Non-utilisation of land purchased for construction of godowns, container freight stations and inland container depots resulted in blocking of funds of Rs.8.57 crores with consequential loss of interest of Rs.2.19 crores upto March 2006.

(Para 7.1.1 of Report No. 11 of 2007 - Commercial)

Action taken by the Department

Action Taken Note has been sent to Office of C&AG on 8th January, 2008 for vetting.

FOOD CORPORATION OF INDIA

2. AUDIT OBSERVATION

Food Corporation of India hired godowns under the Seven Year Guarantee Scheme and incurred extra expenditure of Rs.348.61 crores due to hiring of godowns from State Warehousing Corporations at the higher rates payable to Central Warehousing Corporation. The storage space acquired was also not properly utilised resulting in payment of rent amounting to Rs.287.90 crores for idle/surplus capacity for the period February 2002 to March 2006.

(Para 7.2.1 of Report No. 11 of 2007 - Commercial)

Action taken by the Department

Action Taken Note sent to C&AG on 20th November, 2007. Vetting remarks of C&AG received on 28.01.2008 and are being sent to FCI for comments.

3. AUDIT OBSERVATION

While fixing final rates for Custom Milled Rice, transportation charges were allowed to rice millers without considering the element of transportation charges paid alongwith provisional rates resulting in excess payment of Rs.406.21 crores to State Governments and their agencies during 1998-99 to 2002-03.

(Para 7.2.2 of Report No. 11 of 2007 - Commercial)

Action taken by the Department

Comments on the para have been sought from Food Corporation of India (FCI) on 18th June, 2007 which are still awaited.

Department of Food and Public Distribution

4. AUDIT OBSERVATION

Transportation charges though inadmissible were allowed to rice millers for delivery of levy rice within eight kilometers resulting in avoidable payment of Rs.160.39 crores during 1999-2000 to 2002-03.

(Para 7.2.3 of Report No. 11 of 2007 - Commercial)

Action taken by the Department

Comments and further clarifications were sought from FCI. On receipt of information from FCI the ATN is under preparation in the Department.

5. AUDIT OBSERVATION

Admittance of inflated transportation bills in respect of Hill Transport Subsidy resulted in excess payment of transportation charges amounting to Rs.67.40 crores.

(Para 7.2.4 of Report No. 11 of 2007 - Commercial)

Action taken by the Department

Action Taken Note was sent to C&AG on 5th July, 2007. Vetting remarks received from the Office of C&AG on 3rd October, 2007 were sent to FCI. Reply received from FCI is being sent to C&AG for re-vetting.

6. AUDIT OBSERVATION

Release of stock on credit in contravention of Government of India instructions and non-recovery of outstanding dues from State Government of J&K resulted in excess interest liability of Rs.48.53 crores.

(Para 7.2.5 of Report No. 11 of 2007 - Commercial)

Action taken by the Department

Para has been sent to FCI on 13th June, 2007 for comments which are still awaited.

7. AUDIT OBSERVATION

Excess issue of foodgrains under mid-day-meal scheme due to failure in adhering to the directions of the Government of India resulted in subsidy burden of Rs.18.06 crores.

(Para 7.2.6 of Report No. 11 of 2007 - Commercial)

Action taken by the Department

Comments of FCI and Ministry of Human Resource Development (M/o HRD) were sought. Comments of FCI have been received. Last reminder sent to M/o HRD on 30th January, 2008.

8. AUDIT OBSERVATION

Re-booking of rakes at New Bongaigaon resulted in avoidable expenditure of Rs.3.73 crores.

(Para 7.2.7 of Report No. 11 of 2007 - Commercial)

Action taken by the Department

Action Taken Note has been sent to Office of C&AG on 31st December, 2007 for vetting.

DEPARTMENTALISED PAYMENT AND ACCOUNTING ORGANISATION

ORGANISATIONAL SET UP

6.55 The Organization functions under overall cadre control of the Controller General of Accounts,

Ministry of Finance, Department of Expenditure in respect of Gr. "A" & "B" officers. The Secretary of Department of Food and Public Distribution is the Chief Accounting Authority who discharges his duties through and with the help of AS & FA and Chief Controller Accounts of the Department of Food & Public Distribution.

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

JOB FUNCTIONS:

6.57 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 PAO's, 2 CDDO & 40 Non-CDDO's in the Ministry of Consumer Affairs, Food and Public Distribution. The Non-CDDO's present their claims/bills to the accredited PAO's who issue cheques after scrutiny of the bills. The CDDO's are authorised to

make payments for salaries and contingent claims after observing the relevant checks. The CDDO issues cheques on the basis of Letter of Credit (LOC) issued in their favour by the concerned PAO's to the accredited bank branches.

- (ii) Issuance of Pension Payment Orders (PPO) in respect of retiring Government servants and payment of retirement benefits
- (iii) Supervision & Monitoring of Utilization Certificates.
- (iv) Maintenance of Loans and Grants in Aid to State Govt/PSU/Autonomous Bodies
- (v) Submission of information under FRBM Act-2003
- (vi) Technical Advices to Ministry/Department/ PSU/Autonomous Bodies
- (vii) Review of Expenditure under Modified Cash Management System
- (viii) The Internal Audit Unit is responsible for conducting the Inspection and internal audit of office of all the DDOs and other auditable units of the Departments of the Ministry. Recently "Value of Money Audit" i.e. performance and it is also being taken up by internal audit wing of the Ministry. During 2007 CGA has desired that 'Risk based Audit' of schemes may be conducted and the same has been initiated by the Internal Audit Wing.

6.58 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 day-to-day

administration. The annual accounts represent a fairly accurate view of the financial stewardship of the Government during the year. The Principal Accounts Office compiles the monthly accounts submitted to it by the various PAOs through another software called "CONTACT". The consolidated account of the Ministry is sent to the Ministry of Finance, Controller General of Accounts for further consolidation of accounts of the Union of India. Several reports are generated by using 'CONTACT'

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

- (i) It is at the lowest level of accounting and it provides information to the higher levels of accounting system for further processing.
- (ii) It covers all the major accounting and payment functions i.e. Pre Check, Budget, Compilation, GPF and Pension.
- (iii) It aims at generation of Monthly Consolidated Accounts data in the electronic format for incorporation of the Principal Accounts Offices in the CONTACT Software database.
- (iv) It 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.

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

6.61 The Internal Audit is managed by three Audit Parties, two at Kolkata and one at Headquarters New Delhi under the overall control of Chief Controller of Account. The Internal Audit helps the decision maker in management of records, implementation of various financial & accounting manuals, pointing out financial irregularities & procedural lapses.

6.62 During the financial year 2006-07, 56 units came under the preview of Audit. All the units were audited during 2006-07. During 2006-07 12 Grants-in-Aid Institutions were identified as to be covered under audit, out of which audit of 11 Institutions were conducted.

6.63 A number of paras raised by audit resulted in recovery of over payments of Rs.10,00,258/-, non recoveries of Govt. dues from various Auditees/Authorities/ Institutions to the tune of Rs. 7,10,57,97,963/- and infractions/irregular expenditure of Rs. 54,57,351/-. Suggestions were also made by Internal Audit Parties to DDOs for proper maintenance of records and Accounts. Also advised to make payments in accordance

with the rules and provisions of the Government of India.

ACHIEVEMENTS (UP TO DECEMBER' 2007):

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| <ul style="list-style-type: none"> i) The original outlay of the Department of Food & Public Distribution is Rs.26491.20 crores under Grant No. 18 during 2007-08. Two Supplementary grant has been obtained till December'2007 for Rs 420 crores. ii) Payment of Subsidy to FCI is Rs. 17558.69 crores & State Government is Rs. 2440.74 crores respectively up to December, 2007. iii) A list of defaulters in respect of SDF Act, 1982 is available at Ministry's website. iv) Details of release to Sugar Mills under SDF Act, 1982 is available at Ministry's website. v) The Pay and Accounts Office of the Department of Food and Public Distribution settled as many as 42 pension cases and 359 revisions of pension cases during 01/4/07 to 31/12/07 vi) An amount of Rs 7,70,84,543 has been received from FCI on account of capitalised value of pension. vii) Pay and Accounts Offices of Department of Food & Public Distribution maintains 400 live GPF accounts and have settled 16 final payments cases during 01/4/07 to 31/12/07 viii) The Internal Audit unit conducted internal audit of 58 units out of that 44 units having completed upto December 2007. ix) The audits of Non-Government Organization also being undertaken by IA Wing. | <ul style="list-style-type: none"> x) Account at a glance for the financial year 2006-07, Monthly Account Expenditure, sanctions regarding advices to state Govt. etc. are available on the ministry web-sites. xi) The payment to sugar mills under the SDF act 1982 is being made through Electronic Clearance System. xii) First time in the history of Independent India, the Appropriation Accounts are laid in Parliament during the Winter Session and M/O Finance, Department of Expenditure was appreciated for this. xiii) 26 Employees got trained under INGAF & NIFM upto December, 2007. |
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VIGILANCE ORGANISATION

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

6.65 At the two major PSUs i.e. FCI and CWC under the Department, the vigilance function is headed by full time Chief Vigilance Officers (CVOs), both of whom are senior officers. There is an elaborate vigilance set up at different levels of 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.

Department of Food and Public Distribution

6.66 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.

6.67 Importance of some of the standard tools of preventive vigilance, such as review of Annual Property Returns, rotational transfers and surprise inspection are being re-emphasised at all levels in

the Department, its attached and subordinate offices and the Public Sector Undertakings. Periodical meetings are held with the CVOs of the PSUs to review their performance and last year there had been considerable progress in disposal of long pending disciplinary cases on vigilance account at both the PSUs and the main Department.

6.68 The stress of Vigilance is mainly on digitization, 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
OF FOODGRAINS FOR 2006-07 AND SECOND ADVANCE
ESTIMATES FOR THE YEAR 2007-08**

As on 7/2/08 (In Million Tonnes)

Crop	Season	2006-07		2007-08	
		2nd Advance Estimates	Final Estimates	Tar-gets	2nd Advance Estimates
1	2	3	4	5	6
Rice	Kharif	77.43	80.17	80.00	81.52
	Rabi	12.70	13.18	13.00	12.56
	Total	90.13	93.35	93.00	94.08
Wheat	Rabi	72.50	75.81	75.50	74.81
Jowar	Kharif	3.95	3.71	4.20	3.70
	Rabi	3.77	3.44	3.80	3.64
	Total	7.72	7.15	8.00	7.34
Bajra	Kharif	7.54	8.42	8.50	8.26
Maize	Kharif	11.10	11.56	13.00	14.29
	Rabi	2.46	3.54	3.00	2.49
	Total	13.56	15.10	16.00	16.78
Ragi	Kharif	1.49	1.44	2.50	1.89
Small Millets	Kharif	0.42	0.48	0.50	0.46
Barley	Rabi	1.29	1.33	2.00	1.36
Coarse Cereals	Kharif	24.50	25.61	28.70	28.59
	Rabi	7.52	8.31	8.80	7.50
	Total	32.02	33.92	37.50	36.09
Cereals	Kharif	101.93	105.78	108.70	110.11
	Rabi	92.72	97.30	97.30	94.87
	Total	194.65	203.08	206.00	204.98
Tur	Kharif	2.64	2.31	2.70	2.90
Gram	Rabi	6.16	6.33	6.40	5.83
Urad	Kharif	-	0.94	-	1.07
	Rabi	-	0.50	-	0.42
	Total	-	1.44	-	1.49
Moong	Kharif	-	0.84	-	0.98
	Rabi	-	0.28	-	0.27
	Total	-	1.12	-	1.25
Other Kharif Pulses	Kharif	-	0.71	-	0.82
Other Rabi Pulses	Rabi	-	2.29	-	2.06
Total Pulses	Kharif	5.24	4.80	5.50	5.77
	Rabi	9.28	9.40	10.00	8.57
	Total	14.52	14.20	15.50	14.34
Total Foodgrains	Kharif	107.17	110.57	114.20	115.88
	Rabi	102.00	106.71	107.30	103.44
	Total	209.17	217.28	221.50	219.32

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	212.4	214.1
	2007	213.5	213.8	211.1	210.9	210.9	211.2	214.1	215.6	215.5	216.3	216.9	
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	204.3	206.7
	2007	207.1	207.3	205.8	205.2	205.6	206.3	209.2	211.1	211.5	212.6	213.9	
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	182.0	181.1
	2007	181.1	181.9	183.7	185.5	186.0	186.5	188.4	190.6	192.6	193.2	194.1	
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	228.4	233.7
	2007	234.5	232.1	224.5	218.5	217.0	217.1	222.6	224.3	224.2	227.1	230.2	

**PERCENTAGE OF LEVY RICE TO BE DELIVERED IN STATES/UTs UNDER LEVY ORDERS
DURING KMS 2007-08 (as on 31.12.07).**

Sl. No.	Name of the State/UTs	Category	Quantum of Levy
1.	2.	3.	4.
1.	ANDHRA PRADESH	MILLERS/DEALERS	50% to 100% @
2.	ASSAM	MILLERS	50%
3.	BIHAR	MILLERS/DEALERS	40% or 2500 qtls. compound levy on millers. 25% or 500 qtls. compound levy on wholesalers.
4.	CHHATISGARH	MILLERS/DEALERS	50% Levy Order has not been formally concurred in by Central Government.
5.	DELHI	MILLERS/DEALERS	75%
6.	GUJARAT	MILLERS	15 %
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%
13.	MAHARASHTRA	MILLERS/DEALERS	30%
14.	NAGALAND	MILLERS/DEALERS	50%
15.	ORISSA	MILLERS	75%
16.	PUNJAB	MILLERS/DEALERS	75% to 90% *
17.	RAJASTHAN	MILLERS/DEALERS	50%
18.	TAMIL NADU	MILLERS/DEALERS	50%
19.	UTTAR PRADESH	MILLERS/DEALERS	60% to 75%**
20.	UTTARAKHAND	MILLERS/DEALERS	60%
21.	WEST BENGAL	MILLERS	50%
22.	CHANDIGARH	MILLERS/DEALERS	75%
23.	PONDICHERRY	MILLERS/DEALERS	10% (20% transport levy)

* Levy% age increased from 75% to 90%.

** Levy percentage increased from 60% to 75% and the increased levy% has been permitted for State Pool.

@ The advance levy within the overall 75% will be permitted upto 31st March, 2008 and the adjustment of advance levy collected will be made against the levy rice delivered by Millers till September, 2008.

(It has been decided that States in which levy% age is less than 50% should immediately increase the levy% age to 50%).

**STATUS OF IDENTIFICATION OF HOUSEHOLDS UNDER AAY
(NORMAL & ADDITIONAL)**

(FIG. IN LAKHS)

Sl. No.	States/UTs	No. of BPL Families as on 1.3.2000	Estimated No. of AAY families					AAY families identified & RC issued				
			Normal 25.12.00	1st exp. 05.06.03	2nd exp. 03.08.04	3rd exp. 12.05.05	Total	Normal	1st exp.	2nd exp.	3rd exp.	Total
1	Andhra Pd	40.63	6.228	3.117	2.991	3.242	15.578	6.228	3.117	2.991	3.242	15.578
2	Arunachal Pd	0.99	0.151	0.077	0.073	0.079	0.380	0.151	0.077	0.073	0.079	0.380
3	Assam	18.36	2.815	1.408	1.352	1.465	7.040	2.815	1.408	1.352	1.465	7.040
4	Bihar	65.23	10.000	5.003	4.802	5.205	25.010	10.000	5.003	4.802	4.480	24.285
5	Chattisgarh	18.75	2.874	1.439	1.380	1.496	7.189	2.874	1.439	1.380	1.496	7.189
6	Delhi	4.09	0.626	0.315	0.301	0.326	1.568	0.626	0.315	0.301	0.260	1.502
7	Goa	0.48	0.073	0.037	0.035	0.039	0.184	0.073	0.037	0.035	1.661	0.145
8	Gujarat	21.20	3.250	1.626	1.561	1.691	8.128	3.250	1.626	1.561	0.528	8.098
9	Haryana	7.89	1.209	0.606	0.581	0.629	3.025	1.209	0.606	0.581	0.411	2.924
10	Himachal Pd	5.14	0.787	0.395	0.378	0.411	1.971	0.787	0.395	0.378	0.322	1.971
11	J & K	7.36	1.129	0.564	0.542	0.587	2.822	1.129	0.564	0.542	1.911	2.557
12	Jharkhand	23.94	3.665	1.841	1.762	1.911	9.179	3.665	1.841	1.762	2.497	9.179
13	Karnataka	31.29	4.797	2.400	2.303	2.497	11.997	4.797	2.400	2.303	1.240	11.997
14	Kerala	15.54	2.382	1.192	1.144	1.240	5.958	2.382	1.192	1.144	3.291	5.958
15	Madhya Pd	41.25	6.324	3.164	3.037	3.291	15.816	6.324	3.164	3.037	4.801	15.816
16	Maharashtra	65.34	10.017	5.011	4.810	5.215	25.053	10.02	5.011	4.810	0.132	24.639
17	Manipur	1.66	0.255	0.127	0.122	0.132	0.636	0.255	0.127	0.122	0.146	0.636
18	Meghalaya	1.83	0.281	0.140	0.135	0.146	0.702	0.281	0.140	0.135	0.055	0.702
19	Mizoram	0.68	0.105	0.051	0.050	0.055	0.261	0.105	0.051	0.050	0.099	0.261
20	Nagaland	1.24	0.189	0.096	0.091	0.099	0.475	0.189	0.096	0.091	2.632	0.475
21	Orissa	32.98	5.055	2.530	2.428	2.632	12.645	5.055	2.530	2.428	0.373	12.645
22	Punjab	4.68	0.717	0.359	0.345	0.373	1.794	0.717	0.359	0.345	1.940	1.794
23	Rajasthan	24.31	3.726	1.865	1.790	1.940	9.321	3.726	1.865	1.790	0.034	9.321
24	Sikkim	0.43	0.067	0.032	0.032	0.034	0.165	0.067	0.032	0.032	3.881	0.165
25	Tamil Nadu	48.63	7.455	3.730	3.580	3.881	18.646	7.455	3.730	3.580	0.235	18.646
26	Tripura	2.95	0.452	0.227	0.217	0.235	1.131	0.452	0.227	0.217	8.522	1.131
27	Uttar Pd	106.79	16.371	8.191	7.861	8.522	40.945	16.37	8.191	7.861		40.945
28	Uttarakhand	4.98	0.763	0.382	0.367	0.397	1.909	0.763	0.382	0.367		1.512
29	West Bengal	51.79	7.939	3.973	3.813	4.132	19.857	7.939	3.973	2.887		14.799
30	A & N	0.28	0.043	0.021	0.021	0.022	0.107	0.043				0.043
31	Chandigarh	0.23	0.035	0.018	0.017	0.018	0.088	0.021				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	0.003	0.002	0.003	0.012
35	Pondicherry	0.84	0.128	0.065	0.062	0.067	0.322	0.128	0.065	0.062	0.067	0.322
	Total	652.03	99.946	50.021	48.001*	52.030**	249.998	99.932	49.982	47.035	45.806	242.755

* 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.

VILLAGE GRAIN BANK SCHEME

STATEMENT SHOWING FUNDS RELEASED FOR ESTABLISHMENT OF GRAIN BANKS DURING 2005-06

Sl. No.	State	No. of Banks recommended	Quantity of Foodgrains (R/W) MTs	Financial assistance for foodgrains* (Rs.Lakhs)	Funds for establishment of Grain Banks** (Rs.Lakhs)	Total Financial Assistance (Rs.Lakhs)
1.	A.P.	1214	4856 (R)	624.58	148.11	772.69
2.	Orissa	240	960 (R)	123.48	29.28	152.76
3.	Chattisgarh	262	1048 (R)	134.79	31.96	166.76
4.	M.P.	926	3704	420.25	56.12	476.38
5.	Jharkhand	583	(1852R+1852W) 2,332(R)	299.94	71.13	371.07
	Sub Total (i)	3225	12900	1603.04	336.60	1939.64
	NE Region					
1.	Tripura	13	52(R)	6.69	1.59	8.27
2.	Meghalaya	44	176(R)	22.64	5.37	28.01
	Sub Total (ii)	57	228	29.33	6.96	36.29
	Grand Total	3282	13128	1632.37	343.56	1975.93

♦ at economic cost: Rice : Rs.12,862/- per MT Wheat : Rs.9,829.90/- per MT ** @ Rs.12,200/- per Grain Bank.

STATEMENT SHOWING FUNDS RELEASED FOR ESTABLISHMENT OF GRAIN BANKS DURING 2006-07

Sl. No.	State	No. of Banks recommended	Quantity of Foodgrains (R/W) MTs	Financial assistance for foodgrains* (Rs.Lakhs)	Funds for establishment of Grain Banks** (Rs.Lakhs)	Total Financial Assistance (Rs.Lakhs)
1.	U.P.	500	2000	196.60	61.00	257.60
2.	Assam	100	400	51.45	12.20	63.65
3.	Sikkim	80	320	41.16	9.76	50.92
4.	H.P.	55	220	28.30	6.71	35.01
5.	Gujarat	226	272/632	106.25	27.57	133.82
6.	West Bengal	170	680	87.46	20.74	108.20
7.	Nagaland	150	600	77.17	18.30	95.47
8.	Andhra Pd.	3743	14972	1925.70	434.45	2360.15
9.	Utranchal	55	220	28.30	6.71	35.01
10.	Chhatisgarh	1642	6568	844.78	200.32	1045.10
11.	Maharashtra	1111	4444	619.94	135.54	755.48
12.	Manipur	93	372	47.85	11.35	59.19
13.	Maharashtra	266	1064	147.36	32.45	179.81
	Total	8191	32764	4202.30	977.10	5179.40

♦ at economic cost: Rice : Rs.12,862/- per MT Wheat : Rs.11,276.30/- per MT. **@Rs.12,200/- per Grain Bank

**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	2001-02		2002-03		2003-04		2004-05		2005-06(P)		2006-07(P)	
	SMP	Price Paid	SMP	Price Paid	SMP	Price Paid #	SMP	Price Paid ##	SMP	Price Paid ###	SMP @	Price Paid @@
Uttar Pradesh	62.05 to 81.76	92.50 to 100.00	69.50 to 89.18	92.50 to 100.00	73.00 to 92.50	92.50 to 100.00	74.50 To 95.62	104.50 To 112.00	79.50 To 92.70	112.50 To 120.00	80.25 To 94.65	122.50 To 130.00
Uttaranchal	62.93 To 73.00	92.50 To 100.00	71.14 To 82.62	92.50 To 100.00	75.81 To 90.00	92.50 To 100.00	76.00 To 89.46	104.50 To 112.00	79.50 To 90.06	112.50 To 120.00	80.25 To 86.55	124.50 To 132.00
Bihar	64.24To 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	82.95 To 87.45	82.95 To 108.00
Punjab	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 100.00	79.50 To 94.46	111.00 To 115.00	80.25 To 92.85	126.00 To 132.00
Haryana	64.24 To 75.92	104.00 To 110.00	69.50 To 87.54	104.00 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	121.00 To 135.00	80.25 To 91.05	126.00 to 138.00
Assam	62.05	74.00	-	N.A.	-	-	-	-	-	-	-	-
West Bengal	62.05	77.00 To 85.00	69.50	N.A.	73.85	79.60	74.50	N.A.	79.50	N.A.	80.25	103.0
Orissa *	67.16 To 75.19	75.00 To 78.00	73.60 To 75.24	69.82 To 83.00	77.25 To 83.20	73.62 To 83.00	74.50 To 92.10	80.00 To 92.10	79.50 To 90.06	87.50 To 92.00	80.25 To 88.35	88.35 To 94.50
Madhya Pradesh	62.05 To 78.11	65.48 To 96.48	73.60 To 88.36	75.00 To 97.02	81.50 To 91.70	82.00 To 86.98	80.66 To 95.62	77.50 To 117.23	79.50 To 99.74	95.00 To 142.61	80.25 To 100.95	80.25 To 132.74
Rajasthan	64.24	86.30 To 107.50	77.70	N.A.	-	N.A.	-	86.30 To 107.50				96.00 To 115.00
Maharashtra *	62.05 To 100.74	62.05 To 96.00	69.50 To 113.78	56.00 To 96.56	73.00 To 118.90	56.00 To 98.10	74.50 To 110.58	70.00 To 136.00	79.50 To 112.94	56.00 To 120.00	80.25 To 121.65	85.00 To 117.50
Gujarat*	66.43 To 83.22	89.60 To 104.00	76.88 To 96.56	82.60 To 104.00	85.75 To 101.05	99.50 To 134.00	82.10 To 102.00	96.20 To 165.00	82.14 To 102.38	94.00 To 184.10	82.95 To 103.65	82.95 To 137.30
Andhra Pradesh	63.51 To 86.14	63.51 To 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 101.78	74.50 To 103.40	79.50 To 106.78	79.50 To 115.00	80.25 To 101.85	80.25 To 125.00
Tamil Nadu	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 93.56	101.40 To 115.48	80.25 To 97.35	80.25 To 113.30
Karnataka *	62.05 To 92.71	75.00 To 102.00	69.50 To 103.12	69.50 To 93.00	73.00 To 108.70	81.00 To 107.00	74.50 To 99.14	82.00 To 130.00	79.50 To 101.50	95.00 To 138.00	80.25 To 113.55	80.25 To 120.00
Kerala	62.05	N.A.	-	N.A.	73.00	-	-	-	-	-	-	-
Pondicherry	62.05 To 65.43	62.05	69.50	69.50	84.05 To 85.75	91.00	85.94	101.00	85.66	108.00	80.25	113.00
Nagaland	N.A.	N.A.	N.A.	N.A.	-	-	-	-	-	-	-	-
Goa	70.81	N.A.	73.60	N.A.	79.80	80.00	78.02	74.50 To 105.00	79.50	80.00 To 125.00	82.95	82.95 To 110.00
Chattisgarh							86.82	N.A.	90.06	N.A.	86.55	N.A.

(P) PROVISIONAL (N.A.) NOT AVAILABLE (#) AS ON 31.01.2004 (##) AS ON 30.9.2005 (###) AS ON 15.01.2006

(@) For 357 sugar mills only (@@) Based on information received from the sugar mills for the F.E. 31.01.07

(*) In Respect of the States of Maharashtra, Gujarat, Karnataka & Orissa, The final cane price is decided after the close of suga season.

LIST OF APPELLATE AUTHORITY, CPIOS AND CAPIOS OF THE DEPARTMENT

(As on 31.12.2007)

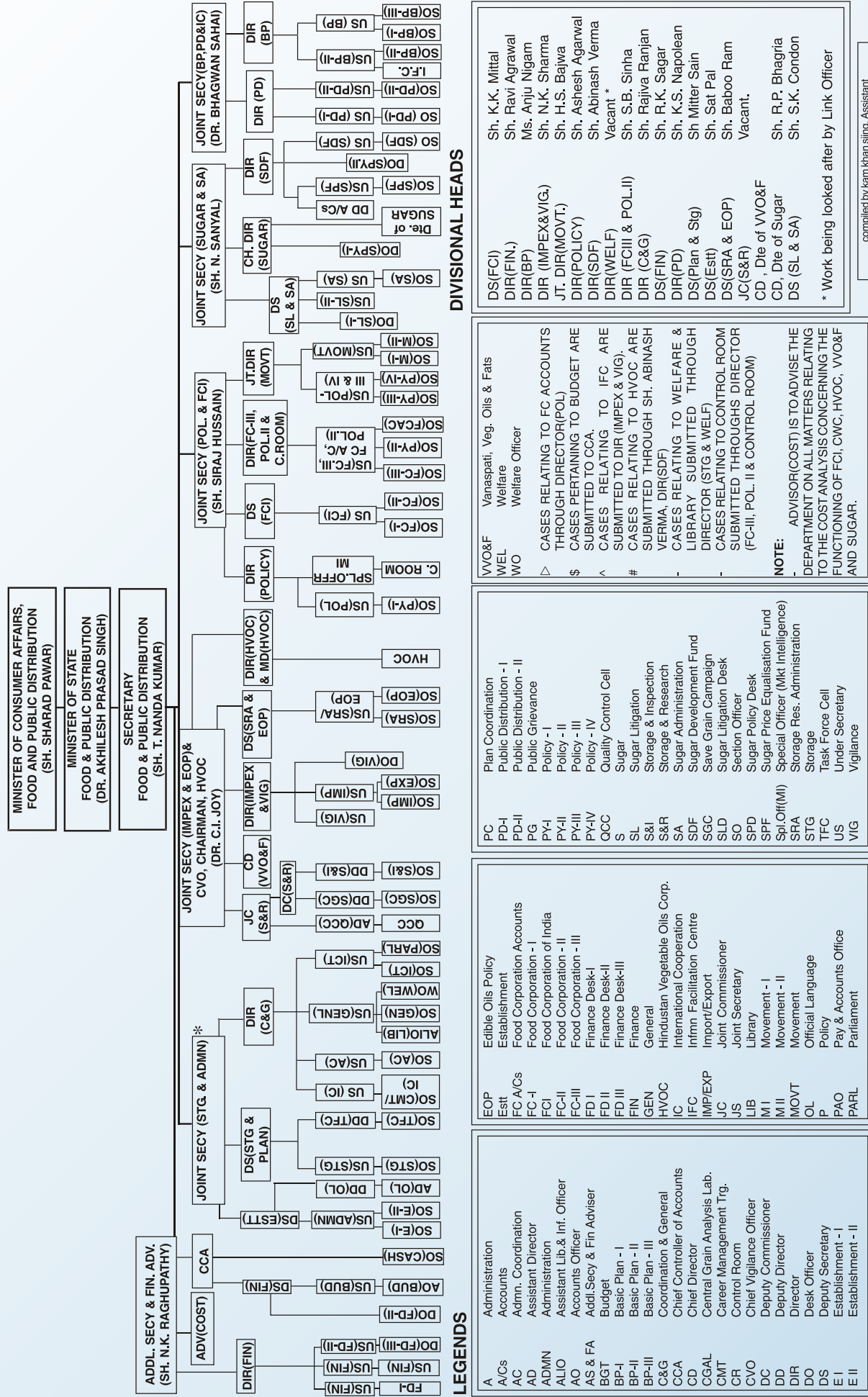
Department of Food and Public Distribution

Sl. No.	Divisions/ Charge	Sr.CPIOs	Present Incumbent S/Sh/Ms	Tel. No.	Room No. Krishi Bhawan	CPIOs	Present Incumbent S/Sh/Ms	Tele No.	Room No. Krishi Bhawan	CAPIOs	Present Incumbent S/Sh/Ms	Tele No.	Room No. Krishi Bhawan
1	IMPEX	Joint Secy	Dr. C.I.Joy	23382956	158	Director	Navaneet Kumar Sharma	23382533	284	Under Secy	R.B.S. Negi	23388571	381
2	EDIBLE OIL	Joint Secy	Dr. C.I.Joy	23382956	158		Baboo Ram	23097038	372-B	Under Secy	Amarjit Singh	23387017	294
3	STORAGE & RESEARCH (HQs)	Joint Secy	Dr. C.I.Joy	23382956	158		Baboo Ram & Dr. Ashok Kumar	23097038 & 23387622	372-B & 483-A	Under Secy & Deputy Secy	B.C. Joshi Amarjit Singh Bidishi Prasad	23387050 23387622 23387622	394 & 294 294 486
4	VIGILANCE	Joint Secy	Dr. C.I.Joy	23382956	158	Director	Navneet Kumar Sharma	23382533	284	Under Secy	T.K. Guliati Ravi Kr. Chaoudhry	23383587 23383148	563 268-A
5	PUBLIC GRIEVANCES	Joint Secy	Dr. C.I.Joy	23382956	158	Director	Baboo Ram	23387038	372-B	Under Secy	P.K. Sud	23382504	291
6	FOOD CORPN DIV.	Joint Secy	Siraj Hussain	23381177	194	Director	K.K. Mittal	23389625	275	Under Secy	A.K. Rana R.L. Malhotra	23382240 23384055	282 484
7	POLICY	Joint Secy	Siraj Hussain	23381177	194	Director	Ashesh Agarwal	23385238	182-A	Under Secy	S.M. Gupta K.C. Yadav	23384448 23384055	292 484
8	MOVEMENT	Joint Secy	Siraj Hussain	23381177	194	Jt. Dir	H.S. Bajwa	23382709	182-B	Under Secy	Renu Saxena	23380622	486-B
9	SUGAR POLICY	Joint Secy	Nilanjani Sanyal	23382512	175	Dir & CD (Sugar)	Abinash Verma & R.P. Bhargava	23389625 & 23383760	186 & 184	Desk Officer	D.S. Rawat & S. Bandopadhyay	23385726 23382223	474 & 459
10	SUGAR ADMIN.	Joint Secy	Nilanjani Sanyal	23382512	175	Director	S.K. Condon	23073386	259-A	Under Secy	Harsh Malviya Smt. Rina Guha T.K. Mohapatra	23384055 23384055 23384055	484 485-A 485-A
11	SUGAR DEV. FUND	Joint Secy	Nilanjani Sanyal	23382512	175	Director	Abinash Verma	23389625	184	Under Secy	S.S. Gupta A.K. Srivastava	23387050 23382504	394 295
12	PLAN COORDN. CELL	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Mitter Saini	23388783	290	Under Secy	Vacant	23388544	391-A
13	STORAGE	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Rajiv Kishore	23388783	185	Under Secy	Kuldeep Kumar	23382504	295
14	ESTABLISHMENT	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Sat Pal	23384653	280-A	Under Secy	Kuldeep Kumar	23382504	295
15	GEN. ADMIN.	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Rajiva Ranjan	23388161	183-A	Under Secy	H.C. Azad	23383046	298
16	CO-ORDN. GEN	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Rajiva Ranjan	23388161	183-A	Under Secy	L. Santhanam	23383046	284-A
17	CO-ORDINATION/CT	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Rajiva Ranjan	23388161	183-A	Under Secy	S.K. Srivastava	23382240	282
18	WELFARE	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Rajiv Kishore	23388783	185	Under Secy	H.C. Azad	23093046	298
19	CANTEEN	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Rajiv Kishore	23388783	185	Under Secy	H.C. Azad	23093046	298
20	LIBRARY	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Rajiv Kishore	23388783	185	Under Secy	H.C. Azad	23093046	298
21	PARLIAMENT	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Rajiv Kishore	23388783	185	Under Secy	S.K. Srivastava	23388544	297-All
22	BASIC PLAN	Joint Secy	B. Sahai	23384308	165	Director	Anju Niagam	23382338	260	Under Secy	A.S. Negi	23382223	473-A
23	PUBLIC DISTRIBUTION	Joint Secy	B. Sahai	23384308	165	DS	Mitter Saini	23073235	290	Under Secy	M.C. Jeph I.S. Kaljaj	23387017 23388571	294 384
24	INTL. CO-OPERN.	Joint Secy	B. Sahai	23384308	165	Director	Rajiva Ranjan	23388161	183-A	Under Secy	Ms. Neelam B. Kapoor	23383911	486
25	FINANCE	Advisor (Cost)	A.K. Kapoor	23381375	288-A	Director	Ravi Aggarwal	23389436	185-B	Under Secy	Kanad Bhagat Ms. Getha Sundararajan S.C. Goel	23388646 23388267 23388544	256 474 391-A
26	BUDGET	Chief Contr. of A/c's	P.K. Berwah	23782609	280	Dep. Secy	R.K. Sagar	23073478	297-A(I)	Budget Officer	T.R. Singhal Ms. Renuka Nambiar	23383188 23382223	578-A 474
27	TRAINING	Joint Secy	S.K. Srivastava	23382529	199-C	Director	Rajiva Ranjan	23388816	183-A	Desk Officer	Sanjay Kumar	Ext. 433	277-A
28	HINDI	Joint Secy	S.K. Srivastava	23382529	199-C	DS (OL)	Sat Pal	23384653	280-A	Asstt. Dir(OL)	J.P. Balooni	23383308	293
29	CASH	Chief Contr. of A/c's	P.K. Berwah	23782609	280	DDO	Murari Lal	23388835	34-A	Cashier	M.K. Pandit	23383911	33-A

**STATEMENT SHOWING NUMBER OF SANCTIONED POSTS IN THE DEPARTMENT OF FOOD
AND PUBLIC DISTRIBUTION AS ON 01.01.2008**

Groups	D/o Food & PD	COA	Dte. of Sugar	NSI Kanpur	SRA HQRS	IGMRI Hapur & Field Offices	SGC Offices	QCC Offices	Dte of VVO&F	Total
GR. A	57	2	14	53	11	16	17	4	13	187
GR. B	204	36	17	19	2	15	34	0	21	348
GR. C	136	139	19	122	19	62	81	4	23	605
GR. D	137	37	23	168	0	55	86	3	16	525
TOTAL	534	214	73	362	32	148	218	11	73	1665

ORGANISATION CHART OF THE DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION AS ON 18.02.08



**STATEMENT SHOWING BE, RE AND ACTUALS IN RESPECT OF DEPARTMENT OF FOOD &
PUBLIC DISTRIBUTION FOR THE YEARS 2004-2005 TO 2008-2009**

(Rs. in crores)

Year	Department	Demand No	Budget Estimates			Revised Estimates			Actuals		
			Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2004-05	Department of F&PD	19	48.64	27052.19	27100.83	48.64	26886.65	26935.29	46.98	26553.23	26600.21
2005-06	Department of F&PD	19	93.87	27055.44	27149.31	60	23496.23	23556.23	58.20	23366.21	23424.41
2006-07	Department of F&PD	18	95.8	24500.00	24995.80	70	24500.00	24570.00	65.63	24575.84	24641.47
2007-08	Department of F&PD	18	85	26406.2	26491.2	60	32838.46	38898.46	0.03*	20246.57*	20246.60*
2008-09	Department of F&PD	16		34016.00	34016.00	-	-	-	-	-	-

* Expenditure upto December, 2007



Hon'ble Union Minister for Agriculture, Consumer Affairs, Food and Public Distribution, Sh. Sharad Pawar, addressing the World Food Day Celebrations 2007, in New Delhi on October 16, 2007.



Hon'ble Minister of State for Agriculture, Consumer Affairs, Food and Public Distribution, Dr.Akhilesh Prasad Singh delivering the inaugural address at the 4th International Seminar on Wheat and Wheat Products Vision-2020, held during February 8-9,2008 at Hotel Westend, Bangalore.