



सत्यमेव जयते

Department of Food and Public Distribution
Ministry of Consumer Affairs,
Food and Public Distribution
Government of India

Annual Report 2008-2009



Inauguration of National Conference "Warehousing 2008" at Vigyan Bhawan by Hon'ble Minister for Agriculture, Consumer Affairs, Food & Public Distribution Shri Sharad Pawar on 10th September 2008.

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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-I

An Overview



Stacking of foodgrains in a warehouse.

AN OVERVIEW

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

(A) PROCUREMENT OF FOODGRAINS

- (i) During Kharif Marketing Season (KMS) 2007-08 (October, 2007 to September, 2008) a record 284.93 lakh tonnes of rice (including paddy in terms of rice) was procured as against the previous all time record of 276.56 lakh tonnes procured in KMS 2005-06.
- (ii) Till 31st March, 2009, 261.36 lakh tonnes of rice has been procured in KMS



Grain Mandi, Karnal

- 2008-09 (October, 2008 to September, 2009) compared to 217.10 lakh tonnes in the same period in KMS 2007-08.
- (iii) 226.82 lakh tonnes of wheat was procured for the Central Pool during the Rabi Marketing Season (RMS) 2008-09 (April, 2008 to March, 2009) which is more than double of 111.28 lakh tonnes procured during RMS 2007-08.
- (iv) Procurement of coarsegrains in KMS 2007-08 was 2.03 lakh tonnes as compared to negligible procurement of coarsegrains in KMS 2006-07 due to higher prices in the open market. However, in KMS 2008-09, 11.18 lakh tonnes was procured till 31.3.2009.
- (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.

(B) VILLAGE GRAIN BANK SCHEME

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

- (iii) The sanction of Rs.19.76 crores was approved in 2005-2006 for establishing 3282 VGBs which was enhanced to Rs. 51.79 crores in 2006-07 to establish 8191 VGBs. However, an amount of Rs. 16.90 crores was approved by Ministry of Finance for establishment of 2513 Grain Banks during 2007-08. During the year 2008-09, 2407 VGBs were sanctioned & an expenditure of Rs.16.81 crore was incurred.

(C) ALLOCATION AND OFFTAKE OF FOODGRAINS

- (i) The offtake of foodgrains (wheat and rice) from the Central Pool under Targeted Public Distribution System (TPDS) during the financial year 2008-09 was 348.45 lakh tonnes. This comprises 156.56 lakh tonnes under Below Poverty Line (BPL), 95.24 lakh tonnes under Antyodaya Anna Yojana (AAY) and 96.65 lakh tonnes under Above Poverty Line (APL).



Smt. Alka Sirohi, Secretary, Food and Public Distribution, Government of India, inspecting foodgrains in a Warehouse in Madhya Pradesh.

- (ii) The offtake under various Welfare Schemes was 30.91 lakh during 2008-09. In addition there has been offtake of 0.30 lakh tonnes under World Food Programme, 2.87 lakh tonnes under Relief and 12.48 lakh tonnes under Open/Tender Sale and Export.
- (iii) During the financial year 2008-09 the total offtake of foodgrains from the Central Pool was 395.01 lakh tonnes (156.56 lakh tonnes under BPL, 95.24 lakh tonnes under AAY, 96.65 lakh tonnes under APL and 46.56 lakh tonnes under other Welfare Schemes) as against an offtake of 374.34 lakh tonnes of foodgrains (151.29 lakh tonnes under BPL, 94.39 lakh tonnes under AAY, 89.67 lakh tonnes under APL and 38.99 lakh tonnes under other Schemes) during 2007-08.

(D) THE ANTYODAYA ANNA YOJANA (AAY)

- (i) The Antyodaya Anna Yojana (AAY) was launched in December, 2000 for one crore poorest of the poor families. AAY contemplates identification of poorest of the poor from amongst the BPL families covered under TPDS in 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 2003-04, second in, 2004-05 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, 2.43 crore families have already been covered under the AAY.

(E) 9-POINT ACTION PLAN

With the implementation of 9-Point Action Plan by States & UTs, lists of BPL & AAY cards have been reviewed and 100.52 lakh ineligible/bogus ration cards have been deleted.

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

- 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.

(F) SUGAR

AMENDMENT OF THE SUGARCANE (CONTROL) ORDER, 1966

The Central government fixes the 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 :-

- a) cost of production of sugarcane;
- b) return to the growers from alternative crops and the general trend of prices of agricultural commodities;
- c) availability of sugar to consumers at a fair price;
- d) price at which sugar produced from sugarcane is sold by sugar producers;
- e) recovery of sugar from sugarcane; and
- f) realization made from sale of by-products viz. molasses, bagasse and press-mud or their imputed value.

The above sixth criterion for SMP has been inserted vide amendment dated 29.12.2008.

MEASURES TAKEN TO HELP THE SUGAR INDUSTRY AND SUGARCANE FARMERS

Due to record production of sugar in 2006-07 sugar season and anticipated high production of sugar in 2007-08 sugar season, the prices of non-levy sugar in the open market declined considerably which constrained the capacities of sugar mills to pay cane price to sugarcane farmers. In order to ensure that the high production of sugar does not lead to cane price arrears, the Central Government took a slew of measures as indicated below:

(i) Prompt payment of buffer subsidy

A buffer stock of 20 lakh tonnes was created for a period of one year from 01.05.2007 to 30.04.2008. Another buffer stock of 30 lakh tonnes was also created for a period of one year from 01.08.2007 to 31.07.2008. Under the buffer subsidy scheme, the sugar factories are

reimbursed the interest, insurance and storage charges for the quantity allocated as buffer which is to be utilized for cane price payment as a first priority. Further, the banks provide additional credit on creation of buffer stock by waiving the margin requirement which is to be exclusively used for cane price payment. The buffer subsidy amounting to Rs.273 crore during the financial year 2008-09 was disbursed up to 31.03.2009.

(ii) Export Assistance

The 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, subject to actual in case of overland exports, which was earlier operational for one year from 19th April, 2007 to 18th April, 2008 was extended upto 30th September, 2008. On a further review of price



Cane handling operations in a sugar factory.

situation and production of sugar in the country, it was decided not to extend the scheme beyond 30th September 2008. An amount of Rs. 285 crore has been disbursed to sugar mills against the above scheme till 31st March 2009.

(iii) Disbursement under the 'Scheme for extending financial assistance to sugar undertakings 2007'

The Central Government formulated a novel scheme under the title 'Scheme for Extending Financial Assistance to sugar undertakings 2007' to give loans from the banks to the sugar mills – private, public and cooperative sector. Under the scheme, loans to sugar factories were granted equivalent to the notional Central Excise Duty payable on total production of sugar during 2006-07 and 2007-08 sugar 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 Banks and Cooperative Banks for the total duration of the loan which is 4 years including 2 years moratorium. The interest subvention is limited to 12% per annum of which 5% is to be met out of general budget provisions of the Central Government and the remaining 7% from the Sugar Development Fund. Loan assistance to the tune of about Rs.2700 crore was extended to sugar factories for the said purpose, as per available information.

STEPS TAKEN TO AUGMENT AVAILABILITY OF SUGAR AND MODERATE PRICES IN 2008-09 SUGAR SEASON

The second half of the year witnessed a reversal of the surplus situation which prevailed earlier for about two years. Due to a large number

of factors, production of sugarcane and consequently sugar in the new sugar season starting from October, 2008 to September, 2009 started declining rather steeply. The main reasons were lesser area under sugarcane occasioned by steep hike in Minimum Support Prices of competing crops like wheat and paddy whereas the Statutory Minimum Price for sugarcane remained more or less unchanged, partly as a result of priority accorded to production of foodgrains; drop in yield due to farmers' unwillingness to invest in relatively less remunerative crop of sugarcane exacerbated by problems of cane arrears in previous two years as well as drop in recovery of sugar due to climatic factors and much higher diversion of sugarcane for production of gur on account of various factors. The consumption requirement for the sugar season also went up substantively due to population and income growth. The reduction in sugar production and increase in consumption led to tightening of supply demand scenario and gradual hardening of sugar prices in the open market. Steps have been taken by the Central Government to augment availability of sugar and moderate prices in 2008-09 sugar season.

(i) Import of raw sugar under advance authorization scheme

In order to augment domestic stocks of sugar and contain sugar prices, the Central Government allowed sugar factories to import raw sugar under advance authorization scheme and sell the processed raw sugar in the domestic market and fulfill export obligation on 'ton-to-ton' basis, upto 30.09.2009 (vide DGFT notification dated 17.02.2009 and CBEC notification dated 02.03.2009).

(ii) **Imposition of stock-holding and turnover limits on sugar**

Government withdrew the stockholding and turnover limits on wholesale dealers of sugar with effect from July 7, 2000 and August, 20, 2001 respectively. However, in view of the lower production of sugar in the 2008-09 sugar season,

from date of receipt of stock. Sugar held on Government account or its authorized agencies or the F.C.I. for PDS distribution or by importers of sugar under OGL was exempted from the purview of this notification. The State Governments / UT Administrations have been authorized to fix higher stock-holding and turnover limits in their respective States/UTs.



Foodgrains being brought for storage in a CWC Godown.

the Central Government has reintroduced the stock-holding and turnover limits through notifications dated 9th March, 2009 and 12th March, 2009 for a period of four months. The notification dated 12th March, 2009, has laid down a stock-holding limit of 2000 quintals or 200 MT for all recognized dealers and a higher limit of 10000 quintals or 1000 MT for those recognized dealers in Kolkata and its extended area who import sugar from outside the State. It also laid down a turnover period limit of 30 days

(G) EDIBLE OILS

The 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 domestic availability of edible oils through imports so as to maintain their prices at reasonable levels (ii) close monitoring of the prices and availability of edible oils both in the domestic and international markets, etc.

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

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

(H) WAREHOUSING

The Warehousing (Development and Regulation) Act 2007 has been enacted in September 2007. The Act will ensure that the farmers are able to keep their goods in certified warehouses and use warehouse receipt as a negotiable instrument. With the full implementation of this Act, farmers would find it easy to take loans from commercial banks against negotiable warehouse receipts and not resort to distress sales to take care of their urgent cash needs. A regulatory Authority namely Warehousing Development & Regulatory Authority (WDRA) is being set up to register and regulate warehouses issuing negotiable warehouse receipts and to implement other Provisions of the Act.

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

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

(J) QUALITY CONTROL CELLS

Quality Control Cells are monitoring the quality of foodgrains at the time of procurement, storage and distribution. These cells also ensure that guidelines/instructions issued by the Government of India about scientific storage and preservation of foodgrains are followed by the FCI, CWC, SWCs and State agencies.

On the recommendation of Expenditure Reforms Commission (ERC), Quality Control mechanism in the Department of Food & Public Distribution has been strengthened. Previously, there were 3 Quality Control Cells located at New Delhi, Hyderabad and Kolkata. Now five more quality control cells have been opened at Bangalore, Bhopal, Bhubaneswar, Lucknow and Pune from 1st May 2008 by converting the Save Grain Campaign offices.

Chapter-II

Organisation and Administration



Officials using payroll software

ORGANISATION AND ADMINISTRATION

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

2.1 The Department of Food & Public Distribution continued to be under the charge of Shri Sharad Pawar, Hon'ble Union Minister of Consumer Affairs, Food and Public Distribution, assisted by Dr. Akhilesh Prasad Singh, Minister of State during the year 2008-09.

2.2 Smt. Alka Sirohi has been working as Secretary in the Department of Food & Public Distribution with effect from 01.09.2008. Shri T. Nanda Kumar was Secretary of the Department up to 31.8.2008.

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

FUNCTIONS

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

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

food grains and promotion of scientific storage;

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

2.5 In carrying out its various functions, the Department of Food and Public Distribution is assisted by its two attached offices, namely, Directorate of Sugar and Directorate of Vanaspati, Vegetable Oils and Fats, and subordinate offices, viz., National Sugar Institute, Kanpur; Indian Grain Management Research Institute,

Hapur and its two Field Stations and three Public Sector Undertakings, viz, Food Corporation of India (FCI), Central Warehousing Corporation (CWC), Hindustan Vegetable Oils Corporation Limited (HVOC).

REDRESSAL OF PUBLIC AND STAFF GRIEVANCES

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

WOMEN EMPOWERMENT

- 2.10 All necessary steps have been taken by the Department and its attached offices to provide a healthy work environment to its Women employees. Based on the guidelines issued by the National Commission for Women, a Women Cell was set up in the Department in 1997. The main functions of this Cell are to

coordinate the action for improvement of working conditions of the women, to attend to the complaints received from women employees and to implement the policies and guidelines issued by the Department of Women and Child Development/National Commission for Women from time to time.

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

WELFARE OF SCHEDULED CASTES/ SCHEDULED TRIBES

- 2.14 The instructions issued by the Department of Personnel & Training from time to time

regarding representation of Scheduled Castes/Scheduled Tribes in direct recruitment and promotion to various grades and services are followed.

2.15 The total number of Government Servants vis-a-vis the number of persons belonging to the Scheduled Castes, Scheduled Tribes, other backward classes, Physically Handicapped and Ex-Servicemen amongst them employed in the Department of Food & Public Distribution, including its attached and subordinate offices as on 31.03.2009 are given below:

crores for areas other than NE region viz. 1.53 crores, has been provided for the exclusive benefit of STs. Thus the total amount provided for the benefit of STs under the scheme is Rs. 2.38 crores. Any Village Grain Bank having more than 50% of members as STs will qualify for financial assistance from budget allocation for exclusive benefit of STs in NE and in areas other than NE region.

2.17 During 2008-09, 2407 Village Grain Banks (VGBs) were sanctioned to 4 States i.e. Tripura, Manipur, U.P & M.P. Total outlay for the 11th Five Year Plan is Rs. 87 crores

Groups	Total No.of employees	SC	ST	OBC	No. of physically handicapped				Ex-servicemen
					VH	HH	OH	TOTAL	
GR 'A'	119	18	6	4	0	0	0	0	0
GR 'B'	325	51	14	11	0	0	2	2	1
GR 'C'	471	75	25	41	2	1	0	3	6
GR 'D'	279	120	25	61	8	0	9	17	10
GR 'D' (Safaiwala)	10	10	0	0	0	0	0	0	0
TOTAL	1204	274	70	117	10	1	11	22	17

VH: Visual Handicapped; HH: Hearing Handicapped; OH; Ortho Handicapped

DEVELOPMENT OF SCHEDULED TRIBES

2.16 Under Village Grain Bank Scheme separate budget sub-heads have been opened for the benefit of Scheduled Tribes. The annual plan allocation for the scheme for 2008-09 is 17.00 crores, out of which 10% outlay earmarked for NE region is 1.70 crore. 50% of the allocation for NE region viz. Rs. 0.85 crore has been provided for the benefit of STs. 10% of the allocation of Rs. 15.30

for setting up of 12823 Village Grain Banks.

2.18 The actual expenditure during 2008-09 was 16.81 crore. The annual Plan Outlay (BE) for 2009-10 for this scheme is Rs. 17.33 crores.

2.19 Under Village Grain Bank (VGB) Scheme, funds are provided to set up Village Grain Banks to safeguard against starvation during the period of natural

calamity or during lean season. The grain banks are to be set up in food scarce areas like the drought prone areas, the hot and cold desert areas, tribal areas and the inaccessible hilly areas which remain cut off because of natural calamities like floods, etc. Release of Grants-in-aid to States/UTs in NE region during first & second year of 11th Plan i.e. 2007-08 & 2008-09 was as under:

(During 2007-08)

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

(During 2008-09)

State/UT	No. of VGBs	Amount released (in Rs.)
Tripura	26	20,79,256
Manipur	101	80,95,756
Total	127	10175012

DEVELOPMENT OF NORTH EASTERN REGION

FCI ACTIVITIES IN NORTH EASTERN REGION

2.20 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 2007-08 was Rs. 247 lakh. The expenditure incurred for construction of godowns for creating storage capacity in NE Region by FCI in

2007-08 was as under:-

Sl. No.	Projects with storage capacity (MTs)	Expenditure during 2007-08 (Rs. In lakhs)
1.	Bualpui/Mizoram/4590	72.21
2.	Badarpurghat/Assam/5000	57.74
3.	Chaulkhowa/Assam/4170	9.91
4.	Kohima/Nagaland/5000	50.21
5.	Nandannagar/Tripura/2500	23.68
6.	Senchowa/Assam/1670	0.07
7.	Lawngtlei/Mizoram/3340	10.00
	Total	223.82

2.21 Further, a capacity of 12,090 MT (Bualpui/Mizoram/4590, Badarpurghat/Assam 5,000 and Chaulkhowa/Assam/2500) was constructed in NE Region during 2007-08.

2.22 The budget provision for the scheme during 2008-09 was Rs. 20.00 crores (BE). The expenditure incurred during 2008-09 is Rs. 16.39 crores which includes Rs. 14.70 crores for NE region. Equity of Rs. 16.45 crores (Rs. 15.45 crores for NE and Rs. 1.00 crores for the works other than NE) has been released during 2008-09.

2.23 Tentative annual plan for 2009-10 for the scheme Construction of godowns by FCI is for Rs. 20.00 crores (Rs. 12.00 crores for NE and Rs. 8.00 crores for other than NE) with a physical capacity of 54,170 MT (30,000 MT for NE Region including Sikkim and 24,170 MT for the areas other than NE).

2.24 An amount of Rs.50 lakh was incurred in the NE on Integrated Information System for Foodgrains Management (IISFM) activities in the year 2007-08.

- 2.25 **Computerization of TPDS Operations :** Digitization of PDS operations of National/State/District and Block levels all over the country is proposed to be taken up under a Plan Scheme on computerization of TPDS during the 11th Plan period. Planning Commission has approved an allocation of Rs.376 crores for this scheme under the 11th Plan. National Institute for Smart Government (NISG), Hyderabad has been engaged by the Department from March, 2008 as project consultant for implementation of this scheme. The scheme will also include States of North East Region. Presently the scheme is to be introduced on Pilot basis in 4 States/UT including Assam for which a detailed project report has been submitted by NISG. Under the scheme for 2009-10, there is budget provision of Rs.45 crore for the scheme out of which Rs.7 crore is for NER which will be released after approval of the scheme by EFC/sanctioning authority, to the Government of Assam for implementation of the project on computerization of TPDS on pilot basis.

- 2.26 During 2008-09 there was a budget provision of Rs.2 crore for NER. During the year no expenditure could be incurred for NER as the scheme is yet to be approved by EFC.

CWC ACTIVITIES IN NORTH –EASTERN REGION

- 2.27 CWC started functioning in the North East Region in early sixties and has a capacity of 1.01 lakh MT with occupancy of 83% as on 31.3.2009. The Centre-wise/State-wise capacity being operated by the CWC in the North Eastern

Region is detailed below:

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

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

PROGRESSIVE USE OF HINDI

- 2.29 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 2008-2009, multipronged efforts were made to increase use of Hindi in official work. For this purpose, upto 31st March 2009, four workshops were held, in which 42 officers and employees were acquainted with the requirement of Official Language Act and the rules framed thereunder, and 82



Inspection of the Department of Food and Public Distribution on the use of official language in the Department by the 2nd Sub-Committee of Committee of Parliament on Official Language in progress.

officers/employees were trained to work in Hindi on computers. Meetings of the Hindi Salahakar Samiti under the chairmanship of Minister of State for Consumer Affairs, Food & Public Distribution were organised on 19.09.2008 and 18.1.2009 in which the progress made in the 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 brought out by the department 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.

- 2.30 During the year 2008-09 the Committee of Parliament on Official Language inspected 12 offices of FCI, CWC and Department of Food & Public Distribution itself to review the progressive use of Hindi.
- 2.31 To review the progressive use of Hindi, 37 offices of Food Corporation of India and Central Warehousing Corporation etc. were inspected by the officers of Hindi Division of this Department.
- 2.32 Hindi Fortnight was organized from 1st September 2008 to 15th September 2008 and on this occasion various Hindi competitions were organized. 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. During this period third edition of departmental magazine "Khadya Bharati" was published which was released by the Hon'ble Minister of State Dr. Akhilesh Prasad Singh on the occasion of the

meeting of Hindi Salahakar Samiti organized on 19.09.2008.

- 2.33 Six stenographers were nominated during the year for training in Hindi stenography. At present all officers/staff in the Department possess working knowledge of Hindi.
- 2.34 Under the Running Shield Scheme introduced for various sections of the department to encourage the officers/staff of the department to do their maximum work in Hindi, Policy-1 Section was awarded Running Shield for the year 2007-08. Similarly, under Shield/Trophy Scheme introduced for the offices working under this Department, Quality Control Cell Bangalore, Quality Control Cell Lucknow and Pay & Accounts Office Mumbai were awarded Shields as First, Second and Third prizes respectively for the year 2007-08.
- 2.35 The Department was awarded 1st 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 2006-07. This prize was distributed by Her Excellency the President of India Smt. Pratibha Devi Singh Patil on 14.09.08 on the occasion of Hindi Day in a function held at Vigyan Bhavan, New Delhi which was received by Smt. Alka Sirohi, Secretary of the Department.

TRAINING OF OFFICERS OF THE DEPARTMENT

- 2.36 Training is one of the more effective tools for performance enhancement as well as up-gradation of knowledge and skills of the personnel in an organization. For

organizational motivation, morale boosting and development of administrative culture, it has been our endeavour to nominate officials for focused training programmes.

- 2.37 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.
- 2.38 The details of the officials of this Department who attended various training programmes during last two years are as under:-

No. of Officers/officials	2007-08	2008-09 (Jan.2008 to 31-3-2009)
Gazetted	39	21
Non-Gazetted	12	07

APPLICATIONS OF SOFTWARE DEVELOPED AND IMPLEMENTED

- 2.39 Some of the Internet and Intranet based application software developed and implemented in the Department are:
- I. MIS APPLICATIONS OF THE MINISTRY
- i) **Monthly Bulletin on Food grains:** Food grain bulletin is a collection of reports published on a Monthly basis in the form of booklet by the Department giving information of various activities like production, procurement, stocks, allocation, off take of foodgrains etc. Web based software is developed to fulfill the complete requirement of the Monthly Food grain Bulletin. The database is kept centralized. Data entry into the software can be done from the concerned section.

Section wise secured login and password is being provided for data entry into individual modules and reports can be generated from any node on LAN. Various reports generated by the software have been linked to Department's website.

- ii) **Procurement Information System:** Web based software has been developed to monitor the procurement status in the central pool. Data is maintained in the central server. Agency-wise and state wise procured food grain details are entered daily. Agency wise and state-wise daily reports are generated in comparison with the same day of the previous year. Reports are sent to Secretary (F & PD).
- iii) **Sugar export subsidy claim information system:** Web based 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. Control reports are sent to Secretary (F & PD).
- iv) **Sugar Buffer subsidy claim information system:** Web based application has been developed and implemented to monitor the subsidy claimed by the sugar factories on their buffer sugar stock of 20 lakh and 30 lakh tonnes. This software facilitates to register the sugar factory claim, movement of the claim process, sanction process and sanction release. Various kinds of reports are generated and control reports are sent to Secretary (F & PD). This software is used by the Cost Cell of Directorate of sugar.

II. SUGAR DIRECTORATE APPLICATIONS

- i) **Sugar Production:** Production data from

all sugar factories are collected and entered and various kinds of production reports are generated to control the sugar stocks management. Control reports are sent to Secretary (F&PD). The production data entry module is also available through internet. Using this software sugar factory can send the data electronically through internet from their factories itself. The Directorate of sugar is able to access state-wise/plant wise consolidated reports.

- ii) **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 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 on monthly basis.
- iii) **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 (F&PD).
- iv) **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 is entered month wise and factory-wise. Basic price and 1% increase in price of sugarcane is entered. Peak seasonal recovery percentage is calculated. From peak seasonal recovery of each Sugar

factory the SMP is being calculated. The SMP calculated is printed in Gazette by the Directorate of Sugar.

III. E-GOVERNANCE APPLICATIONS

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|---|--|
| <p>i) Diary Management Information System: web-based software developed by NIC is installed in the central server to track the files/ letters/receipts. Section-wise, Officer-wise login and password is created to enter the details of the receipts/ letters/files of the sections. Necessary training has been provided to the officials of the Department from Directors to Section Officers.</p> <p>ii) 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.</p> <p>iii) Personnel Information System: A web based application has been implemented which provides employees to see their bilingual Pay Slip, Annual Income Statement Sheet, Income Tax Calculation Sheet and GPF Statement, download personnel profile, birthday and superannuation messages, etc.</p> <p>iv) 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.</p> <p>v) 'E-Granthalaya' the Library Management System: Web based comprehensive software to manage the library activities is implemented. This software maintains a database of all the</p> | <p>vi) Court cases monitoring system: web based software developed by NIC 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, advocate address and summary reports.</p> <p>vii) Parliament Matters management system: 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.</p> <p>viii) RTI Request and Appeal Management Information System: 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.</p> <p>ix) PGRMS: Internet web based software developed by NIC 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 Department.</p> <p>x) The Help Desk activities have been continued during the current financial</p> |
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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

INTERNATIONAL GRAINS COUNCIL

2.40 India is a member of the International Grains Council (IGC) which was previously known as International Wheat Council up to 1995 and is an intergovernmental forum of exporting and importing countries for co-operation in wheat and coarse grain matters. It administers the Grains Trade Convention 1995. The IGC Secretariat, based in London since 1949, also services the Food Aid Committee, established under the Food Aid Convention. International Grains Agreement comprises of Grains Trade Convention (GTC) and Food Aid Convention (FAC). India is a signatory to the International Grains Agreement (IGA) 1995 and its Grain Trade Convention (GTC) 1995 which is effective from 1st July 1995. IGC have two types of members-Importing Members and Exporting Members. India has been included in the category of Exporting members in July, 2003 and is represented in the meetings/session of the Council held from time to time. The Department of Food and Public Distribution has represented India in the Executive Committee meeting held in London on 13th May, 2008, 27th Council Session of International Grains Council (IGC), IGC conference, 2008 held in London on 9th-10th June, 2008, Market Conditions Committee meeting held in London on 30th September, 2008, 28th Council Session of IGC on 10th December,

2008, Market Conditions Committee (MCC) held in London on 10th March, 2009.

2.41 India being a member of the International Grains Council, this Department pays the annual membership contribution to International Grains Council. For the fiscal year 2008-09, India's membership contribution of £16,276 has been fully paid.

WORLD FOOD PROGRAMME

2.42 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 2008-2009, an allocation of 40,806 MTs wheat & 7,493 MTs of rice has been made at BPL rates to World Food Programme for their developmental schemes in the country for the various WFP supported/assisted projects under the New Country Programme 2008 -2012.

2.43 Through Country Programme(CP) of WFP, Government of India is inching forward to attain the Millennium Development Goals by improving the implementation of existing food-security programmes by focusing on developing institutional capacity to manage them. The WFP' food delivery components projects are currently in the States of Orissa, Chattisgarh, Madhya Pradesh, Jharkhand and Rajasthan. Capacity developments for food security are also being implemented through CP of WFP in the aforesaid States and also in Gujarat, Uttarakhand, Uttar Pradesh, Bihar and Tamil Nadu.

SAARC FOOD BANK

2.44 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/Government 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 been ratified by the President of India on 17th April, 2007. As per agreement, India's assessed share of Food Grains for the SAARC Food Bank is 1,53,200 MTs out of total share of 2,43,000 MTs of the reserve. 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. Joint Secretary(IC) had participated in the First meeting of the SAARC Food Bank Board held on 15th -16th October, 2008 and Second meeting of SAARC Food Bank Board during 12th -13th February, 2009 held in Colombo, Sri Lanka.

FOOD AND AGRICULTURAL ORGANISATION (FAO)

2.45 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 of 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 of 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. Himanchal Pradesh and Orissa. The FIVIMS study in these States has since been completed.

2.46 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 Security.

2.47 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 and Public Distribution represents India as a member of the RTWG and the National Technical Working Group (NTWG).

2.48 Three Regional Consultations on Regional Food Security have since been held with the collaboration of FAO – First in Islamabad during 16th -17th July, 2007, Second in Colombo, Sri Lanka during 27th-29th February, 2008 and the third in Male, Maldives during 27-29th May, 2008. Joint Secretary Department of Food and Public Distribution represented India in all three consultation meetings as Member, RTWG, India. The Country Position Papers on India entitled “Food Security in India and Perspective of the Country on Regional Strategy and Programmes for food Security” prepared by NTWG has since been presented by members of RTWG & Head of the NTWG in the Second Regional Consultation on Regional Food Security held in Colombo, Sri Lanka.

INTEGRATED FINANCE DIVISION

2.49 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.

Duties:-

(i) To ensure that the schedule for preparation of budget is adhered to by the Ministry and the Budget is drawn 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 Department on all matters falling within the ambit of delegated powers.
- (vii) to scrutinize proposals for re-delegation of powers to subordinate authorities;
- (viii) to closely associate with the formulation of schemes and important expenditure proposals from its initial stages;
- (ix) to associate 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 the preparation of outcome budget of the Department;
- (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.

SUMMARY OF AUDIT OBSERVATIONS

2.50 A summary of important audit observations on the Department, included in the C&AG's Reports of 2008 (Commercial) and action taken by the Department thereon are given below: -

FOOD CORPORATION OF INDIA

1. Inclusion of inadmissible incidentals in the procurement rates of levy rice resulted in undue benefit to millers and consequent extra subsidy burden of Rs.326.21 crore

to Government of India.

(Para 7.1.1 of Report No. 11 of 2008 - Commercial)

Action taken by the Department

Para examined by COPU (2008-09). Oral evidence of the Department held on 23.10.2008. ATN sent to C&AG on 22.07.2008 and reply to vetting remarks sent to C&AG on 11.12.2008.

2. Storage gain in wheat observed during 2004-05 and 2005-06 in Punjab region compared with Haryana region showed short accountal of wheat by 59,898 MT valuing Rs.58.17 crore.

(Para 7.1.2 of Report No. 11 of 2008 - Commercial)

Action taken by the Department

Action Taken Note was sent to the Audit on 8.9.2008. Vetting remarks of Audit sent to FCI for comments on 25.11.2008.

3. Non-consideration of actual period of custody and maintenance for fixation of interest charges resulted in avoidable payment of Rs.38.68 crore to State agencies in Punjab and Haryana during 2002-03 and 2003-04.

(Para 7.1.3 of Report No. 11 of 2008 - Commercial)

Action taken by the Department

Reply to audit para sent to Office of C&AG on 9.9.2008.

4. Payment of interest charges at 9.10 per cent in place of FCI rate of interest at 8.15 per cent to the State agencies for procurement of Custom Milled Rice resulted in excess payment of Rs.26.03

crore during Kharif Marketing Season 2004-05 and 2005-06.

(Para 7.1.4 of Report No. 11 of 2008 - Commercial)

Action taken by the Department

Comments of FCI were obtained on the para and reply sent to Office of C&AG on 19.11.2008.

5. Undue benefit to tenderers, delay in finalization of rates and non-consideration of market rates resulted in loss of Rs.14.96 crore in disposal of bajra by FCI Haryana region during 2003-04 and 2004-05.

(Para 7.1.5 of Report No. 11 of 2008 - Commercial)

Action taken by the Department

Reply to the para was sent to C&AG. Vetting remarks received from the Office of C&AG were sent to FCI on 3.10.2008.

6. Non-charging of output tax on sales made to the State Government of Haryana for sale under 'Above Poverty Line' allocations resulted in avoidable subsidy burden of Rs.3.80 crore to Government of India.

(Para 7.1.6 of Report No. 11 of 2008 - Commercial)

Action taken by the Department

Comments of FCI were obtained on the para and reply to audit para sent to the Office of C&AG on 3.3.2008 and again on 30.7.2008.

7. Delay in approval of rates for disposal of maize procured during Kharif Marketing

Season 2004-05 in Karnataka region resulted in a loss of Rs. 31.00 crore to the Food Corporation of India.

(Para 7.1.7 of Report No. 11 of 2008 - Commercial)

Action taken by the Department

Comments of FCI were sought on 25.2.2008. Further clarification sought on 25.9.2008 is still awaited.

8. Failure in adhering to the Government of India's instructions regarding issue of foodgrains under mid-day meal scheme resulted in excess issue of foodgrains and subsidy burden of Rs.2.88 crore.

(Para 7.1.8 of Report No. 11 of 2008 - Commercial)

Action taken by the Department

Comments of FCI and Ministry of Human Resource Development (M/o HRD) were sought. Action Taken Note has been sent to Office of C&AG on 15th December, 2008 for vetting.

DEPARTMENTALISED PAYMENT AND ACCOUNTING ORGANISATION

ORGANISATIONAL SET UP

- 2.51 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 duties through and with the help of AS & FA and Chief Controller Accounts of the Department of Food & Public Distribution.

2.52 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 is 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 has four Pay and Accounts Offices located at New Delhi, Mumbai, Chennai and Kolkata.

FUNCTIONS & RESPONSIBILITIES

2.53 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 pay and allowances, provident fund claims, office contingencies, miscellaneous payments, loans and advances to Government Servants and others as well as grants-in-aid. There are 8 PAOs, 2 CDDO & 40 Non-CDDOs in the Ministry of Consumer Affairs, Food and Public Distribution. The Non-CDDOs present their claims/bills to the accredited PAO who issue cheques after scrutiny of the bills. The CDDOs are authorised to make payments for salaries and contingent claims after observing the relevant checks. The CDDOs issue cheques on the basis of Letter of Credit (LOC) issued in their favour by the concerned PAOs to the accredited bank branches.
- (ii) Issuance of Pension Payment Orders (PPO) in respect of retiring Government servants and payment of retirement benefits.

- (iii) Supervision & Monitoring of 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 Advice 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 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.

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

important reports are generated by using 'CONTACT'.

2.55 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.

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

ONLINE Financial Information System for fact based fiscal management.

2.57 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 to decision maker in management of records, implementation of various financial & accounting manuals, pointing out financial irregularities & procedural lapses.

2.58 During the financial year 2008-09 (upto 2/2009), 42 units came under the preview of Audit. 35 units were audited during 2008-09 (upto February 2009) and 10 Grants-in-Aid Institutions were identified as to be covered under audit, out of which audit of 05 Institutions were conducted. Four Grantee Institutions were left as no further grant was released to them and one grantee institution was left.

2.59 Besides the above, the Internal Audit Wing have conducted studies on the Schemes Viz., 'Village Grain Bank' and 'Integrated Project on Consumer Protection' for Risk Based Audit and presented 'Village Grain Bank' before the Controller General of Accounts.

ACHIEVEMENTS

- (i) The original outlay of the Department of Food & Public Distribution is Rs. 34111.00 Crore under Grant No.18 during 2008-09
- (ii) Payment of Subsidy to FCI is Rs.36744.10 Crores & State Government is Rs.6923.98 Crore respectively upto March,2009.
- (iii) Details of release to Sugar Mills under SDF Act, 1982 is available at Ministry's website.

- (iv) The Pay & Accounts Office of the Department of Food & Public Distribution settled as many as 14 pension cases from September-2008 to March-2009 and 123 revisions of pension cases.
- (v) An amount of Rs.65,28,521/- has been received from F.C.I. on account of capitalized value of Pension.
- (vi) Pay & Accounts office of Department of Food & Public Distribution maintains 400 live G.P.F. accounts and have settled 9 final payment cases during September 2008 to March 2009.
- (vii) The Internal Audit wing conducted audit of 45 units out of which 21 units have been audited upto March, 2009.
- (viii) The audits of Non Government Organisation is also being under taken by IA wing.
- (ix) The payment to sugar mills under the SDF act 1982 is being made through Electronic Clearance System arranged by Reserve Bank of India in 15 stations only. Further efforts are on to make it available at all places where the payee demands.
- (x) 20 Employees got trained under INGAF & NIFM upto March, 2009.

VIGILANCE ORGANISATION

- 2.60 The Vigilance function in 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. He is assisted by a Director, an Under Secretary and a Desk Officer. Besides three ministerial staff, assist him.
- 2.61 In the two major PSUs i.e. FCI and CWC, under the Department, the vigilance

function is headed by full time Chief Vigilance Officer (CVO). 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.

- 2.62 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. The cues for preventive vigilance activities are taken from the Annual Action Plan on Anti Corruption Measures of the DOP&T and guidelines being issued by the CVC from time to time.
- 2.63 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-emphasized at all levels in the Department, its attached and subordinate offices and the Public Sector Undertakings. Periodic 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 in both the PSUs and the main Department.
- 2.64 The stress of Vigilance is mainly on computerization and 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.

IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

- 2.65 The Right to Information Act, 2005 came

into force w.e.f. 12th October, 2005. In order to promote transparency and accountability in the working of every public authority, the Act provides for setting out a practical regime for citizens to secure access to information under the control of public authorities.

2.66 In keeping with the provisions of the Act for designating Central Public Information Officers (CPIOs) to deal with request for information, officers of the level of Directors/ Deputy Secretaries have been designated as CPIOs for the respective Divisions in the Department. The Joint Secretaries in the Department have been designated as Appellate Authorities. To file appeal, the details of the Appellate Authorities, CPIOs and Central Assistant Public Information Officers (CAPIOs), are available on the website of the department which is updated from time to time.

2.67 The Department has also complied with the provisions of the Act for publication of information relating to the Organization within the prescribed time frame and duly compiled manuals are available on the Department's website www.fcamin.nic.in/RTI/indec.htm for information of the public and are being updated regularly. Similarly, information in respect of Food Corporation of India (FCI), Central Warehousing Corporation (CWC), Directorate of Sugar and Directorate of Vanaspati, Vegetable Oils and Fats (VVOF) may be seen at <http://fciweb.nic.in/RTI/inde.htm>,

www.fieo.com/cwc and <http://fcamin.nic.in/righttoinformationact.htm> respectively.

2.68 During the period from 1st April, 2008 to 24th March, 2009, 154 requests were received and all these requests were disposed off within the prescribed time limit.

2.69 Under the RTI Act, 2005, the Public Authorities are required to provide as much information as possible suo moto to the Public. Towards this end, the Department has refurbished its website to make it more citizen-centric. It is also being ensured that the contents available on the website are regularly updated through Content Management Software to make information management more meaningful. Seven utility softwares relating to Government to Government (G-2-G) interface are also operational on the Department's intranet.

2.70 For pro-active disclosure of information under RTI Act, 2005 and to monitor the disposal of RTI requests on line, a web based Centralized RTI Management Information System (RTIMIS) has been developed by NIC, DOPT in consultation with Central Information Commission (CIC). The system is designed to monitor the disposal of RTI requests on line. Accordingly, entry of all requests received in the Department under RTI Act, 2005 are being made through the RTIMIS software. The annual details have also been updated on time.

Chapter-III

Food Management



Food grains being brought for storage in a CWC Godown

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.

FOODGRAINS PRODUCTION DURING 2007-08

- 3.1 The cumulative rainfall from 1st June to 30th September 2008 was excess to normal in 32 meteorological sub-divisions and deficient in 4 out of the 36 meteorological sub-divisions in the country. The rainfall from the south-west monsoon in 2008, for the country as a whole, was 98% of its long period average.
- 3.2 The foodgrains production during 2007-08 is estimated at 230.78 million tonnes which is 13.50 million tonnes or 6.21% more than 217.28 million tonnes of foodgrains production in 2006-07. The kharif foodgrains production estimated at 120.95 million tonnes in 2007-08 is 10.38 million tonnes or 9.39% more than 110.57 million tonnes of kharif production in 2006-07. The rabi foodgrains production estimated at 109.83 million tonnes is 3.12 million tonnes or 2.96% more than 106.71 million tonnes of rabi foodgrains production in 2006-07.

FOODGRAINS PRODUCTION PROSPECTS DURING 2008-09

- 3.3 The cumulative rainfall from 1st June to 30th September 2008 was excess to normal in 32 meteorological sub-divisions and deficient/scanty in 4 out of the 36 meteorological sub-divisions in the country. For the country as a whole, the rainfall from the south-west monsoon in

2008 was 2% below the long period average.

- 3.4 As per the 3rd Advance Estimates released on 08.05.2009 the food grains production is estimated at 229.85 million tonnes during 2008-09 which is 0.40% less than the last year food production. The Production of total rice is estimated at 99.37 million tonnes while production of total coarse cereals is estimated at 38.67 million tonnes. Production of total pulses is estimated at 14.18 million tonnes which is 3.93% less than last year production of 14.76 million tonnes.
- 3.5 The details of final estimates of production of 2007-08 and 3rd advance estimates for 2008-09 are given in Annexure-III.

PRICE POSITION OF FOODGRAINS

- 3.6 A statement giving the Monthly Average of Wholesale Price Index (WPI) of Foodgrains (Average) (Base: 1993-94-100) is given in the Annexure-IV
- 3.7 The WPI of Foodgrains which stood at 217.7 in January, 2008 began to rise gradually and was 239.6 in December, 2008.
- 3.8 The index for Cereals began with 215.7 in January, 2008 and stood at 236.2 in December, 2008.
- 3.9 The WPI of rice which stood at 195.5 In January, 2008 rose to 222.2 in December, 2008.
- 3.10 The WPI of wheat stood at 240.9 in December, 2008 as compared to 231.4 in January, 2008.

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 31.3.2009 for the Kharif Marketing Season 2008-09 is at Annexure V.

PROCUREMENT

3.11 Foodgrains are procured at the

Minimum Support Price (MSP) fixed by the Government. The MSP for Common and Grade 'A' paddy was fixed at Rs. 850 and Rs. 880 per quintal respectively for the Kharif Marketing Season 2008-2009 (October, 2008-September, 2009). An incentive bonus of Rs. 50 per quintal over and above the MSP was also given during the entire KMS 2008-09. The MSP of wheat was fixed at Rs. 1000 per quintal for the Rabi Marketing Season 2008-2009. The comparative MSP of wheat and paddy since 2003-2004 to 2008-2009 (marketing seasons) is given below:

(Rs. per quintal)

Year	Wheat	Paddy	
		Common	Grade-A
2003-04	620 **	550	580
2004-05	630	560	590
2005-06	640	570	600
2006-07	650 #	580 &	610 &
2007-08	750 \$	645 %	675 %
2008-09	1000	850 *	880 *
2009-10	1080		

** 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

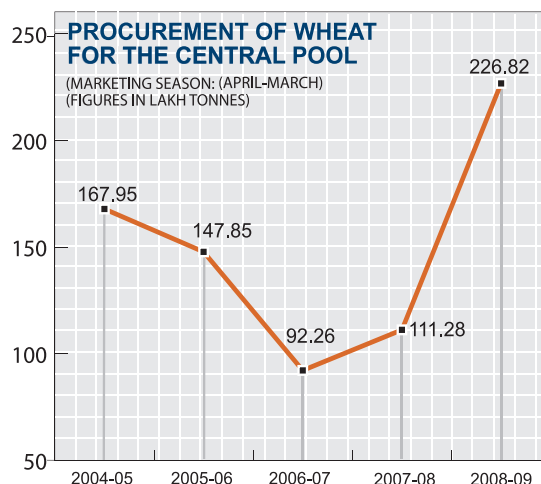
% An incentive bonus of Rs. 100 per quintal over and above the MSP was also given during the entire KMS 2007-08. In KMS 2007-08, MSP was further increased to Rs. 850 and Rs. 880 per quintal for common and Grade 'A' varieties of paddy w.e.f. 24.6.2008.

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

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

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

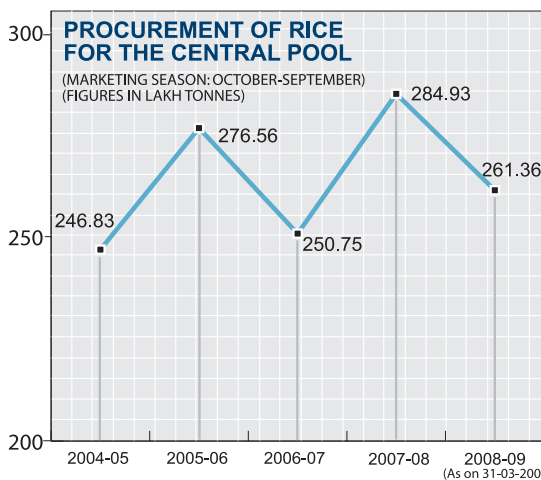
3.14 The total procurement of rice in the States which have adopted decentralized procurement was 40 lakh tonnes in KMS 2002-03. This went up sharply to 78 lakh tonnes during KMS 2003-04, 94 lakh tonnes during KMS 2004-05 and 109 lakh tonnes during KMS 2005-06. During KMS 2007-08, 107.8 lakh tonnes of rice



was procured against 94.9 lakh tonnes procured during KMS 2006-07. During current KMS 2008-09, 103.8 lakh tonnes of rice has been procured as on 31.3.2009. A record 60.47 lakh tonnes of wheat procured by DCP States in RMS 2008-09 against previous best of 27.2 lakh tonnes procured in RMS 2002-03.

PROCUREMENT OF RICE

3.15 Besides extending price support to farmers for wheat and paddy, rice was also procured under levy from rice millers/dealers at prices announced separately for each State. The procurement of rice for the Central Pool (including paddy in terms of rice) since KMS 2004-2005 is given below:



PROCUREMENT OF RICE FOR CENTRAL POOL

(Marketing Season: October-September)

(Figures in lakh tonnes)

Year	Procurement		
	FCI	State Agencies	Total
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	124.28	160.65	284.93
*2008-09	65.77	195.59	261.36

*Position as on 31/3/2009

3.16 For the year 2008-09 procurement of rice is in progress and is estimated at 282 lakh tonnes. The State-wise percentage of the procurement of rice to the Central Pool during 2008-09 and 2007-2008 is given below:

PROCUREMENT OF RICE(INCLUDING PADDY IN TERMS OF RICE) DURING KMS 2008-2009 AND CORRESPONDING POSITION DURING KMS 2007-08 FOR THE CENTRAL POOL				
Total Procurement During KMS 2008-09= 261.36 LAKH TONNES				
Total Procurement During KMS 2007-08= 217.10 LAKH TONNES				
(As on 31.3.2009)				
State	KMS 2008-09		KMS 2007-08	
	Quantity procured (in lakh tonnes)	% of Quantity Procured to Total Procurement	Quantity procured (in lakh tonnes)	% of Quantity Procured to Total Procurement
Andhra Pradesh	48.12	18.41	37.03	17.06
Chhattisgarh	25.45	9.74	26.41	12.16
Haryana	14.05	5.38	15.68	7.22
Madhya Pradesh	1.64	0.63	0.69	0.32
Maharashtra	1.60	0.62	1.22	0.56
Orissa	18.12	6.93	15.96	7.35
Punjab	84.51	32.33	77.67	35.78
Tamilnadu	9.83	3.76	6.57	3.03
Uttar Pradesh	34.91	13.36	25.69	11.83
Uttarakhand	3.01	1.15	1.45	0.67
Others	20.09	7.69	8.73	4.02

The procurement of Rice in 2007-08 the contribution of States, in terms of percentage is as under: -

PROCUREMENT OF RICE(INCLUDING PADDY IN TERMS OF RICE) DURING 2007-2008 KHARIF MARKETING SEASON FOR THE CENTRAL POOL TOTAL PROCUREMENT= 284.93 LAKH TONNES (As on 31.3.2009)		
State	Quantity procured (in lakh tonnes) Procurement	% of Quantity Procured to Total
Andhra Pradesh	74.17	26.03
Chhattisgarh	27.44	9.63
Haryana	15.71	5.51
Madhya Pradesh	0.69	0.24
Maharashtra	1.6	0.56
Orissa	23.38	8.21
Punjab	79.08	27.75
Tamilnadu	9.68	3.40
Uttar Pradesh	28.92	10.15
Uttarakhand	1.47	0.52
Others	22.79	8.00

3.17 The share of procurement of paddy by State Agencies out of the total procurement during KMS 2008-09 and 2007-08 in major States has been as under: -

PROCUREMENT OF PADDY DURING 2008-09 KHARIF MARKETING SEASON FOR THE CENTRAL POOL TOTAL PROCUREMENT = 268.48 LAKH TONNES (As on 31.3.2009)				
State	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured by State Agencies to Total Procurement by State
	FCI	State Agencies	Total	
Andhra Pradesh	0.40	2.71	3.11	87.14
Chhattisgarh	8.52	22.07	30.59	72.15
Haryana	0.10	18.10	18.20	99.45
Madhya Pradesh	0.62	1.57	2.19	71.69
Maharashtra	0	1.19	1.19	100.00
Orissa	0.64	25.94	26.58	97.59
Punjab	2.05	118.79	120.84	98.30
Tamilnadu	0	14.67	14.67	100.00
Uttar Pradesh	8.74	23.95	32.69	73.26
Uttarakhand	0	0.10	0.10	100.00
Others	3.30	15.02	18.32	81.99

PROCUREMENT OF PADDY DURING 2007-2008 KHARIF MARKETING SEASON FOR THE CENTRAL POOL				
TOTAL PROCUREMENT = 246.83 LAKH TONNES				
State	Quantity Procured (In Lakh Tonnes)			
	FCI	State Agencies	Total	% of Quantity Procured by State Agencies to Total Procurement made by the State
Andhra Pradesh	0.58	4.99	5.57	89.59
Chhattisgarh	7.16	15.28	22.44	68.09
Haryana	0.1	17.74	17.84	99.44
Madhya Pradesh	0.77	0.26	1.03	25.24
Maharashtra	1.13	1.26	2.39	52.72
Orissa	7.54	26.61	34.15	77.92
Punjab	1.32	101.88	103.2	98.72
Tamilnadu	-	14.42	14.42	100.00
Uttar Pradesh	6	16.16	22.16	72.92
Uttarkhand	-	0.18	0.18	100.00
Others	8.11	15.34	23.45	65.42

Procurement of Wheat

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

State	2004-05	2005-06	2006-07	2007-08	2008-09	*2009-10
Haryana	51.15	45.29	22.29	33.50	52.31	
M.P.	3.50	4.84	Neg	0.57	24.1	1.33
Punjab	92.40	90.10	69.46	67.81	99.4	
Rajasthan	2.79	1.59	0.02	3.83	9.35	
U.P.	17.40	5.60	0.49	5.46	31.37	
Others	0.71	0.43	0.00	0.11	10.29	0.39
All India	167.95	147.85	92.26	111.28	226.82	1.72

* RMS starts from 1st April. However, in some states viz. MP, Rajasthan and Gujarat wheat procurement starts early.

3.19 The State-wise percentage of procurement of wheat during 2008-09 is given below:

PROCUREMENT OF WHEAT DURING 2008-2009 MARKETING SEASON

TOTAL QUANTITY PROCURED = 226.82 LAKH TONNES				
States	Procured (In Lakh Tonnes)		% of Quantity Procured to Total Procurement made by the State	
	FCI	State	Agencies	Total
Haryana	7.85	44.46	52.31	84.99
M.P.	8.38	15.72	24.1	65.23
Punjab	10.74	88.66	99.4	89.20
Rajasthan	7.83	1.52	9.35	16.26
U.P.	12.16	19.21	31.37	61.24
Others	5.92	4.37	10.29	42.47

CENTRAL ISSUE PRICE

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

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

the other for families Above the Poverty Line (APL).

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

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

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

CIP OF RICE (COMMON & GRADE 'A')

(Rs. per quintal)

Rice	APL	BPL	With effect from
Common	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	1.04.2002
Grade 'A'	730		1.04.2002
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 ANTYODAYA ANNA YOJANA (AAY)

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

BUFFER STOCKING POLICY OF FOODGRAINS

The main objectives of the Buffer Stocking Policy are: -

- (i) To meet the prescribed Minimum Buffer Stock norms for food security,
- (ii) For monthly releases of foodgrains for supply through the 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

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

(Figures in lakh tonnes)

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

In addition, Government has also decided to maintain a strategic reserve

of 30 lakh tonnes of wheat and 20 lakh tonnes of rice.

BUFFER NORMS FOR XI PLAN

- 3.26 In order to review and recommend revised buffer norms, a Technical Group under the Chairmanship of Secretary (F&PD) has been constituted. The Technical Group 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.
- 3.27 The National Center for Agricultural Economics and Policy Research (NCAP) was entrusted to undertake a study for revision of Buffer Norms of foodgrains. NCAP has submitted its report which has been examined in the Department. The recommendations of the NCAP and the observations thereon are being submitted to the Technical Group for finalizing its report. Pending finalization of revised buffer stocking norms, however on adhoc basis the minimum stock of Wheat on 01.04.08 was maintained at 50 lakh tonnes.

STOCK POSITION IN CENTRAL POOL

- 3.28 The stock of foodgrains in the Central Pool as on 1.4.2009 was 355.82 lakh tonnes which comprises 216.04 lakh tonnes of Rice and 134.29 lakh tonnes of Wheat and 5.49 lakh tonnes of coarse grains . The total stock of foodgrains in the Central Pool including coarse grains as on 1st January during the last seven years was as follows:-

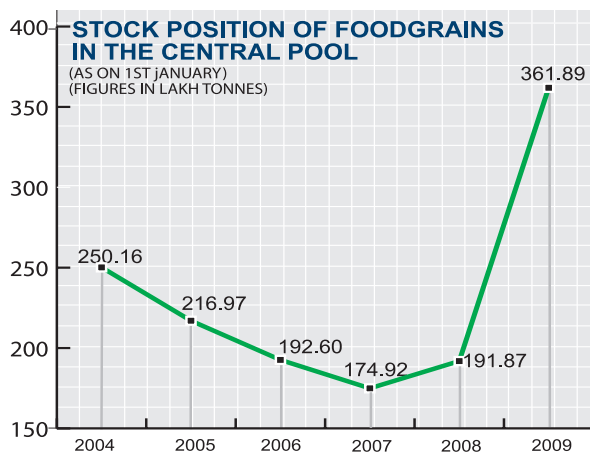
(Figures in lakh tonnes)

Year	Stock
1 st Jan, 2003	482.05
1 st Jan, 2004	250.16
1 st Jan, 2005	216.97
1 st Jan, 2006	192.6
1 st Jan, 2007	174.92
1 st Jan, 2008	191.87
1 st Jan, 2009	361.89

3.29 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	W H E A T		R I C E		T O T A L	
	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms
1.1.2002	324.15	84	256.17	84	580.32	168
1.4.2002	260.39	40	249.12	118	509.51	158
1.7.2002	410.74	143	219.37	100	630.11	243
1.10.2002	356.37	116	157.7	65	514.07	181
1.1.2003	288.3	84	193.72	84	482.02	168
1.4.2003	156.45	40	171.57	118	328.02	158
1.7.2003	241.94	143	109.74	100	351.68	243
1.10.2003	184.27	116	52.41	65	236.68	181
1.1.2004	126.87	84	117.27	84	244.14	168
1.4.2004	69.31	40	130.69	118	200	158
1.7.2004	191.52	143	107.63	100	299.15	243
1.10.2004	142.23	116	60.92	65	203.15	181
1.1.2005	89.31	84	127.63	84	216.94	168
1.4.2005	40.66	40	133.41	122	174.07	162
1.7.2005	144.54	171	100.71	98	245.25	269
1.10.2005	102.9	110	48.49	52	151.39	162
1.1.2006	61.88	82	126.41	118	188.29	200
1.4 .2006	20.09	40	136.75	122	156.84	162
1.7.2006	82.07	171	111.43	98	193.5	269
1.10.2006	64.12	110	59.7	52	123.82	162
1.1.2007	54.28	82	119.77	118	174.05	200
1.4.2007	47.03	40	131.72	122	178.75	162
1.7.2007	129.26	171	109.77	98	239.03	269
1.10.2007	101.21	110	54.89	52	156.1	162
1.1.2008	77.12	82	114.75	118	191.87	200
1.4.2008	58.03	40	138.35	122	196.38	162
1.7.2008	249.12	171	112.49	98	361.61	269
1.10.2008	220.25	110	78.63	52	298.88	162
1.1.2009	182.12	82	175.76	118	357.68	200
1.4.2009	134.29	40	216.04	122	350.33	162



An overview

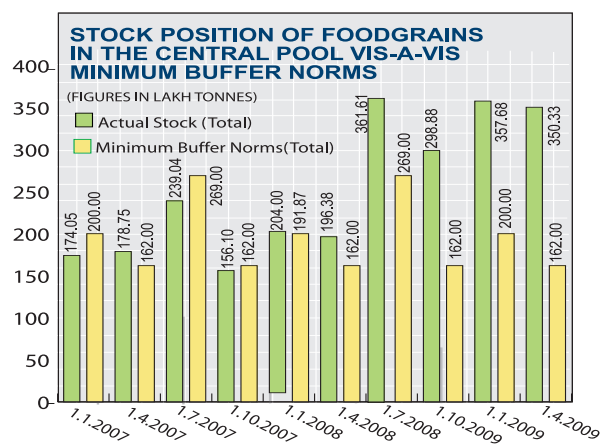
3.30 The Government reviews on monthly basis the position of foodgrain stocks held in the Central Pool by FCI and the State Governments and their agencies. The stock of rice and wheat in the Central Pool was sufficient to meet the requirement under Targetted Public Distribution System (TPDS) and Welfare Schemes during 2008-09.

PUBLIC DISTRIBUTION SYSTEM (PDS)

INTRODUCTION

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

3.32 PDS is operated under the joint responsibility of the Central and the State Governments. The Central government, through FCI, has assumed the responsibility for procurement, storage, transportation and bulk allocation of food grains to the State Governments. The



operational responsibility including allocation within State, identification of families below the poverty line, issue of Ration Cards and supervision of the functioning of FPS, rests with the State Governments. Presently commodities namely wheat, rice, sugar and kerosene, are being allocated to the States/UTs for distribution under PDS. Some States/UTs also distribute additional items of mass consumption through the PDS outlets such as cloth, exercise books, pulses, salt, baby food, butter, palmolein, milk and milk products, edible oils, soaps, toothpaste and tea, etc.

EVOLUTION OF PUBLIC DISTRIBUTION SYSTEM

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

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

REVAMPED PUBLIC DISTRIBUTION SYSTEM (RPDS)

- 3.36 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) were identified in consultation with State Governments for special focus, with respect to improvement of the PDS infrastructure. Food grains for distribution in RPDS areas were issued to the States at 50 paise below the Central Issue Price. The scale of issue was up to 20 kg per card.
- 3.37 The RPDS included area approach for ensuring effective reach of the PDS commodities, their delivery by State Governments at the doorstep of FPSs in the identified areas, additional ration cards to the left out families, infrastructure requirements like additional Fair Price Shops, storage capacity etc. and additional commodities such as tea, salt, pulses, soap etc. for distribution through PDS outlets.

TARGETTED PUBLIC DISTRIBUTION SYSTEM (TPDS)

- 3.38 In June 1997, the Government of India launched the Targeted Public Distribution System (TPDS) with focus on the poor. Under the TPDS, States are required to formulate and implement foolproof arrangements for identification of the poor for delivery of food grains and for its distribution in a transparent and accountable manner at the FPS level.
- 3.39 The scheme, when introduced, was intended to benefit about 6 crore poor families for whom a quantity of about 72 lakh tonnes of food grains was earmarked annually. The identification of the poor under the scheme is done by the States as per State-wise poverty estimates of the Planning Commission for 1993-94 based on the methodology of the "Expert Group on estimation of proportion and number of poor" chaired by Late Prof Lakdawala. The allocation of food grains to the States/UTs was made on the basis of average consumption in the past i.e. average annual off-take of food grains under the PDS during the past ten years at the time of introduction of TPDS.
- 3.40 The quantum of food grains in excess of the requirement of BPL families was provided to the State as 'transitory allocation' for which a quantum of 103 lakh tonnes of food grains was earmarked annually. Over and above the TPDS allocation, additional allocation to States was also given. The transitory allocation was intended for continuation of benefit of subsidized food grains to the population Above the Poverty Line (APL) as any sudden withdrawal of benefits existing under PDS from them was not considered desirable. The transitory allocation was issued at prices, which were

subsidized but were higher than the prices for the BPL quota of food grains.

- 3.41 Keeping in view the consensus on increasing the allocation of food grains to BPL families, and to better target the food subsidy, Government of India increased the allocation to BPL families from 10 kg. to 20 kg of food grains per family per month at 50% of the economic cost and allocation to APL families at economic cost w.e.f. 1.4.2000. The allocation of APL families was retained at the same level as at the time of introduction of TPDS but the Central Issue Prices (CIP) for APL were fixed at 100% of economic cost from that date so that the entire consumer subsidy could be directed to the benefit of the BPL population.
- 3.42 The number of BPL families has been increased w.e.f. 1.12.2000 by shifting the base to the population projections of the Registrar General as on 1.3.2000 instead of the earlier population projections of 1995. With this increase, the total number of BPL families is 652.03 lakh as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997.
- 3.43 The end retail price is fixed by the States/UTs after taking into account margins for wholesalers/retailers, transportation charges, levies, local taxes etc. Under the TPDS, the States were requested to issue food-grains at a difference of not more than 50 paise per kg over and above the CIP for BPL families. Flexibility to States/UTs. has been given in the matter of fixing the retail issue prices by removing the restriction of 50 paise per kg over and above the CIP for distribution of food grains under TPDS except with respect to Antyodaya Anna Yojana where the end retail price is to be retained at Rs. 2/ per Kg. for wheat and Rs. 3/ per Kg. for rice.

IDENTIFICATION OF BPL FAMILIES UNDER TPDS

- 3.44 To work out the population below the poverty line under the TPDS, there was a general consensus at the Food Minister's conference held in August 1996, for adopting the methodology used by the expert groups set up by the Planning Commission under the Chairmanship of Late Prof. Lakadawala. The BPL households were determined on the basis of population projections of the Registrar General of India for 1995 and the State wise poverty estimates of the Planning Commission for 1993-94. The total number of BPL households so determined was 596.23 lakh. Guidelines for implementing the TPDS were issued in which the State Governments had been advised to identify the BPL families by involving the Gram Panchayats and Nagar Palikas. While doing so, the thrust was to include the really poor and vulnerable sections of the society such as landless agricultural labourers, marginal farmers, rural artisans/craftsmen such as potters, tappers, weavers, black-smith, carpenters etc. in the rural areas and slum dwellers and persons earning their livelihood on daily basis in the informal sector like porters, rickshaw-pullers, cart-



Foodgrain being delivered to Ration Card holder by Fair Price Shop.

pullers, fruit and flower sellers on the pavement etc. in urban areas. The Gram Panchayats and Gram-Sabhas were also to be involved in the identification of eligible families. The number of BPL families has been increased w.e.f. 1.12.2000 by shifting the base to the population projections of the Registrar General as on 1.3.2000 instead of the earlier population projections of 1995. With this increase, the total number of BPL families is 652.03 lakh as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997.

IDENTIFICATION OF ANTYODAYA FAMILIES AND ALLOCATION OF FOODGRAINS:

- 3.45 The identification of the Antyodaya families and issuing of distinctive Ration Cards to these families is the responsibility of the concerned State Governments. Detailed guidelines were issued to the States/UTs for identification of the Antyodaya families under the AAY and additional Antyodaya families under the expanded AAY. Allocation of food grains under the scheme is being released to the States/UTs on the basis of issue of distinctive AAY Ration Cards to the identified Antyodaya families. The present monthly allocation of food grains under AAY is around 8.496 lakh tonnes per month as on 31.03.09.
- 3.46 AAY is a step in the direction of making TPDS aim at reducing hunger among the poorest segments of the BPL population. A National Sample Survey Exercise points towards the fact that about 5 % of the total population in the country sleeps without two square meals a day. This section of the population can be called as "hungry". In order to make TPDS more focused and targeted towards this

category of population, the "Antyodaya Anna Yojana" (AAY) was launched in December, 2000 for one crore poorest of the poor families.

- 3.47 AAY contemplates identification of one crore poorest of the poor families from amongst the number of BPL families covered under TPDS within the States and providing them food grains at a highly subsidized rate of Rs.2/ per kg. for wheat and Rs. 3/ per kg for rice. The States/UTs are required to bear the distribution cost, including margin to dealers and retailers as well as the transportation cost. Thus the entire food subsidy is being passed on to the consumers under the scheme.
- 3.48 The scale of issue that was initially 25 kg per family per month has been increased to 35 kg per family per month with effect from 1st April 2002.

FIRST EXPANSION OF AAY

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

SECOND EXPANSION OF AAY

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

guidelines stipulate the following criteria: —

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

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

THIRD EXPANSION OF AAY

- 3.51 As announced in the Union Budget 2005-06, the AAY has further been expanded to cover another 50 lakh BPL households thus increasing its coverage to 2.5 crore households.(i.e. 38% of BPL). Orders to this effect have been issued on 12th May, 2005.
- 3.52 The status of identification of households under AAY (Normal, 1st expansion, 2nd expansion and 3rd expansion) is given in Annexure VI.

ALLOCATION OF FOODGRAINS UNDER TPDS

- 3.53 Allocation of foodgrains under the Targeted Public Distribution System (TPDS) is made for BPL, AAY and APL families on the basis of 1993-94 poverty estimates of the Planning Commission projected on the population estimates of Registrar General of India as on 1.3.2000 or the number of families actually identified and ration cards issued by State Government, whichever is less.
- 3.54 Accordingly, allocations of foodgrains for AAY and BPL categories are made @ 35 kg per family per month to all accepted number of 6.52 crore families in the country. However, allocation for APL category is made depending upon the availability of stocks of foodgrains in the Central Pool.

SCALE OF ISSUE OF FOOD-GRAINS UNDER TPDS

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

the food security at the household level and liquidating surplus stocks of foodgrains in the Central Pool.

VIGILANCE COMMITTEES

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

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

INVOLVEMENT OF PANCHAYATI RAJ INSTITUTIONS & URBAN LOCAL BODIES

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

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

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

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

of the responsibilities would be:-

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

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

PDS (CONTROL) ORDER, 2001

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

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

- (v) Licensing;
- (vi) Monitoring.

3.62 The Order requires all State Governments/UTs to ensure that the BPL and Antyodaya families identified are really the poorest of the poor. It also requires the State Governments/UTs to get the lists of BPL and Antyodaya families reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families. It further devolves on the State Governments/UTs to conduct periodical checking of ration cards to weed out ineligible and bogus ration cards. The State Governments/UTs are also to ensure issue of Utilization Certificates confirming that the foodgrains have been lifted and distributed to the intended beneficiaries under the TPDS. An offence committed in violation of the provisions of this Order shall invoke criminal liability under the Essential Commodities Act, 1955.

MEASURES TAKEN TO STRENGTHEN TPDS

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

(i) Implementation of the Nine Point Action Plan

As per evaluation reports on TPDS submitted by PEO, Planning Commission & ORG MARG in 2005, there were high levels of diversion/leakages of food grains under TPDS, there were exclusion and inclusion errors in identification of BPL and AAY families, and operations of fair price shops were financially not viable. These reports were shared with all State & UT Governments during five

regional and one national level conference of State & UT Food Ministers and Food Secretaries. Based on this consultation process, a nine-point Action Plan was evolved. Details of the nine points action plan are as under:

- (i) Continuous review of the BPL and AAY lists to eliminate bogus ration cards and to ensure coverage of only eligible BPL and Antyodaya families.
- (ii) Ensuring leakage-free and diversion-free distribution of PDS commodities, regular inspection by different levels of functionaries, strict action against guilty persons/agencies.
- (iii) Involvement of Panchayati Raj Institutions in PDS operations – PRI representatives on Advisory Committees, running of fair price shops by Panchayats and effective representation of Panchayati Raj representatives on Vigilance Committees.
- (iv) Ensuring transparency in working of PDS, display of BPL and AAY lists by fair price shops, observance of notified timings by fair price shops.
- (v) Use of Information Technology, Computerization of TPDS operations, display of fair price ship-wise and district wise 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.

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

- (a) Elimination of 100.52 lakh bogus/ ineligible ration cards in 14 States
- (b) Door-step delivery of food grains to FPS, presently being done in 17 States/UTs,
- (c) Involvement of PRI's in vigilance committees to monitor FPS in 27 States/UTs,
- (d) Displaying of BPL lists at FPS in 30 States/UTs,
- (e) Initiation of Computerization of TPDS in 19 States,
- (f) Review of BPL/AAY lists in 30 States,
- (g) Display of district and FPS-wise allocations of food grains on website for public scrutiny in 19 States, and
- (h) Taking up training programmes for FPS level vigilance committees in 26 States & UTs.

(ii) Concurrent evaluation of TPDS.

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

January 2006. For additional six States (Kerala, Maharashtra, Uttarakhand, Madhya Pradesh, Jharkhand and Delhi), the study was entrusted to NCAER on 16.1.2007. For six States (Orissa, West Bengal, Tripura, Nagaland, Arunachal Pradesh and Manipur), study was awarded to IIPA on 8.1.2007. For additional eight States and UTs (Jammu & Kashmir, Himachal Pradesh, Haryana, Punjab, Andhra Pradesh, Tamil Nadu, Karnataka and Chandigarh), the study was awarded to IIPA on 30.3.2007.

The report of NCAER for 12 States has been received. Compared to the earlier findings of PEO and ORG Marg, these reports have revealed improvement in functioning of TPDS in some of these States. These reports have been shared with the concerned State & UT Governments and they have been directed to take further action for improving the performance of TPDS. The final report in respect of 6 States and draft report in respect of 4 States from IIPA has also been received and is under examination in the Department.

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

Introduction of Global Positioning System (GPS) has been taken up for implementation on pilot basis in Chhattisgarh, Tamil Nadu & Delhi for tracking movement of vehicles transporting TPDS commodities. This Pilot has been taken up to access effectiveness of this technology in eliminating leakages/diversion of food grains during transportation. Under the Plan Scheme of strengthening of TPDS, Rs. 44.76 lakh have been sanctioned to these three States Governments during 2007-08.

(iv) Display of identity on vehicles transporting TPDS foodgrains

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

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

In order to ensure increased transparency in functioning of FPSs, the State and UT Governments have been requested in the meeting on 8th February 2008 to issue instructions to introduce monthly certification by Village Panchayats/Vigilance Committee/Urban Local Bodies/Self Help Groups for delivery of foodgrains to ration card holders. Such a certification of actual delivery of foodgrains to Fair Price Shops in time and their distribution to ration card holders is also expected to streamline functioning of Vigilance Committees at Fair Price Shop level. Accordingly, all State/UT Governments have been directed on 7th March 2008 to introduce this system with effect from April 2008. So far 12 States have reported implementation of certification.

(vi) Adoption and implementation of revised model Citizen Charter

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

To make TPDS operation transparent and amenable to public scrutiny, the Model Citizens' Charter was again revised and issued in July 2007. The revised Citizens' Charter contains (1) Streamlined functioning of TPDS for ensuring food security to weaker sections of the society (2) contains the instructions issued by the Central Government to State/UT Governments for strengthening TPDS and to curb leakages/ diversions and (3) covers the RTI Act and TPDS as the action to be taken at various levels such as Government of India, State Government, intermediate & at FPS levels for effective use of RTI Act in TPDS operation. So far 20 States have adopted and implemented it.

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

Licences for fair price shops are mostly issued by State Governments & UT

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

As per reports received from State Governments by end of March, 2009, out of 4.98 lakh fair price shops in the country, about 83,000 fair price shops have been allotted to Cooperatives, women's Self Help Groups, Village Panchayats, Urban Local Bodies and other Self Help Groups in different States.

(viii) Computerization of TPDS operations

Digitization of PDS operations of National/State/District and Block levels all over the country is proposed to be taken up under a Plan Scheme on computerization of TPDS during the 11th Plan Period. Planning Commission has approved an allocation of Rs. 376 crores for this scheme under the 11th Plan. National Institute for Smart Government (NISG), Hyderabad has been engaged by this Department from March, 2008 as project consultant for implementation of this scheme. NISG has already carried out detailed studies of systems and process for National to Block Level in four selected States and submitted its report on the existing systems and processes, best practices, proposed technological interventions and management practices for TPDS and a detailed project report

(DPR) for approval of implementation of the scheme, first on pilot basis. Andhra Pradesh, Assam, Chhattisgarh and Delhi have been selected as the pilot States. The DPR submitted by NISG has been examined in the Department and approval of Expenditure Finance Committee for pilot implementation of the scheme is being obtained.

As a part of Nine Point Action Plan, 19 States have initiated computerization of TPDS. As a supplement to the Central Sector Scheme of digitization of TPDS transactions up to block level and Integrated Information System for Food grains Management (IISFM) Project implemented in FCI, as advised by the Planning Commission, the State & UT Governments have been requested to take up, with their own resources, digitization of ration card data base and TPDS transactions at FPS.

(ix) Introduction of Bar Coded Coupons with ration cards

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

(x) Smart Card based TPDS

Implementation of a pilot scheme on smart card based delivery of essential commodities under TPDS was announced in Union Budget, 2008-09. Accordingly, a pilot scheme on smart card based

delivery of essential commodities under TPDS has been sanctioned during 2008-09 for Chandigarh UT & Haryana. Administrative Approval to this pilot scheme has been issued on 18.12.2008 with an expenditure of Rs. 142.29 crore to be incurred during 2008-09 and 2009-10. First instalment of funds has been released to State Government of Haryana, Chandigarh UT and National Informatics Center (NIC) on 26.12.2008. Work is in progress by the implementing agencies for commencing its implementation.

(xi) Publicity-cum-awareness Campaign

A publicity-cum-awareness campaign has been undertaken amongst the TPDS beneficiaries, functionaries of the State Governments and the general public for increasing their awareness/sensitivity about functioning of TPDS. The Department of Food and Public Distribution has earmarked an amount of Rs. 0.81 crore under Plan and Rs. 0.31 crore under Non-Plan for the publicity-cum-awareness campaign out of the Budget Provisions for 2008-09. Out of the Plan funds, under the scheme, Rs. 73.66 lakh have been sanctioned to States/UTs during the year 2008-09.

This Department also took up a publicity-cum-awareness campaign on TPDS in the electronic media from 15.8.2008 through DAVP and Prasar Bharti.

(xii) Training Programmes for TPDS functionaries

Under the Plan Scheme on strengthening of TPDS, the Department has sanctioned training programmes to be taken up by State and UT Governments for TPDS functionaries and members of

Vigilance Committees. For this purpose, Rs. 72 lakhs were released to 5 State/ UT Governments during 2007-08 and about Rs. 70 lakhs during 2008-09 to 11 States & UTs.

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

To facilitate distribution of wheat flour/fortified wheat flour under TPDS instead of wheat in convergence with other government programmes/schemes for nutritional improvement of targeted beneficiaries, the Department has issued revised policy guidelines on this subject in January, 2008. So far, 11 States have started distribution of wheat flour/fortified wheat flour under TPDS partially.

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

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

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

One of the streams towards strengthening

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

ALLOCATION OF FOODGRAINS UNDER TPDS

ALLOCATION NORMS FOR TPDS

3.64 Allocation of foodgrains under the Targeted Public Distribution System (TPDS) is made for BPL and AAY families on the basis of 1993-94 poverty estimates of the Planning Commission projected on the population estimates of Registrar General of India as on 1.3.2000 or the number of such families actually identified and ration cards issued by State/UT Government, whichever is less.

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

RATIONALISATION OF APL ALLOCATIONS UNDER TPDS

3.66 Keeping in view the declining stock position of wheat and rice in the Central Pool, a uniform decision was taken to rationalize wheat and rice allocations from the Central Pool stocks of the APL category under the TPDS which has been implemented w.e.f. June, 2006 and April,

2007 respectively, by linking them to the offtake figures of the past three years i.e. 2003-04, 2004-05 and 2005-06. Further, in view of lower procurement of rice during 2006-07 and 2007-08 than the demands from various States, the allocation of rice for APL category for 2008-09 was made on the basis of its average offtake during 2006-07 and 2007-08. The decision was made uniformly applicable for all the States excepting J&K, A&N Islands, Lakshadweep, HP and NE states excluding Assam, for which allocations have been retained at last year's (2007-08) level.

ADHOC ADDITIONAL/FESTIVAL ALLOCATIONS

3.67 Besides the normal monthly allocation of foodgrains for APL category, during 2008-09, adhoc additional allocations of 22.54 lakh tonnes of wheat and 4.37 lakh tonnes of rice have been made to various States/UTs. Further, a quantity of 1.92 lakh tonnes of wheat and 0.39 lakh tonnes of rice has also been allocated to various States for festivals.

3.68 During the current financial year 2008-09 the offtake of foodgrains from the Central Pool was 395.01 lakh tonnes as per details given below:-

(IN LAKH TONNES)

SCHEME	OFFTAKE		
	RICE	WHEAT	TOTAL
(A) TPDS			
BPL	100.31	56.25	156.56
APL	58.30	38.35	96.65
AAY	63.26	31.98	95.24
SUB-TOTAL (A)	221.87	126.58	348.45

(B) WELFARE SCHEMES*			
MDM	15.82	4.37	20.19
WBNP	2.16	3.92	6.07
EFP	0.17	0.00	0.17
Hostels/Welfare Institutions	2.43	0.41	2.84
ANNAPURNA	0.64	0.31	0.95
WFP	0.08	0.22	0.30
NPAG	0.46	0.14	0.60
VGBS	0.05	0.04	0.09
OTHER SCHEMES (RELIEF)	2.38	0.49	2.87
SUB TOTAL (B)	24.18	9.90	34.08
(C) OPEN SALE/TENDER SALE/EXPORT	0.14	12.34	12.48
TOTAL (A+B+C)	246.20	148.81	395.01

*As reported by FCI

ALLOCATION OF FOODGRAINS FROM CENTRAL POOL FOR OTHER WELFARE SCHEMES

Mid-Day meal scheme

3.69 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 presently 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.

3.70 The Department of Food & Public Distribution makes allocation of annual requirement of foodgrains under the Scheme to Department of School Education & Literacy, Ministry of Human Resource Development. Further State/UT-wise allocation of foodgrains are made by that Department. Food Corporation of India (FCI) releases foodgrains to

States/UTs at BPL rates as per allocation made by Deptt. of School Education & Literacy.

3.71 Allocation /offtake of foodgrains under the scheme during the 10th Plan and the first two years of the 11th Plan - 2007-08 and 2008-09 are as under:-

Figures in lakh tonnes

Year	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	18.84	9.40	28.24	13.75	7.45	21.2
2003-04	17.72	9.08	26.80	13.49	7.20	20.69
2004-05	20.14	7.35	27.49	15.41	5.92	21.33
2005-06	17.78	4.72	22.50	13.64	3.63	17.24
2006-07	17.22	4.38	21.60	13.05	3.50	16.55
2007-08	19.98	5.30	25.28	3.95	14.41	18.36
2008-09	21.48	4.78	26.26	15.82	4.37	20.19

Wheat based nutrition programme (WBNP)

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

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

3.73 Allocation/offtake of foodgrains under the scheme during the 10th Plan period and the first two years of the 11th Plan - 2007-08 and 2008-09 are as under:-

Figures in lakh tonnes

Year	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	1.47	1.75	3.22	0.69	2.13	2.82
2003-04	1.04	3.72	4.76	0.61	3.16	3.77
2004-05	1.16	3.42	4.58	0.85	3.57	4.42
2005-06	1.5	2.82	4.32	2.07	2.73	4.80
2006-07	1.98	3.19	5.17	1.61	2.98	4.59
2007-08	2.31	3.20	5.51	1.79	2.74	4.53
2008-09	3.30	4.80	8.10	2.15	3.92	6.07

Offtake includes backlog quota also.

Scheme for supply of foodgrains to hostels/ welfare institutions (5% of BPL allocation)

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

comfortable, the scheme has been continued.

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

3.76 Allocation/offtake of foodgrains under the scheme during the 10th Plan period and the first two years of the 11th Plan - 2007-08 and 2008-09 are as under:-

Figures in lakh tonnes

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

Note:- The data includes allocations to SC/ST/OBC Hostels.

Scheme for supply of foodgrains for SC/ST/OBC hostels

3.77 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. During the current year allocation under, the scheme have been made to Andhra Pradesh, Nagaland, Tripura, Dadra & Nagar Haveli, Madhya Pradesh and Karnataka.

3.78 Allocation/offtake of foodgrains under the scheme during the 10th Plan period and the first two years of the 11th Plan - 2007-08 and 2008-2009 are as under:

3.80 From 2002-03, it has been transferred to State Plan along with the National Social Assistance Programme comprising the National Old Age Pension Scheme and the National Family Benefit Scheme.

Figures in lakh tonnes

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

Note: Offtake figures are combined with offtake against 5% BPL allocation w.e.f. 2002-03. (Ref. Para 3.77 above)

Annappurna scheme

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

The implementation of the Scheme at the State level rests with the respective States/UTs.

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

Figures in lakh tonnes

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

Nutritional programme for adolescent girls (NPAG)

- 3.82 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 at the State level.
- 3.83 As per the revised guidelines of the programme, adolescent girls (age group 11-19 years) as identified by prescribed weight would be covered irrespective of financial status of the family to which they

belong. 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 Anganwari Workers and, if necessary referred to doctor for investigation and treatment, but continue to receive free foodgrains for the next three months.

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

Figures in lakh tonnes

Year	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	0.40	0.22	0.62	0.11	0.87	0.98
2003-04	2.22	0.29	2.51	0.63	0.00	0.63
2004-05	Scheme not in operation (Para. 3.82)					
2005-06	0.68	0.35	1.03	0.40	0.08	0.48
2006-07	0.41	0.07	0.48	0.45	0.07	0.52
2007-08	0.45	0.07	0.52	0.35	0.03	0.38
2008-09	0.71	0.40*	1.11	0.46	0.13	0.60

* Includes a quantity of 10,000 Tonnes of Maize.

Emergency feeding programme (EFP)

- 3.85 Emergency Feeding Programme, is a food-based intervention targetted 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 Sonapur of Orissa covering around 2 lakh beneficiaries. Under the scheme, foodgrains (rice) at BPL rates are being allocated to the State Government since May, 2001 by Department of Food & Public Distribution.

3.86 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 scheme is being implemented in the KBK districts under the Revised Long Term Action Plan (RLTAP) and Special Central Assistance is allocated by the Planning Commission.

3.87 Quantities of rice allocated during the 10th Plan period and the first two years of the 11th Plan - 2007-08 and 2008-09 are as under:

Figures in lakh tonnes

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

Village grain banks scheme

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

3.89 The main objective of the scheme presently being implemented is to provide safeguard against starvation during the period of natural calamity or during lean season when the marginalized, food insecure households do not have sufficient resources to purchase rations. Such people in need of foodgrains will be able to borrow foodgrains from the Village Grain Bank. The grain banks are to be set up in food scarce areas like the drought prone areas, the hot and cold desert areas, tribal areas and the inaccessible hilly areas which remain cut off because of natural calamities like floods, etc. These villages are to be notified by the concerned State Government/Union Territory. The scheme envisages inclusion of all willing BPL/AAY families in the villages to be identified by the State Government in food deficit areas. The quantity to be lent and the period of repayment is to be decided by the Group themselves. Village Panchyat/Gram Sabha, Self Help Group for NGOs etc. identified by the State Governments are eligible for running the Grain Banks.

3.90 The estimated cost of setting up one grain bank is as under:-

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

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

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

3.91 Details of VGBs sanctioned and expenditure incurred since 2005-06 have been as under:-

Year	VGBs Sanctioned	States where sanctioned	Amount (Rs. Crore)
2005-06	3282	Andhra Pradesh, Orissa, Chhattisgarh, Madhya Pradesh, Jharkhand, Tripura & Meghalaya	19.76
2006-07	8191	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Himachal Pradesh, Maharashtra, Manipur, Nagaland, Sikkim, Uttarakhand, Uttar Pradesh, and West Bengal	51.79
2007-08	2598	Bihar, Gujarat, Kerala, Manipur, Madhya Pradesh, Nagaland, Orissa, Rajasthan and West Bengal	17.44
2008-09	2407	Manipur, Tripura, Uttar Pradesh and Madhya Pradesh	16.81
Total	16478		105.80

EXPORT AND IMPORT OF FOODGRAINS

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

till further orders. However, humanitarian assistance/aid to needy countries has been given, from time to time, on need basis, at the prevailing export price on the date of lifting.

(A) RICE EXPORTS

3.93 Initially export of non-basmati rice from the country was banned vide DGFT's Notification dated 15th October, 2007. Subsequently Minimum Export Price (MEP) was fixed for export of non-basmati rice, which was revised from

time to time. Details regarding revision of MEP are as under:-

DGFT Notification No. & date	MEP
45(RE-2007)/2004-2009, dated 31.10.2007	Export permitted if MEP is more than US \$ 425.00 per tonne FOB
61(RE-2007)/2004-2009 dated 12 th December, 2007	Export permitted if MEP is more than US \$ 425 or Rs. 17,000 per tonne FOB
68(RE-2007)/2004-2009 dated 27.12.2007	Export permitted if MEP is more than US \$ 500 or 20,000 per tonne FOB
82(RE-2007)/2004-2009 dated 5.3.2008	Export permitted if MEP is more than US \$ 650 or 26,000 per tonne FOB
89 (RE-2007)/2004-2009 dated 27.3.2008	Export permitted if MEP is more than Us \$ 1000 or 40,000 per tonne FOB

- 3.94 In view of the tight position of rice in the domestic market, export of non-basmati rice on private account has also been prohibited w.e.f. 1st April, 2008.
- 3.95 For export of basmati rice a minimum export price has been fixed. Till 19.1.2009, MEP of the basmati rice was US \$ 1200 per tonne or Rs 48,000 per tonne w.e.f 1.4.2008. In addition, a custom duty of Rs. 8000 per tonne had also been imposed on export of basmati rice vide Notification dated 10.5.2008.
- 3.96 The Minimum Export price of basmati rice has been reduced from \$ 1200/tonnene to \$ 1100/tonnene or Rs. 49500/- per tonnene w.e.f 20.1.2009 and in the interest of promoting export of basmati rice, the export duty has been removed w.e.f. 20.1.2009.
- 3.97 Export of PUSA 1121 non-basmati rice of 2008 of Kharif crop has been allowed vide DGFT's notification dated 5th September, 2008 to ensure remunerative prices to the farmers, subject to FOB fixation at minimum US \$ 1200/tonne and port-of-shipment, stipulation through 6 ports only (Kandla, Kakinada, JNPT, Mumbai, Mundra and Pipavav).
- 3.98 Further, it was decided by the Government in November 2008 to treat PUSA 1121 variety of rice as basmati.
- 3.99 It has been decided in the meeting dated 05.03.2009 of the EGoM that a quantity of 20 lakh tonnes of rice on diplomatic basis through Ministry of External Affairs to African nation/friendly countries in KMS 2008-09 will be exported. This includes 55,000 tonnes of rice which have already been permitted to Nigeria, Senegal, Ghana and Cameroon, out of the quantity of 2.25 lakh tonnes of non-basmati rice approved by EGoM on 05.08.2009.
- 3.100 After 05.03.2009 Government has approved for export of 10 lakh tonnes of non-basmati rice to 21 African countries and Sri Lanka.

3.101 The following quantity of rice was approved for export to various countries exempting them from MEP:-

Sl. No.	Name of Country/ Destination	Quantity (in MT)
1.	Bangladesh	5,51,010
2.	Madagascar	50,000
3.	Comoros	25,000
4.	Mauritius	10,000
5.	Sierra Leone	40,000
6.	Nepal(for WFP)	1,591
7.	Bhutan	10,000
8.	Nigeria	15,000
9.	Senegal	15,000
10.	Ghana	15,000
11.	Cameroon	10,000
12.	Nepal	15,000
13.	Sri Lanka (Colombo)	1,484
	Total	7,59,085

3.102 The Government has withdrawn on 31.03.2009 the full exemption on customs duty which was imposed vide notification no. 21/2002-Cutoms dated 01.03.2002 and imposed a basic custom duty of 70% advalorem on semi-milled or wholly-milled rice.

(B) WHEAT

Import of wheat

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

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

3.104 However, during the year 2008-09 a record procurement of 226.82 lakh MTs of wheat was made for the Central Pool. Taking into account the progress of procurement a decision was taken in May 2008 not to import wheat during the year 2008-09.

3.105 It was decided by the Govt. on 5th March, 2009 that Import of wheat at zero duty may be continued till further orders which may be reviewed periodically keeping in view domestic wholesale prices and landed price of imports.

3.106 Further the Government has withdrawn on 31.03.2009 the full exemption of custom duty which was imposed vide notification no. 21/2002-Cutoms dated 01.03.2002 and imposed a basic custom duty of 30% ad valorem on wheat flour.

Export of wheat

3.107 In November 2008, Government decided that export of upto 20 lakh tonnes of wheat from Central Pool on diplomatic basis may be allowed to friendly countries. Out of this, export of 6 lakhs tonnes of wheat was permitted to Afghanistan on diplomatic basis.

OPEN MARKET SALES SCHEME (Domestic)

3.108 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 (Domestic)

3.109 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. During 2008-09, Government has allocated 9.09 lakh MTs wheat to States/UT Governments under OMSS (D) for distribution to household consumers and small processors during period September 2008 – March, 2009. Another 14.69 lakh MTs wheat has also been allocated for sale to bulk consumers in various States/UTs through open tenders by FCI during October 2008 – March, 2009.

3.110 The quantity of wheat disposed of under the OMSS (D) during the last 3 years has been as under:

Year	Qty. (Lakh MT)
2005-06	10.50
2006-07	1.02
2007-08#	0.09
2008-09	12.34

lifting by State Government against allocation made in 2006-07.

DISPOSAL OF RICE UNDER OMSS (Domestic)

3.111 Stocks of rice which are old, and not acceptable to the State Governments for the TPDS and the OWSs, are sold through public tenders from time to time. There has been no OMSS (D) sale of rice in 2007-08 and 2008-09

FOOD SUBSIDY

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

3.113 Since 2004-05, the MSP of wheat has increased from Rs. 630 per quintal to Rs. 1080 per quintal. Similarly MSP + bonus of paddy (Common) has increased from Rs. 560 per quintal to Rs. 900 per quintal. However the Central Issue Price (CIP) of wheat and rice for AAY, BPL and APL families has not been raised in this period. As a result, the gap between economic cost and CIPs has been increasing and food subsidy incurred by the Government has risen substantially.

3.114 The subsidy is provided to FCI, which is the main instrument of the Government of India for procurement and distribution of wheat and rice under TPDS and other welfare schemes and for maintaining the buffer stock of foodgrains as a measure of food security. Eleven States, namely Madhya Pradesh, Uttar Pradesh, Chhattisgarh, West Bengal, Uttarakhand,

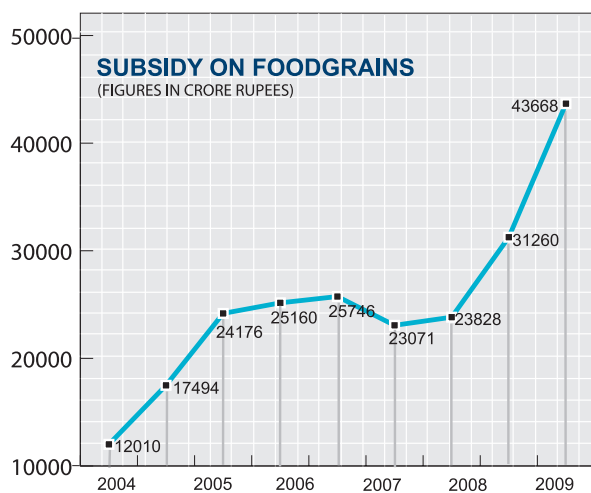
Tamil Nadu, Andaman & Nicobar, Orissa, Gujarat, Karnataka and Kerala have undertaken the responsibility of not only procuring foodgrains from within the State but also distributing the same to the targeted population under TPDS and other welfare schemes. Under this scheme of Decentralised procurement,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

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

(Rs. in crore)

Year	Subsidy Released		
	FCI	States	Total
2004-05	23280	2466	25746
2005-06	19871	3200	23071
2006-07	20786	3042	23828
2007-08	27760	3500	31260
2008-09	36744	6924	43668*

* Include Rs.27.10 Crore released for Smart Card Scheme



Subsidy for 2008-09 & 2009-10

3.116 The quantum of food subsidy depends on the level of procurement of foodgrains and offtake under TPDS and other welfare schemes. During 2008-09 an amount of Rs.43668.00 crore was released to FCI and DCP States. For BE 2009-10 a provision of Rs.42145.440 crore has been made towards food subsidy for FCI and DCP States.

MOVEMENT OF FOODGRAINS

Overview

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

Movement of Foodgrains

3.118 The overall movement of foodgrains by the Food Corporation of India (FCI) during the year 2008-09 is estimated to be about 25.69 million tonnes as against 26.39 million tonnes during the previous year. Overall movement of foodgrains on the

Inter-State account as well as Intra-State account has decreased during this year, as compared to the same period in the previous year.

OTHER ACTIVITIES

Disaster Management

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

POST HARVEST MANAGEMENT OF FOODGRAINS

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

1. **Research, Development and Training on Post Harvest Management of Foodgrains**

S.No	Items / Activities	Target	Achievements
1.	Long term /short term Training Courses	21	21
2.	Artisan Training Courses	12	12
3.	Analysis of foodgrain samples for:		
	(i) Physical quality parameters	1450	1622
	(ii) Mycotoxin contamination	283	305
	(iii) Pesticide residue	448	494

The following Research & Development projects are being undertaken by the IGMRI during the period under report:

a) Long Term Study on suitability of HDPE/PP bags for storage of wheat and rice.

by Indian Grain Storage Management and Research Institute (IGMRI).

The Indian Grain Storage Management and Research Institute (IGMRI), Hapur and its two field stations located at Hyderabad and Ludhiana are carrying out Research & Development activities on various aspects of Post Harvest management of foodgrains, both at farm and commercial levels.

IGMRI had developed code of practices for scientific storage of foodgrains including insect-pest management.

IGMRI also conducts long term and short term training courses on scientific storage and inspection of foodgrains for the officers of FCI, CWC, SWCs, State Governments and its agencies. It also organizes short-term training courses for pest control operators.

The targets and achievements of IGMRI under various activities from 1-1-08 to 31-3-09 are given below:

b) Assessment of shelf life of wheat in covered and CAP storage.

c) Evaluation of bio-efficacy of Aluminium phosphide (77.5%GR) applied through Phosphine generator against stored grain insect pests in commercial godowns.

d) Testing of plastic parkhi & plastic hooks in PP/HDPE bags.

2. **Uniform Specifications of foodgrains formulated by Central Grain Analysis Laboratory (CGAL)**

CGAL formulates the uniform specifications of foodgrains for procurement purposes for Rabi and Kharif Marketing Seasons in consultation with the producing, consuming States and FCI. These specifications are also known as Fair Average Quality (FAQ) specifications. These specifications are within the Prevention of Food Adulteration Act (PFA) Standards. Besides, the analysis of foodgrain samples is also carried out by CGAL. During the period from 1-1-08 to 31-3-09, 1945 samples of foodgrains were analysed for physical and chemical parameters in CGAL.

3. **Monitoring the quality of foodgrains by Quality Control Cells (QCC)**

Three Quality Control Cells located at New Delhi, Kolkata and Hyderabad were

functioning under the direct control of Department of Food & Public Distribution. On the recommendation of Expenditure Reforms Commission (ERC), the Quality Control mechanism has been strengthened and five more Quality Control Cells at Bangalore, Bhopal, Bhubaneswar, Lucknow and Pune have been opened from 1.5.2008.

The main objectives of these cells are to monitor the quality of foodgrains procured by FCI and State agencies for Central Pool and to investigate the quality complaints received from State Governments, MPs and consumers.

It is also ensured by these cells that the guidelines/instructions issued by Government of India about scientific storage and preservation of foodgrains are followed by the FCI, CWC, SWCs and State agencies.

The inspection activities carried out by Quality Control Cells from 1-1-08 to 31-3-09 are as under:-

S.No	Items/Activities	Target	Achievements
1.	Inspection of Food Storage Depots	1340	986
2.	Inspection of Procurement Centers	600	497
3.	Inspection of Rail Heads	355	252
4.	Inspection of Fair Price Shops (FPSs)	1385	962
5.	Inspection of Rice Mills	280	346
6.	Collection of foodgrain samples for checking physical quality parameters	5044	5467
7	Investigation of quality complaints	-	7

TRANSPORT

3.121 The figures of overall loading and clearance ex-North and induction of

foodgrains in Assam/NEF, J&K, H.P and Southern states and movement of sugar from April, 2008 to March, 2009 duly

compared with the corresponding period of previous year are at as under:-

OVERALL MOVEMENT 2008-09

(Figures in lakh tonnes)

Month	2008-09			2008-09			2008-09			2008-09		
	OVERALL MOVEMENT			OVERALL MOVEMENT			MOVEMENT EX.NORTH			MOVEMENT EX.NORTH		
	Rail	Road	Total	Inter	Intra	Total	Rail	Road	Total	Inter	Intra	Total
April, 08 to Dec., 08	159.52	16.69	176.21	157.36	18.85	176.21	102.87	13.58	116.45	114.92	1.53	116.45
Jan.09 to March, 09	71.87	8.80	80.67	72.13	8.54	80.67	49.04	7.37	56.41	55.80	0.61	56.41
Total	231.39	25.49	256.88	229.49	27.39	256.88	151.91	20.95	172.86	170.72	2.14	172.86

OVERALL MOVEMENT 2007-08

(Figures in lakh tonnes)

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 Dec., 07	170.81	16.71	187.52	168.21	19.30	187.51	115.49	13.83	129.32	127.86	1.46	129.32
Jan.08 to March, 08	69.22	7.13	76.35	66.85	9.50	76.35	48.02	5.91	53.93	52.91	1.02	53.93
Total	240.03	23.84	263.87	235.06	28.80	263.86	163.51	19.74	183.25	180.77	2.48	183.25

The Actual position for the year 2007-08 is given hereunder:

FOODGRAINS

(Figures in lakh tonnes)

INDUCTION OF FOODGRAINS 2008-09				INDUCTION OF FOODGRAINS 2007-08			
APRIL,2008 TO DECEMBER,2008				APRIL,2007 TO DECEMBER,2007			
TO	Inter State	Intra	Total	Inter	Intra	Total	Variation %age(*)
Assam/NEF	21.91	-	21.91	21.39	-	21.39	(+)0.02
J&K	7.12	-	7.12	6.80	-	6.80	(+)0.04
H.P.	3.60	-	3.60	3.54	-	3.54	(+)0.01
Southern States	50.54	7.50	58.04	43.98	10.75	54.73	(+)0.06
Total	83.17	7.50	90.67	75.71	10.75	86.46	

(*): 2008 over 2007

SUGAR

(Figures in lakh tonnes)

MOVEMENT OF SUGAR APRIL,08 TO DECEMBER,08			MOVEMENT OF SUGAR APRIL,07 TO DECEMBER,07			VARIATIONS 2008 over 2007
Inter	Intra	Total	Inter	Intra	Total	% age %age
1.29	0	1.29	1.46	-	1.46	(-) 13.17

Movement from January, 2009 to March, 2009

(Figures in lakh tonnes)

MONTH	FOODGRAINS	SUGAR	TOTAL
Jan,2009	26.70	0.15	26.85
Feb,2009	27.38	0.16	27.54
March,2009	26.59	0.18	26.77
TOTAL	80.67	0.49	81.16

STORAGE AND WAREHOUSING

3.122 The policy objective is to make available storage capacity required for (i) buffer and operational stock of foodgrains to cater to the Public Distribution System and (ii) general warehousing. The endeavour is to modernize storage capacity and to reduce dependence on the capacity under cover and plinth.

3.123 There are three agencies in the public sector which are engaged in building large scale storage/ warehousing capacity, namely, Food Corporation of

India (FCI), Central Warehousing Corporation (CWC) and 17 State Warehousing Corporations (SWCs). While the capacity available with FCI is used mainly for storage of food grains, that with CWC and SWCs is used for storage of food grains and also other notified commodities. The position of covered storage/ warehousing capacity available with the FCI/CWC/SWCs during the period between March 31, 2005 and 31.03.2009 is given in the table below:-

(In lakh MT)

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

As on 31.03.2009			
Agencies	Owned	Hired	Total
FCI	129.67	101.24	230.91
CWC	67.60	37.65#	105.25
SWCs	122.41 (Provisional)	68.50* (Provisional)	190.91 (Provisional)

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

*Inclusive of plinths.

3.124 Details of storage capacity constructed by FCI, CWC and SWCs during 2006-07 and 2007-08 and during 2008-09 are given in the table below:

(In lakh tonnes)

Agencies	2006-07	2007-08	2008-09
FCI	0.94	0.25	0.025
CWC	3.78	2.40	CWC=0.54 CRWC=0.18 Total=0.72
SWCs	1.64	1.87	1.33 (Provisional)
Total	6.36	4.42	2.30

INTRODUCTION OF NEGOTIABLE WAREHOUSE RECEIPT SYSTEM IN THE COUNTRY

3.125 The Warehousing (Development & Regulation) Act, 2007 was enacted by the Parliament in September, 2007. The main objectives of the Act are – provisions for the development and regulation of warehouses, negotiability of warehouse receipts, establishment of a Warehousing Development & Regulatory Authority and related matters.

3.126 The Act besides mandating the negotiability of warehouse receipt

prescribes the form and manner of registration of warehouses and issue of Negotiable Warehouse Receipts including in electronic form and prescribes establishment of Warehousing Development & Regulatory Authority (WDRA), a regulatory body under the Act. The Authority is in the process of being setup. The Authority shall consist of a Chairperson and not more than two members.

3.127 The Regulatory Authority will register and accredit warehouses intending to issue negotiable warehouse receipts and put in place a system of quality certification and grading of commodities with a view to protecting the interests of holders of warehouse receipts against negligence, malpractices and fraud.

3.128 Negotiable Warehouse Receipts (NWRs), issued by warehouses registered under the Act, would help farmers avoid distress sale of their produce by ensuring finance against their produce stored in registered warehouses. The introduction of negotiable warehouse receipt system would also have significance for commodity trading, banking and insurance sectors by providing safeguards against risks inherent in lending against commodities.

- 3.129 The pledging/collateralization of agriculture produce with a legal backing in the form of NWR will lead to increase in flow of credit to the rural areas, reduce the cost of credit (due to certainty of recovering credit by the banks) and will spur other related activities, like standardization, grading, packaging and insurance services in the agricultural sector. With the increased requirement of quality storage, warehousing industry will also get a boost in rural areas, fulfilling a gap in the logistic chain of agri-business in the rural sector.
- 3.130 Apart from the individual farmers, Cooperative Societies and Self-Help Groups (SHGs) will also be able to assist their members particularly small and marginal farmers by aggregating their surplus produce and keeping the same in registered warehouses. Individual farmers can be financed by a Cooperative body or SHG. An established NWR system will also act as an incentive for farmers to produce goods of quality and specification amenable to standardization and storage in registered warehouses.
- 3.131 A Stakeholder awareness and consultation plan was formulated by the Ministry of Consumers Affairs, Food & Public Distribution to sensitize different stakeholders by organizing national and regional level conferences. A national conference entitled 'Warehousing 2008: The Warehousing (Development & Regulation) Act, 2007: Issues and Challenges' was organized in New Delhi on 12th & 13th September 2008. This was followed by Regional Conferences at Chennai, Kolkata, Mumbai and Chandigarh. A separate plan has also been formulated for training of farmers and officers from banking, warehousing and insurance sectors for disseminating information on the provisions of the new Act. Agencies like Central Warehousing Corporation and Indian Grain Storage Management and Research Institute etc. are conducting these training Programmes. A total



Foreign delegates participating in National Conference "Warehousing 2008" held in New Delhi

number of 11 workshops of officers and 92 workshops of farmers were held during 2008-09.

NATIONAL POLICY ON HANDLING, STORAGE AND TRANSPORTATION OF FOODGRAINS

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

3.133 For creation of bulk handling, storage and transportation facilities through private

sector participation, M/s RITES were appointed consultant by the FCI for short listing the Developer-cum-Operator. The locations in producing and consuming areas for creation of bulk handling and storage facilities were finalised by the Ministry in consultation with the FCI and the Ministry of Railways.

3.134 The Technical and Financial bids were evaluated by RITES and M/s. Adani Exports Limited was selected as Developer-cum- Operator for both the Circuits. A Service Agreement was signed between M/s. Adani Exports Limited & FCI on 28th June 2005. The project was to be implemented in 36 months. The base depots at Moga (Punjab) and Kaithal (Haryana) have been completed. Overall silos and equipments are ready in all the 5 field depots except for rail siding and track electrification at Bangalore depot.

Circuits, location of Base and Field depots (silos) and their capacity:

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

Chapter-IV

Sugar



A Sugarcane field

SUGAR

GENERAL

Due to good monsoon and increase in sugarcane area under cultivation, the sugar production from sugarcane during the seasons 2005-2006 to 2006-2007 increased substantially to 189.59 lakh tonnes and 282 lakh tonnes (Provisional), respectively, as compared to 130 lakh tonnes produced in 2004-2005. However, sugar production declined to 263 lakh tonnes in 2007-08 sugar season. During the season 2008-2009, it is estimated to be around 150 -155 lakh tonnes.

NUMBER OF SUGAR FACTORIES

4.1 There were 624 installed sugar factories in the country as on 31.03.2009. The sector-wise breakup is as follows: -

Sector	Number of Factories
(i) Cooperative	317
(ii) Private	245
(iii) Public	62
TOTAL	624 *

* Include closed sugar factories.



A view of Sugar Factory

SUGAR CANE PRICING POLICY

4.2 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:-

- a) cost of production of sugarcane;
- b) return to the growers from alternative crops and the general trend of prices of agricultural commodities;
- c) availability of sugar to consumers at a fair price;
- d) price at which sugar produced from sugarcane is sold by sugar producers;
- e) recovery of sugar from sugarcane; and
- f)* the realization made from sale of byproducts viz. molasses, bagasse and press mud or their imputed value

(* inserted vide notification dated 29.12.2008.)

STATUTORY MINIMUM PRICE OF SUGARCANE

4.3 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 Rs.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	Basic recovery rate
2001-02	62.05	8.5%
2002-03	69.50	8.5%
2003-04	73.00	8.5%
2004-05	74.50	8.5%
2005-06	79.50	9%
2006-07	80.25	9%
2007-08	81.18	9%

- 4.4 The SMP of 2008-09 sugar season was fixed at the same level as fixed for 2007-08 sugar season viz. Rs. 81.18 per quintal linked to a basic recovery of 9%, subject to a premium of Rs.0.90 for every 0.1% point increase in the recovery above that level.
- 4.5 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 VII.

CANE PRICE PAYMENT AND ARREARS POSITION

- 4.6 As reported by the State Governments and the sugar mills, the position of cane price payment and arrears for the current sugar season 2008-09, as on 31.03. 2009 are

as under:-

(Amount in Crore)

i) Cane price payable	17002.88
ii) Cane price paid	15777.51
iii) Cane price arrears	1225.37
iv) Percentage of cane price arrears on cane price payable	7.21

- 4.7 The cane price arrears for the sugar season 2008-2009 have further declined to Rs.370.51 crore as per the latest reports received from the State Governments and the sugar mills.

SUGAR POLICY: PARTIAL CONTROL

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

- 4.10 The Government has taken steps for gradual decontrol of the sugar industry. Accordingly, the compulsory levy obligation of the sugar factories was reduced from 40% to 30% w.e.f. January 1, 2000. With effect from

February 1, 2001, the compulsory levy obligation 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

4.11 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 dispose of or deliver any kind of sugar except under and in accordance with the direction issued by the Government. Accordingly, the Government, in exercise of the powers conferred by sub-sections (3D) and (3E) of section 3 of the EC Act, 1955, read with the provisions of Clause 4 and 5 of the Sugar (Control) Order, 1966, now regulates the sale and dispatch of non-levy sugar.

INTRODUCTION OF FUTURE/FORWARD TRADING IN SUGAR

4.12 The commodity futures trading in sugar is regulated under the provisions of the Forward Contracts (Regulation) Act, 1952. Future 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 future trading in sugar takes place at NCDEX.

IMPOSITION OF STOCK-HOLDING AND TURNOVER LIMITS ON SUGAR DEALERS

4.13 The Central Government imposed stock-holding and turnover limits on sugar manufactured through vacuum pan process, vide notifications dated 9th March, 2009 and 12th March, 2009, as under:

Turnover limits - 30 days from the date of receipt of stocks by a recognized dealer of sugar.

Stock holding limits -(i) in Kolkata and extended area-

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

(b) other recognized dealers- 2000 quintals;

(ii) in other place- 2000 quintals.

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

(i) on Government account; or

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

(iii) by the Food Corporation of India.

4.15 The stock-holding and turnover limits are also not applicable to sugar importers under Open General License.

4.16 The State Governments and Union Territory Administrations have been

authorised to fix stock-holding and turnover limits higher than the limits fixed by the Central Government in their respective States/Union Territories.

- 4.17 To give sufficient time to the State Governments to issue/renew necessary licenses to recognized dealers of sugar, it was provided that the order will come into force after fifteen days of its publication in the official gazette for a period of four months.

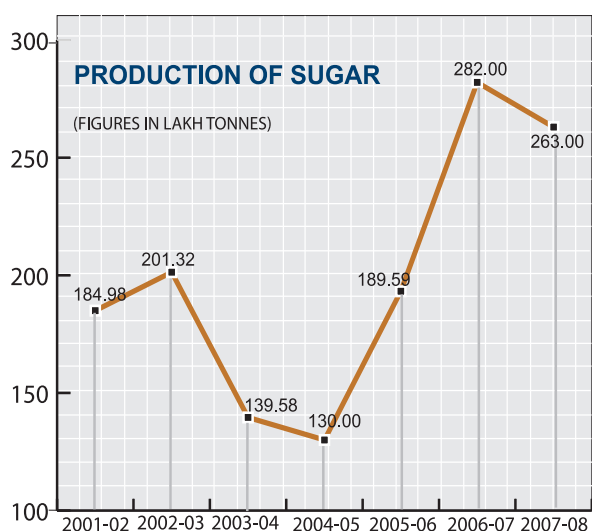
PRODUCTION, CONSUMPTION AND STOCK OF SUGAR

PRODUCTION OF SUGAR

- 4.18 Season-wise production of sugar from sugarcane since 2004-05 is given below:

(In lakh tonnes)

Sugar Season	Production of Sugar
2004-2005	130.00
2005-2006	189.59
2006-2007 (Provisional)	282.00
2007-2008 (Provisional)	263.00



- 4.19 During the sugar season 2008-2009 production of sugar is estimated to be around 150-155 lakh tonnes as against the production of 263 lakh tonnes (Provisional) during the previous sugar season 2007-2008.

CLOSING STOCK OF SUGAR

- 4.20 The estimated closing stocks of sugar at the end of each sugar season from 2004-05 have been as under:-

(In lakh tonnes)

Sugar Season	Closing Stock
2004-2005	40.00*
2005-2006	44.00#
2006-2007 (P)	110.00
2007-2008 (P)	105.00

* 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.

CONSUMPTION OF SUGAR

- 4.21 The estimated internal consumption of sugar from 2004-05 to 2007-08 sugar season is indicated below:-

(In lakh tonnes)

Sugar Season	Internal Consumption
2004-2005	171.44
2005-2006	183.21
2006-2007	199.00
2007-2008 (Provisional)	215.00

4.22 The details of estimated carryover stocks, production, imports, availability, estimated internal consumption, exports and estimated closing stocks in the last five sugar seasons are given below:

(Qty. in lakh tonnes)

Particulars	2004-2005	2005-2006	2006-2007	2007-2008
Carryover stocks from Previous season	85.00	40.00**	44.00#	105@
Production of Sugar	130.00	189.59	282.00	263
Imports of sugar	20.74	3.62	-	-
Total availability	235.74	233.21	326.00	368
Internal consumption	171.44	183.21	199.00	215
Exports	0.98	13.68	17.00	48
Closing stocks at the end of season	63.32*	36.32	110.00	105

Source: Directorate of Sugar

* Central Excise Authorities reported closing stocks at 57 lakh tonnes for 2004-05, sugar season.

** Although Central Excise Authorities reported carryover 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 reported the stocks at 43.64 lakh tonnes.

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

LEVY SUGAR SUPPLY UNDER PDS

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

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

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

- 4.26 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

- 4.27 A quantity of 191.00 lakh tonnes (Provisional) of non-levy (free sale) including sugar from dismantled buffer stock was released for sale in the open market during 2007-2008 sugar season (October-September). The sugar factories were allowed to sell the entire dismantled quantity of first Buffer Stock of 20 lakh tonnes during the period 01.05.2008 to 30.09.2008 in the domestic market without the requirement of release order from the Directorate of Sugar. Also, the sugar factories were allowed to sell 25% of the dismantled quantity of second Buffer Stock of 30 lakh tonnes during 1.08.2008 to 30.09. 2008 in the domestic market without the requirement of release order from the Directorate of Sugar. During the previous sugar season 2006-07 (October-September), 159 lakh tonnes (Provisional) of non-levy sugar was released in the open market.
- 4.28 During the sugar season 2008-09, a quantity of 101 lakh tonnes of non-levy (free sale) sugar including sugar from dismantled buffer stock has been released up to March 2009. Further, the sugar factories were allowed to sell 30% of 75% and 20% of 75% of second Buffer Stock of 30 lakh tonnes, estimated to be 6 lakh tonnes and 4 lakh tonnes respectively, during the quarters October-December,

2008 and January-March, 2009 without the requirement of release order from the Directorate of Sugar.

LEVY PRICE OF SUGAR

- 4.29 Under the provisions of Sub-section 3(C) of Section 3 of the Essential Commodities Act, 1955, the levy sugar price for Public Distribution System is fixed having regard to:
- The statutory minimum price (SMP) fixed for the sugarcane by the Central Government;
 - The manufacturing cost of sugar;
 - The duty or tax, if any, paid or payable thereon; and
 - The reasonable return on the capital employed in the business of manufacturing sugar.
- 4.30 The sugar mills are being paid the levy sugar price on zonal basis. However, the Central Government also determines the all-India average ex-factory levy sugar price, which is Rs.1305.92 per quintal for the sugar season 2003-04 as against Rs.1259.99 per quintal for the sugar season 2002-03.
- 4.31 The levy sugar price of sugar seasons 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09 have been notified provisionally, which is the same as was notified for the sugar season 2003-04. The Levy Sugar Price for the sugar season 2004-05 to 2007-08 is being finalized on the basis of the report of the Cost Accounts Branch (CAB) of Ministry of Finance.
- 4.32 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 and 2008-09 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

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

EX-MILL PRICES OF NON LEVY SUGAR

- 4.34 The range of ex-mill prices of non-levy (free sale) sugar (S-30 grade) in the major centres of the country during 2005-06 to 2008-09 sugar seasons (up to 31.03.2009) was as under:

(Rupees per quintal)

Sugar Season (Oct-Sept)	Range of retail Prices of Sugar
2005-06	1550-1990
2006-07	1100-1830
2007-08	1130-1930
2008-09 (up to 31.03.2009)	1520-2225

SOURCE: - Daily Trade Mart Enquiry, Directorate of Sugar

RETAIL PRICES OF NON-LEVY SUGAR

- 4.35 The range of retail price of non-levy (free sale) sugar (S-30 Grade) during 2005-06 to 2008-09 sugar seasons (up to

31.03.2009) was as under:

(Rupees per kilogram)

Sugar Season (Oct-Sept)	Range of Ex-mill prices of sugar
2005-2006	18.00-23.00
2006-2007	13.50-22.00
2007-2008	14.00-24.00
2008-09 (up to 31.03.2009)	17.50-26.00

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

BUFFER SUBSIDY

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

- 4.36 There was appreciable decline in the market prices of free sale sugar, which constrained the capacity of the sugar mills to pay cane price to sugarcane growers. In order to mitigate the hardship of the sugarcane growers, the Government had created the buffer stock of 20 lakh MTs of sugar for the period of one year w.e.f. 18.12.2002 to 17.12.2003. Advance buffer subsidy was paid to 357 sugar mills amounting to Rs.219.72 crore and the final buffer subsidy claims of 329 sugar mills amounting to Rs.66.74 crore were settled up to 31.03.2009.

- 4.37 The buffer stock was extended for one more year, i.e. up to 17.12.2004. Buffer subsidy claims for the three quarters of extended period, i.e. from 18.12.2003 to 30.09.2004 have been settled so far in respect of 296 sugar mills amounting to Rs.234.02 crore and claims

for the last quarter of extended period, i.e. for the period 01.10.2004 to 17.12.2004 have been settled so far in respect of 189 sugar mills amounting to Rs.49.27 crore.

- 4.38 Buffer subsidy to the tune of Rs. 205.70 crores, Rs.198.90 crore, Rs.58.93 crore, Rs.69.92 crore and Rs.34.76 crore was disbursed during the financial years 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 respectively. During the financial year 2008-09, buffer stock subsidy amounting to Rs.1.56 crore has been disbursed up to 31.03.2009, for the buffer stock created during 2002-03 sugar season.
- 4.39 The assistance on exports of sugar by defraying the internal transport and freight charges, ocean freight and marketing and 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 Indian subject to actual in case of overland exports, which was earlier operational for one year from 19th April, 2007 to 18th April, 2008 was extended upto 30th September, 2008. On a further review of price situation and production of sugar in the country, it was decided not to extend the scheme beyond 30th September 2008. An amount of Rs. 285 crore has been disbursed to sugar mills against the above scheme till 31st March 2009.
- B. For the buffer stock created vide Notification dated 20.04.2007 for the period from 01.05.2007 to 30.04.2008 and Order dated 01.08.2007 for the period 01.08.2007 to 31.07.2008
- 4.40 In order to alleviate the distress of sugar mills to pay cane price to sugarcane

farmers due to fall in prices of sugar in the open market and also in the international market, the Government created a buffer stock of 20 lakh tonnes for a period of one year from 01.05.2007 to 30.04.2008 vide Notification dated 20.04.2007 and an additional buffer stock of 30 lakh tonnes for the period of one year from 01.08.2007 to 31.07.2008 vide Order dated 01.08.2007.

- 4.41 Accordingly, buffer stock were allocated to 432 sugar factories out of 20 lakh MTs buffer stock created for the period from 01.05.2007 to 30.04.2008, and to 371 sugar factories in respect of 30 lakh tonnes buffer stock created for the period from 01.08.2007 to 31.07.2008.
- 4.42 Further, for settlement of buffer stock subsidy claims for the buffer stock created during 2006-07 sugar season onwards, a new Rule 19A was inserted in the SDF Rules, 1983, vide notification dated 08.11.2007. The buffer subsidy claims for the two quarters for the period 01.05.2007 to 31.10.2007 allocated out of buffer stock of 20 lakh tonnes and for the one quarter for the period 01.08.2007 to 31.10.2007 allocated out of buffer stock of 30 lakh tonnes were settled up to 31.03.2008 in respect of 297 sugar mills amounting to Rs.179.43 crore. The buffer subsidy claims for the remaining two quarters for the period 01.11.2007 to 30.04.2008 allocated out of 20 lakh tonnes and for the two quarters for the period 01.11.2007 to 30.04.2008 allocated out of 30 lakh tonnes settled up to 31.03.2009 in respect of 226 sugar mills amounted to Rs.220.34 crore. Further, the buffer subsidy claims for the

last quarter relating to the period 01.05.2008 to 31.07.2008 allocated out of 30 lakh tonnes settled up to 31.03.2009 in respect of 30 sugar mills amounted to Rs.13.55 crores.

- 4.43 Buffer subsidy to the tune of Rs. 141.79 crore was disbursed during the financial year 2007-08 and Rs. 271.53 crore during the financial year 2008-09 up to 31.03.2009.

EXPORT ASSISTANCE SCHEME

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

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

- (i) Ocean freight Charges @ Rs.350 per MT is admissible to those sugar factories who exported their sugar by sea on or after

14-02-2003 and up to 18-08-2004.

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

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

- 4.45 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 announced on 19-04-2007 a scheme for giving financial assistance to sugar factories for export of sugar between 19-4-2007 to 18-04-2008, which was later extended to 30-09-2008 under Govt. Order dated 28-03-2008.

- 4.46 The new export assistance scheme covers payment of internal transport and freight charges including ocean freight and handling and marketing charges at a flat rate of Rs. 1350 per tonne for sugar mills located in coastal states and Rs. 1450 per tonne for sugar mills located in non-coastal states subject to actual for overland export to neighboring countries. The procedural details for new export incentives was notified on 7 November, 2007 by amending SDF Rules with insertion of Rule 20 A therein.

- 4.47 The allocation and utilization of funds and number of claims settled under (i) reimbursement 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, 2007-08 and 2008-09 are given below:-

Year	Sanctioned Budget (BE) (Rs. in crore)	Internal Transport and freight charges (Old Scheme)		Ocean freight and handling & marketing charges (Old Scheme)		Internal Transport freight charges & under Rule 20 A (New Scheme)		Total Expenditure (in crore)	
		No. of claims settled	Actual Exp. (Rs. in crore)	No. of claims settled	Actual Exp. (Rs. in crore)	No. of claims settled	Actual Exp. (Rs. in crore)	No. of claims settled	Actual Exp. (Rs. in crore)
2003-04	50.00	418	31.86	---	---	---	---	418	31.86
2004-05	125.00	392	46.09	---	---	---	---	392	46.09
2005-06	90.00	44	5.88	270	31.56	---	---	314	37.44
2006-07	50.00	38	7.94	94	13.02	---	---	132	20.96
2007-08	150.00	26	3.40	60	7.00	124	69.92	210	80.32
2008-09	285.00	---	---	3	0.49	459	284.51	462	285
Total		918	95.17	427	52.07	583	354.43	1928	501.67

EXPORT OF SUGAR

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

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

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

Financial year (April-March)	Quantity (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	3055.45
2007-2008	46.41	5404.18
2008-09	Apr.-Sept.	31.41
	Oct.-Mar.	1.82
		308.15 (Prov.)

4.51 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 (NFCSF), 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 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.

- 4.52 In view of expected higher production of sugar in 2006-07 sugar season, the Government vide Notification dated 4th January, 2007 relaxed ban on export of sugar and allowed exports against advance licenses and thereafter for exports under Open General License (OGL) vide Notification dated 23rd January, 2007.
- 4.53 The Government further reviewed the restrictions on export of sugar, keeping in view the high level of sugar production of over 282 lakh tonnes during the season 2006-07 and the anticipated high sugar production of the order of 280 lakh tonnes in the 2007-08 season. The Government vide Notification dated 31st July, 2007 dispensed with the requirement of obtaining export release orders from the Directorate of Sugar for export of sugar except for export to the

member countries of European Union and United States, for a period up to 30th September, 2008 which was subsequently extended up to 31.12.2008 in respect of exports under OGL and till further orders in case of exports under Advance Authorization Scheme.

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

IMPORT OF SUGAR

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

4.56 As per the information furnished by the DGCIS – Kolkata, import of sugar from financial year 2003-04 and onwards was as under:-

Financial Year	Quantity (In Lakh MTS)	CIF Value (in Crores)
2003-04	0.74	62.70
2004-05	9.33	976.17
2005-06	5.59	651.80
2006-07	0.010	3.48
2007-08	0.005	2.29
2008-09 (up to Dec., 08)	0.713(P)	128.85(P)

(P) – Provisional

4.57 In order to augment sugar stocks during 2004-05 and to enable the Government to meet the normative 3 months' consumption requirement of the country, the Advance License Scheme was liberalized for raw sugar import, in as much as the imported raw sugar under Advance License was allowed to be processed into white sugar, 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.

4.58 Due to estimated lower production of sugar in 2008-09 sugar season compared to those in last two sugar seasons, the Government vide Notification dated 17th February, 2009 permitted sugar factories to import raw sugar upto 30th September, 2009 under Advance Authorization Scheme and sell processed sugar in the domestic market and fulfill the export obligation on 'ton-

to-ton' basis within the stipulated time. The Government also decided that there would be no levy obligation on such processed raw sugar. However, white or refined sugar produced out of the raw sugar processed would be added to non-levy stocks of the concerned sugar factory and taken into account while releasing the monthly non-levy sugar stocks of the concerned factory.

Group of Experts for Development of Sugar Sector

4.59 The Central Government 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 blueprint of 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.
- (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.
- 4.60 Following the appointment of Dr. Vijay Kelkar as Chairman of the Finance Commission, Dr. Yeshwant S. Thorat was appointed as new Chairman. The Group is expected to give its report by 30.04.2009.

Restructuring of outstanding loans of cooperative sugar mills

- 4.61 Based on the announcement made by the Finance Minister in the Budget Speech for 2005-06, the following financial package was approved for the cooperative sugar mills in the country.
- 4.62 All cooperative sugar mills in the country which had term loans outstanding as on 31.3.2005, and which are commercially viable and have adequate operational surplus to repay the said term loans would be eligible for the financial package.
- 4.63 The outstanding term loans of the eligible mills is restructured/rescheduled to enable repayment within a maximum period of 15 years. The rate of interest on the restructured loans is 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.
- 4.64 A Technical Committee under NABARD was assigned the task of examining the

financial condition of each applicant cooperative sugar factory, in consultation with the concerned State Governments, sugar factories and the Banks involved to ascertain their viability and formulate individual packages. Burden of reschedulement of loans is borne by the concerned Banks whereas interest subvention due to reduction in rate of interest to 10% per annum is provided by the Government of India to NABARD on a year to year basis, subject to a maximum of 3% per annum for each individual factory.

- 4.65 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 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, 2005) and to include the cooperative sugar mills not included in the earlier package, for availing the benefits of earlier package. It was also 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.
- 4.66 An amount of Rs.600 crore for interest subvention for the reduction in the rate of interest, has been approved by the Government of India. An amount of Rs.138.54 crore was placed at the disposal of NABARD for further

disbursement to the respective banks as interest subvention for the years 2005-06, 2006-07 and 2007-08. A provision of Rs.31.10 crore for the above purpose has been made in the budget for the year 2009-10 .

4.67 A total of 93 cooperative sugar mills have already been approved for benefits under the package.

SUGAR DEVELOPMENT FUND

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

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

4.70 During the period from 1982-83 to 2008-09 (upto 31.3.2009) a cess amount of Rs.5385.56 crore have been collected. Of this, upto 31.3.2009, Rs.4256 crore have been transferred to the Sugar Development Fund.

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

a) Loans for facilitating the rehabilitation and modernization of

any sugar factory.

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

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

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

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

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

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

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

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

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

- 4.73 SDF Act has been amended on 24th March, 2008 to provide financial assistance to sugar factories towards payment of interest, in part or in full, on loans to the sugar factories utilized for clearance of cane price arrears and cane price dues of sugarcane farmers given by scheduled banks, financial institution, co-operative banks and regional rural banks, in terms of any scheme approved by the Government from time to time.
- 4.74 The Central Government vide Gazette Notification dated 7th January, 2009 exempted the levy of cess on sugar, collected as a duty of excise, under sub-section (1) of section 3 of the Sugar Cess Act, 1982, on any sugar "Manufactured from such other sugar" on which cess, leviable under sub section (1) of section 3 of the said Act, has been paid.
- 4.75 The amount disbursed to various sugar mills for various schemes during financial year 2008-09 is as follows: -

(Rs. in Crores)

1.	Loans to sugar factories for modernization/ rehabilitation of plant and machinery, including expansion of crushing capacity	182.49
2.	Loans to sugar factories for sugarcane development.	6.51
3.	Loans to sugar factories for bagasse based cogeneration power projects.	256.96
4.	Loans to sugar factories for projects for production of ethanol	60.00

- 4.76 During the financial year 2008-09 an amount of Rs. 554.04 crore has been recovered from various sugar mills from the outstanding recoverable dues of SDF loans.

NATIONAL SUGAR INSTITUTE, KANPUR

- 4.77 The National Sugar Institute, Kanpur is a premier Scientific & Technical institute in the country, teaching & training in the field of Sugar Technology, Sugar Engineering & Industrial Fermentation & Alcohol Technology in addition to undertaking research & development work in sugar and allied fields. The institute runs postgraduate level courses in Sugar Technology, Sugar Engineering and Alcohol Technology disciplines. It also runs short term certificate courses e.g. Sugar Boiling Certificate Course, Sugar Engineering Certificate Course & Pre Harvest Cane Maturity Survey Course. It is also a center for advance research in sugar and allied areas, recognized by various Universities leading to Ph.D. degree. Its aim is to maintain interaction with the Sugar factories, Distilleries, Central & State Governments and other Scientific & Technical Organizations. During the academic session 2008-09, following number of students were admitted in various courses conducted by the Institute:

S. NO.	COURSES	NO. OF STUDENTS
1.	Associateship of National Sugar Institute (Sugar Technology)	60
2.	Associateship of National Sugar Institute (Sugar Engineering)	10
3.	Diploma in Industrial Fermentation & Alcohol Technology	25
4.	Sugar Engineering Certificate Course	03
5.	Sugar Boiling Certificate Course	50
6.	Pre Harvest Cane Maturity Survey Certificate Course	07

4.78 The Institute undertakes research on the problems faced by the Sugar, Alcohol and Allied Industry with regard to process modification, modernization, and quality development and by products utilization etc. On the basis of research work carried out by the different divisions of the Institute 08 research papers were published by the different faculty members of the Institute in Indian and International Sugar Journals of repute.

4.79 The experts of the Institute also visited factories to render technical advice on the problems referred against payment of prescribed fees. During the period under report, 15 & 17 sugar factories were visited under advisory and extension services respectively.

4.80 The research work carried out by the various divisions of the Institute from 01.01.2008 to 31.03.2009 is as given under:

Bio-Chemistry Division:

4.81 The division undertook studies on the following topics:

(i) **Studies on Chemical, Bio-Chemical & microbiological aspect of molasses deterioration on storage:**

Molasses under certain conditions undergoes deterioration and losses in sucrose content takes place. Sometimes the loss is 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 microorganisms in molasses deterioration is in progress.

(ii) **(a) Bioconversion of Lignocellulosics:**

Lignocellulosics are by and large resistant to biodegradation basically due to the presence of lignin, which acts as cementing material between cellulose and hemi cellulose of plant tissues and hinders any attack by microbes and enzymes. Various pre treatment methods have been investigated to remove lignin from Lignocellulosic wastes including the use of organic solvents. The biodegradability of Lignocellulosics after lignin removal is under process.

(b) **Studies on the production of alcohol from Lignocellulosic waste:**

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.

(iii) **Studies on the microbial aspect of colour formation in sugar & sugar house Product.**

(iv) **Biochemical studies on the formation of dextran in sugarcane and its removal by fungal dextranase.**

Agriculture Chemistry Division:

4.82 The division undertook the applied and fundamental research work in the fields as mentioned below:

a) **Applied research on sugarcane agriculture to improve sugarcane yield and quality.**

b) **Studies on deterioration of sugarcane during post harvest & post maturity periods.**

- c) On improving the quality & keeping quality of sugars.
- d) Standardisation of analytical methods for analysis of sugars & sugar house products.

Sugar Technology Division:

4.83 The following research work / projects were undertaken and few are still 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 for conditioning the fluid flow. The research was aimed to study the basic principle and to critically analyze the benefits accrued e.g. reduction in Pol% bagasse owing to installation of the system.
- (ii) At present, the filtrate clarification is done by floatation method, involving huge investments plus recurring expenditure. The sedimentation process is studying the same with filtration as a pretreatment. 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.

- (iii) Data was collected on development of colour under different conditions of pan boiling. Detailed data collection will be done during the crushing season 2008-09 in some of the factories and data compilation shall be done for its publication.

Bureau of Sugar Standards (BSS):

- 4.84 BSS section, which is under Sugar Technology Division, is responsible for preparation of Sugar Standards, which are mandatory for all the sugar factories to match and mark their sugar production for sale in Indian market.
- 4.85 During identification of sugar for the 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 regions of India.
- 4.86 The entire BSS work at a glance in terms of revenue earned during the period (October 2008 to March 2009) is given below:

S. No.	Particulars	No of Bottles Sold Oct., 08 to March,09	Revenue Earned (Rs.) Oct., 08 to March,09
1.	No. of sugar standard bottles sold to sugar factory & other users @Rs.500/per/bottle	2334	11,67,000
2.	No. of Empty bottles sold to sugar factory @Rs.315/per bottle	90	28,350
3.	No. of packing case sold to sugar factory @Rs.225/each.	187	42,075
4.	No. of velvet cock sold to sugar factory @Rs.45/each.	44	1,980
		Total	12,39,405

Organic Chemistry Division:

4.87 The division carried out research work on the following topics:

- (i) Determination of phosphate in cane juice based on the reaction of vanadomolybdophosphate with Malachite green (continued from previous years)

Application of the colour reaction of molybdophosphate with malachite green to the spectrophotometric determination of phosphate in sugarcane juice has already been studied in this lab and published. The ternary heteropoly acid-Banadomybdophosphoric has been reported to be more stable and its colouration with malachite green is more selective for phosphate than silicate as both phosphate and silicate are present in cane juice. The application of this colour reaction for the spectro photometric determination of phosphate in cane juice may be more selective and precise as compared to the previous method. Several experiments have been carried out to determine the optimum concentration of van date. After the optimum composition of the reagent has been fixed, the method will be applied to cane juice for the determination of phosphate.

- (ii) Structural studies on natural colouring constituents from Indian granulated plantation white sugars (Topic assigned to research scholar for Ph.D. work)

The study will comprise the isolation of natural colouring constituents such as flavonoid pigments or cinnamic and derivatives from plantation white sugar samples produced in our country. These constituents will be identified by paper chromatography, HPLC, UV and NMR spectroscopic techniques.

The sugar solution of about 20° Brix after pH adjustment was passed through a special resin column and after all the sugars have been eluted with water, the colouring matter was eluted with an Organic Solvent. The colouring matter will be suitably fractionated and examined and then purified by the chromatographic technique.

Physical Chemistry Division:

4.88 Physical Chemistry division undertook studies on the following:

- a. Studies on selection of suitable buffer for measuring the colour of sugar in solution phase.
- b. 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.
- c. The Electro Chemical Clarification of raw cane juice has been taken up using different electrodes viz. Graphite-Graphite, Graphite-MS,MS-MS electrodes etc.
- d. Studies to assess effect of pH on the measurement of colours in solution phase in Sugar.
- e. Studies to determine dissociation constant of sucrose, which was not expected to dissociate.

Chemical Engineering Division:

4.89 The division undertook studies on:

- (i) Optimization of heating surface of evaporators under various configurations. Studies were also made to assess the suitability of the best evaporator

configuration with a view to achieve maximum steam economy with minimum colour development across the evaporators.

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

Design & Development Division:

During the period under report, the following work was done in the division:

1. No. of drawing prints prepared 392
2. No. of design supplied to industry One
3. Technical Appraisal of project report Three

Research Paper published / communicated:

- 4.90 During the period under report, following papers were presented in various Conventions/Seminars or published in various national/international journals of repute:

1. "Sustainable development and manufacturing cost in sugar industry" in STAI
All India Seminar at Jaisalmer from 21-22 Jan, 08 by J. P. Srivastava.
2. Contamination Controlling Agents in alcoholic fermentation of low grade molasses by Dr. S. Kumar et al in STAI 69th convention, 2008.
3. Electrochemical Treatment of Raw Distillery Effluent by Dr. P.K. Jain et al in STAI 69th convention 2008.

4. Chemical Balancing during sugar processing an option by Dr. A. Bajpai, P. Sanyal et al STAI 69th convention, 2008
5. Energy Security Importance of Carbohydrates sent in Carbohydrates conference, Bhavnagar, Gujarat by Dr. Santosh Kumar & Dr.P.K. Jain
6. Estimation of Flashing in Evaporators by A.Saleem Sajid in Cooperative sugar
7. High Energy Factor Appliances for Cost Saving and Quality by Raghavendra Kumar in Cooperative Sugar
8. Process Option for Producing Refined Sugar in India by S.K. Mitra & N. Mohan in DSTAI, 2008

Lecture Delivered:

- 4.91 During the period under report the lectures delivered by the faculty members are as under:
1. Lecture on Energy Conservation and Milling at Ganna Sansthan, Lucknow
 2. Lecture on Energy Efficiency conducted by PCRA

Experimental Sugar Factory:

- 4.92 In curriculum of various courses of Sugar Technology and Sugar Engineering discipline, there is provision to provide technical Knowhow to the students about the working of a sugar plant. For this purpose the institute has a 100 TCD vacuum sugar plant, where in plant training was provided to the students of different courses to acquaint them with the processing of cane juice to produce sugar.
- 4.93 The Experimental Sugar Factory worked for 50 days in the crushing season

2007-08. During this period 9768.19 Qtls. Sugarcane crushed & produced 130 qtls. of sugar.

Participation in Seminars & Conferences

- 4.94 The faculty members of the Institute attended following Seminars and Conferences:-
- (i) 69th Annual convention, 2008 of Sugar Technologist's Association of India at Aurangabad, M.S.
 - (ii) Seminar on Filtration Technology organized by Sugar Technologists Association of India at Pahalgam, J & K

47th Convocation

- 4.95 The Convocation of the Institute was held on 7th Nov., 2008 and inaugurated and

convocation speech delivered by the then Hon'ble Union Minister of State for Consumer Affairs, Food & Public Distribution. The convocation was presided over by Joint Secretary (S & SA), Govt. of India, and Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution.

Placement Cell

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

Chapter-V

Edible Oils



A mustard field

EDIBLE OILS

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

MAIN EDIBLE OILS

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

seed, sesame seed, Niger seed, 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 2006-07, 2007-2008 and 2008-09 are recorded below :-

(Quantity in lakh tonnes)

Name of Oilseed	2006-07		2007-08*		2008-09**			
	Oilseed	Oil	Oilseed	Oil	Oilseed			Oil
					Kharif	Rabi	Total	Oil
A. PRIMARY SOURCE								
Groundnut	48.64	11.19	91.83	21.12	50.52	15.65	66.17	15.22
Rapeseed/Mustard	74.38	23.05	58.33	18.08	-	69.76	69.76	21.62
Soybean	88.51	14.16	109.68	17.55	90.45	-	90.45	14.47
Sunflower	12.28	4.05	14.63	4.83	3.33	7.79	11.12	3.67
Sesame	6.18	1.92	7.57	2.35	6.66	-	6.66	2.06
Niger Seed	1.21	0.36	1.10	0.33	1.04	-	1.04	0.31
Safflower Seed	2.40	0.72	2.25	0.68	-	1.81	1.81	0.54
Castor	7.62	3.05	10.53	4.21	11.23	-	11.23	4.49
Linseed	1.68	0.50	1.63	0.49	-	1.36	1.36	0.41
Sub Total	242.89	59.00	297.55	69.64	163.23	96.37	259.60	62.79
B. SECONDARY SOURCE								
Coconut		4.50	4.50			4.50		
Cottonseed		6.30	8.00			7.80		
Rice Bran		7.00	7.20			7.70		
Solvent Extracted Oils		3.50	4.00			3.50		
Tree & Forest Origin		1.20	1.20			1.20		
Sub Total		22.50	24.90			24.70		
Total (A+B)		81.50	94.54			87.49		
C. LESS: EXPORT & INDUSTRIAL USE								
		7.80	8.00			7.00		
D. NET DOMESTIC AVAILABILITY		73.70	86.54			80.49		
E. IMPORT OF EDIBLE OILS \$		47.15	56.08			70.69		***
TOTAL ESTIMATED AVAILABILITY(D+E)		120.85	142.62			151.18		

* Based on final estimate (declared by Ministry of Agriculture on 12.2.2009).

** Based on 2nd advance estimate (declared by Ministry of Agriculture on 12.2.2009).

*** Estimated import for 2008-09 (November-October).

\$ Source: The Solvent Extractors' Association of India (SEAI), Mumbai

- 5.2 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

- 5.3 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.
- 5.4 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

- 5.5 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 Headquarter.
- 5.6 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.
- 5.7 A well-equipped laboratory exclusively devoted to the analytical work pertaining to oils and fats is available with DVVO&F. During the financial year 2008-09, out of the 3423 samples of edible oils and fats analyzed in the laboratory of the DVVO&F, 55 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

- 5.8 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.

5.9 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 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 there under be allowed to be packed, etc.

R&D PROGRAMME FOR DEVELOPMENT OF VEGETABLE OILS

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

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

ASSESSMENT OF PRODUCTION AND SUPPLY OF EDIBLE OILS

5.12 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 standards of living of people.

5.13 Figures pertaining to production of major cultivated oilseeds, availability of edible oils from all domestic sources and total availability/consumption of edible oils (from domestic and import sources) during the last five years are as under :-

[In Lakh Tonnes]

Oil Year (November - October)	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)
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*	242.89	73.70	120.85
2007-2008**	297.55	86.54	142.62
2008-09***	259.60	80.49 (estimated)	151.18 (estimated)

Source : * DGCI&S, Kolkata, Ministry of Commerce and Industry(April to March).

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

***Directorate of Vanaspati, Vegetable Oils & Fats(November - October).

- 5.14 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
2003-2004	11.1	20.11
2004-2005	11.4	21.08
2005-2006	11.7	22.18
2006-2007	11.9	23.03
2007-2008	12.5	23.57

Source : Oil World ,2008

IMPORT POLICY ON EDIBLE OILS

- 5.15 Since there has been a continuous demand in excess over domestic supply of edible oils, import of edible oils has been resorted to for more than two decades to make this item of mass consumption easily available to consumers at reasonable prices.
- 5.16 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 decanalised partially in April, 1994 with permission to import RBD palmolein under Open General Licence (OGL) at 65% duty. This was followed by enlarging the basket of edible oils under OGL import with revision of import duty structure.
- 5.17 In order to harmonise the interests of farmers, processors and consumers and at the same time, regulate import of edible oils, Government review the duty structure of edible oils from time to time. The custom duty on all major crude and refined oils has been reduced to 'Nil' and 7.5% respectively w.e.f. 1.4.2008. The custom duty on soybean oil was increased to 20% w.e.f. 18.11.2008. The custom duty on soyabean oil was reduced to Nil w.e.f. 24.03.2009.
- 5.18 Import of edible oils during the year 2007-08 (Nov. to Oct.) has been 56.08 lakh tonnes compared to 47.15 lakh tonnes during the corresponding period of last year. Of the total edible oils imported in 2007-08, palm oils constitute 85.75% and soya oils constitute 13.54%.
- 5.19 In order to provide relief to the poorer sections of the society from the rising prices of edible oils, the Central Government introduced a Scheme for Distribution of upto 10 lakh tonnes of imported edible oils in 2008-09 at a subsidy of Rs.15/- per kg. through State Governments at the rate of 1 kg. per ration card per month and an additional subsidy of Rs10/- per Kg from Jan.09 to March 2009 on oils imported by PSU's and not lifted by the State Governments. Four Public Sector Undertakings (PSUs) namely, PEC, MMTC, STC and NAFED had been entrusted the job of import, refining, packing and distribution of subsidized edible oils to the States. The subsidy distributed was Rs.424.25 crores till 31.03.2009. Twenty nine State Governments who had asked for oil under the Scheme had been allocated oil by the Department of Food & Public Distribution from April, 2008 onwards. The distribution of packed edible oil under this Scheme was in operation in 12 States. The scheme has ended on 31.03.2009. Out of the 3.6 lakh tonnes of edible oils

contracted by the PSUs, 3.58 lakh tonnes had landed, out of which 2.61 lakh tonnes of packed edible oils had been handed over to States for distribution. As per the Government decision, PSUs have been asked not to contract for further quantities of edible oils and dispose off oil, not lifted by states in the open market through tenders. As on 31-3-2009, PSU's have disposed off 65,515 tonnes of edible oils in the open market. The scheme is believed to have helped to soften the prices of edible oils in the domestic market.

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

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

- 5.22 Further w.e.f. 04-10-2004, STC and the associates to be appointed by the STC have been made agencies to import the specified quantity of Vanaspati subject to the overall responsibility of STC who will ensure its distribution and monitoring as per Government Policy. With effect from 02-03-2009, import is to be monitored by DGFT, Deptt. of Commerce and not through STC as canalizing agency. The import of allocated quota will be allowed in to India based on production of tariff rate quota certificate (TRQ) issued by the designated authority in Nepal, namely Department of Commerce.

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

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

TARIFF VALUE

- 5.24 In order to check the instances of under-invoicing of Edible Oil imports, the Government had fixed tariff value on import of Crude Palm Oil, RBD Palm Oil and RBD Palmolein vide Notification dated 3.8.2001 issued by Ministry of Finance. Subsequently, tariff values on import of Crude Palmolein, Crude Soyabean Oil, Others-Palm Oils and Others-Palmolein

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

7.5% respectively w.e.f. 1.4.2008

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

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

Import Duty on Edible Oils

5.25 In order to maintain un-interrupted supply of edible oils at affordable prices to the consumers, particularly in the context of domestic shortfall in edible oilseed production and keeping in view the high prices of edible oils, duty structures of edible oils is reviewed from time to time. During the year 2008 the duty on edible oils has been reduced four times as under.

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

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

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

The custom duty on crude and refined soyabean oil reduced from:

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



Mustard plants in full bloom

PRICE OF EDIBLE OILS

The prices of the major edible oils in the domestic market as well as in the international market have shown downward trend during the last one year. As on 31.03.2009, the wholesale domestic prices of soyabean oil, mustard oil, groundnut oil, sunflower oil, cottonseed oil, sesame oil, coconut oil, vanaspati, RBD palmolein and rice bran oil have declined by 28.93%, 28.36%, 22.76%, 40.79%, 32.76%, 16.85%, 11.11%, 36.36%, 35.74% and 37.93% respectively during the last one year. As on 31.03.2009, the international prices of CPO, soyabean oil, sunflower oil and RBD palmolein have declined by 50.86%, 47.10%, 58.14% and 55.55% respectively during the year.

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

5.26. Exports of oilseeds, minor oils and fats and oil meals during the last four years are as under:-

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 edible oils has been banned w.e.f. 17.3.2008 and extended upto 16.03.2010. However, w.e.f. 1.4.2008, the export restriction has been lifted in respect of coconut oil (through Cochin Port) and certain oils produced from minor forest origin. Further, vide Notification dated 20.11.2008 issued by Department of Commerce, export of edible oils has been permitted in branded consumer packs of up to 5 kgs. subject to a limit of 10,000 tonnes during the next one year upto 31.10.2009.

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

(Qty.in lakh tonnes)

(Value in Rs.Crores)

Year (April-March)	Oil Seeds		Minor Oils and Fats		Oilcake/ extraction		Total	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
2004-2005	3.66	1261.2	2.60	1027.7	27.34	2323.9	33.60	4612.8
2005-2006	4.18	1314.5	1.84	635.97	44.57	3563.56	50.59	5213.58
2006-2007	5.23	1825.26	1.89	668.96	65.92	5502.97	73.04	7997.19
2007-2008	6.03	2756.0	1.99	914.0	54.63	7125.4	62.65	10795.4

Source: Solvent Extractors' Association of India

Chapter-VI

Public Sector Undertakings



Spraying of foodgrain bags

PUBLIC SECTOR UNDERTAKINGS

FOOD CORPORATION OF INDIA

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

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

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

ORGANISATIONAL SET-UP

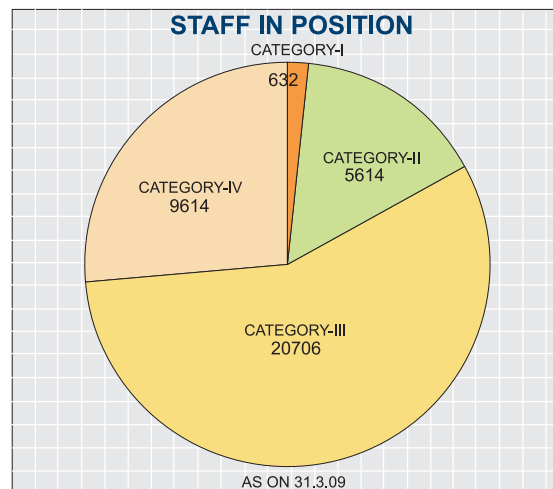
6.3 The Food Corporation of India coordinates its functions through a country-wise network of offices with Headquarters, at New Delhi with 5 Zonal Offices, 23 Regional Offices, one Port Office at Kandla and 165 District Offices under its control.

STAFF POSITION

6.4 The Category-wise staff position for the

	As on 31.03.2006	As on 31.03.2007	As on 31.03.2008	As on 31.03.2009
Authorised Capital	2500.00	2500.00	2500.00	3500.00**
Subscribed Capital				
i) Working Capital	1484.00	1484.00	1484.00	1484.00
ii) Const. of Godown & Silos #	905.71	913.21	917.21	933.66
iii) IISFM Project #	69.64	69.64	94.64	96.74
iv) Others	13.90	13.90	13.90	13.90
Total	2473.25	2480.75	2509.75	2528.30
# = Equity Released for NE during the year	3.90	3.90	2.97	14.00

(**) Authorized Capital increased from Rs.2500 crore to Rs. 3500 crore vide notification No. 624 dated 7th May 2008.



period ending 31.03.2009 in the Corporation is furnished as under:-

Category	Staff position as on 31.03.2009
I	632
II	5614
III	20706
IV	9614
Total	36566

CAPITAL STRUCTURE

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

Rs. (in crores)

AUDIT & ACCOUNTS

- 6.6 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 2005-06 alongwith report of C&AG and reply thereto has been laid before both of the Houses of Parliament during December, 2006.
- 6.7 The accounts for the year 2006-07 are under process.
- 6.8 The turnover of the Corporation for the last six years is indicated below:-

(Fig. in Rs.Crores)

Year	Purchase	Sales	Total
2002-03	38154.05	31552.66	69706.71
2003-04	38374.52	31149.18	69523.70
2004-05	36932.40	24339.75	61272.15
2005-06	34679.55	22976.13	57655.68
2006-07	35649.52	18504.94	54154.46
2007-08 (Prov.)	38442.45	18249.23	56691.68
1-4-08 to 30-9-08 (Prov.)	19574.41	6883.72	26458.14

PROCUREMENT

RABI SEASON

Report for the period 01.01.2008 to 31.03.2008

- 6.9 Due to pre-ponement of wheat procurement in respect of some states, a

quantity of 0.86 LMTs was procured during March upto 31.03.2008.

Report for the period 01.04.2008 TO 31.03.2009

RMS 2008-09

- 6.10 Govt. of India had fixed an MSP of Rs.1000/- Per Quintal for the RMS 2008-09 to be paid to the farmers for their FAQ Wheat which had been communicated to all the GMs/EDs. An incentive of Rs.10/- Per Quintal to farmers was also allowed for direct procurement in FCI depots.
- 6.11 In order to give benefits of MSP to the farmers and enhance wheat procurement, instructions from Hqrs. were issued to all the concerned GMs/EDs to make all the necessary arrangements in advance for smooth procurement and also give wide publicity through Radio, TV, Pamphlets and banners. Total 15040 purchase



Extension training programme for farmers

centers were operated during RMS 2008-09 for procurement of wheat.

- 6.12 Wheat Procurement during RMS 2008-09 as compared to RMS 2007-08 is as under :

(Figures in lakh MTs)

Region	Total procurement 2007-08 (April-March)	Procurement by Govt. Agencies (During RMS 2008-09)
Punjab	67.81	99.41
Haryana	33.50	52.37
Uttar Pradesh	5.46	31.37
Madhya Pd.	0.58	24.10
Bihar	0.08	4.99
Rajasthan	3.83	9.35
Uttrakhand	0.02	0.85
Chandigarh	0.00	0.10
Delhi	0.01	0.07
Gujarat	0.00	4.15
Jharkhand	-	0.02
Maharashtra	-	0.10
Himachal Pd.	-	NEG
J&K -	0.01	
TOTAL	111.28 (Central Pool) + 4.27*	226.89

* Procured by Punjab State Agencies on State Pool Account.

- 6.13 Due to the efforts made by FCI as well as MOF, GOI there has been a record procurement of wheat during RMS 2008-09 which is an all time high i.e.

226.89 lakh MTs as compared to 111.28 LMTs during last year, thus registering an increase of 102.89%.

RMS 2009-10

- 6.14 The procurement period during RMS 2009-10 has also been preponed in some States. A qty. of 2.09 LMTs has been procured during March upto 31.03.2009, out of which the share of FCI is 0.69 LMTs.

KHARIF SEASON 2008-09

- 6.15 During Kharif 2008-09, till 31.03.2009 the total procurement of paddy has been reported to be 268.19 lakh tonnes as against 219.54 lakh tonnes procured during the corresponding period last year. The quantum of market arrivals of paddy during the Current Kharif 2008-09 is of the order of 434.47 lakh MTs (Position as on 31.03.2009) as against 348.66 lakh MTs during the entire season last year. FCI/ State Agencies have procured about 120.93 lakh MTs (120.85 + 0.8 Chandigarh) of paddy in Punjab (as on 31.12.2008) as against 103.33 lakh MTs procurement during the corresponding period last year. Out of this FCI has procured a quantity of 2.14 lakh MTs including UT Chandigarh, which works out to about 2.07%.

- 6.16 It is expected that by the end of the season i.e. 30.09.2009 paddy procurement will be more than the last year procured quantity of 246.68 lakh tonnes of paddy.

LEVY RICE PROCUREMENT (UPTO OCT. 2008 TO MARCH 2009)

- 6.17 The procurement of levy rice FCI/Agencies for the Central Pool during 2008-09 was 82.00 lakh MTs as against 70.17 lakh MTs during the corresponding period last year.

6.18 The total procurement of Rice (including paddy in terms of rice) during KMS 2008-09 for Central Pool was 261.69 lakh MTs against 217.26 lakh MTs procured during the corresponding period last year.

COARSE GRAINS

6.19 In the State of Rajasthan, Gujarat, Maharashtra, Karnataka, A.P., Madhya Pradesh and Chattisgarh, the State Government and its Agencies procure Coarsegrains to make use of the infrastructure available with the State Agencies.

6.20 Procurement of Coarsegrains as on 31.03.2009 during KMS 2008-09 was only 11.18 lakh MTs.

TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

6.21 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 Govt. of India. FCI ensures adequate foodgrains stocks at all its base depots throughout the country for TPDS and other welfare schemes at all times.

6.22 The offtake of wheat and rice under TPDS and all other welfare schemes of



Foodgrain being taken for fairprice shop

Government of India during period 01.01.2008 to 31.03.2009 were as follows:

(Fig. in million tonnes)(Provisional)

Name of scheme	Category	01.01.2008 to 31.03.2009		
		Wheat	Rice	Total
Targetted Public Distribution System (TPDS)	APL	4.51	7.26	11.77
	BPL	6.73	12.80	19.53
	ANTYODAYA	3.98	7.94	11.92
	TOTAL	15.22	28.00	43.22
ALL OTHER SCHEMES		2.81	3.58	6.39
GRAND TOTAL		18.03	31.58	49.61

Note:

- (1) TPDS and OWS are including stocks utilized by the State Govt. from their stocks procured under decentralised procurement scheme.
- (2) All other schemes include Mid Day Meal, Nutrition Programme, Welfare Institutions and Hostels, Relief Works, Annapurna, WFP, SGRY, NPAG, Grain Bank, Emergency Feeding Programme, Defence/BSF/CRPF, Bhutan and open sale.

6.23 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.

- 6.24 The State-wise issues under all the schemes during period 01.01.2008 to 31.03.2009 is as under:

(Figs. In lakh tonnes)

01.01.2008 to 31.03.2009		
State	Wheat	Rice
Assam	3.61	16.11
Arunachal	0.12	1.20
Tripura	0.26	3.50
Manipur	0.16	1.18
Nagaland	0.61	1.43
Mizoram	0.10	1.96
Meghalaya	0.20	1.88
Total	5.06	27.26

- 6.25 It may be seen from the table above that during the period 01.01.2008 to 31.03.2009 the total offtake of wheat was 5.06 LMT and rice was 27.26 LMT.



Movement of Foodgrains in hilly Area through Traditional Mode.

- 6.26 The comparative stock position of foodgrains and sugar in the North Eastern

Region as on 31.03.2008 and 31.03.2009 is as under:

(Fig. in lakh tonnes)

As on	Wheat	Rice	Sugar	Total
31.03.2008	0.43	1.64	0.03	2.10
31.03.2009	0.52	1.84	0.07	2.43

- 6.27 The stocks as on 31.03.2009 in respect of wheat, rice and sugar are more as compared to the corresponding period of last year in NE Region.

IMPORT

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

(Quantity in lakh MTs)

Sl No	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
GRAND TOTAL		54.54	

2007-08

6.29 For the year 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 was scheduled to arrive at Mundra Port between September to November, 2007.

6.30 The STC has further finalized the contracts for import of 7.95 lakh MT 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.

6.31 MMTC, on behalf of Government of India, has also finalized contracts on 22.11.2007 for import of mean quantity of 3,42,500 MT wheat at the weighted average price of US\$ 400.19 PMT C&F (FO) basis, delivery of which is from January, 2008 to 10.02.2008.

6.32 PEC on behalf of Government of India, has also finalized contracts on 05.12.2007 for import of 1,50,000 MT of wheat at average weighted price of US\$ 396.91 PMT C&F(FO). The arrival of the entire quantity was upto 10.03.2008.

6.33 The details of the operations of the above PSUs Tender-wise details of quantities arrived, etc. are as under:

In Lakh Tonnes

TENDER	CONTRACTED QUANTITY	QUANTITY ARRIVED
ON STC ACCOUNT		
1 ST Tender	cancelled by the Ministry	
2 nd	5.110	5.095
3 rd	7.950	7.499
TOTAL	13.060	12.594
ON MMTC ACCOUNT	3.500	3.527
ON PEC ACCOUNT:	1.500	1.569
GRAND TOTAL	18.060	17.690

6.34 DETAILS OF PORT-WISE ARRIVAL OF IMPORTED WHEAT DURING 2007-08

Sl.No.	Name of Port	Quantity Arrived (In MTs)
1.	Mundra	13,59,561.436
2.	Kandla	3,53,375.479
3.	Mumbai	4,860.445
4.	Chennai	51,209.000
	TOTAL	17,69,006.360

2008-09

6.35 There has been no import of Wheat & Rice during this year (2008-09).



Preservation of foodgrains in cap storage

EXPORT

- 6.36 There has been no Export/Sale of Wheat/Rice, for export purposes, during the year 2007-08 & 2008-09.
- 6.37 However, the Director (Impex), Ministry of CAF&PD vide letter No. 11-30/2001-Impex dated 8th December, 2008 conveyed the Government's decision to give aid of 6.0 lakh tonnes of wheat to Afghanistan from Central Pool (lifting period not indicated) and advised that FCI may take over the stocks from Punjab State Agencies, where wheat are stored in CAP and give it to Ministry of External Affairs, when a request is received from Ministry of External Affairs. FCI has not received any request against this from Ministry of External Affairs.

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.



Storage of foodgrains for exports

- 6.38 Details of Wheat 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, up to December, 2008:-

YEAR	QUANTITY (LAKH MT APPROX.)
2002-03	0.15
2003-04	0.40
2004-05	1.18
2005-06	1.33
2006-07	0.24
2007-08	0.02
2008-09	0.00

- 6.39 Apart from above, 14,989.932 MTs of wheat amounting to Rs. 15.32 Crores lifted by WFP for supply of 3331 tonnes Biscuit of Nutritious Biscuits to Iraq for School Feeding Programme in Iraq against Government of India's donation of 14,991 MT of wheat to Iraq during 2005-06.

FOODGRAIN STORAGE & GENERAL WAREHOUSING

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

(Fig .in lakh MT)

As on	Owned	Hired	Total
31.03.2004	128.15	108.50	236.65
31.03.2005	129.09	104.61	233.70
31.03.2006	129.31	99.05	228.36
31.03.2007	129.41	93.42	222.83
31.03.2008	129.48	87.13	216.61
31.03.2009	129.60	101.24	230.91

6.41 CAP storage capacity Owned / Hired by the FCI for the last five years is as under:-

(Fig. in lakh MT)

Year	Owned	Hired	Total
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	22.06	0.27	22.33
2008-2009	21.73	0.15	21.88

6.42 State-wise storage capacity available with FCI in different States in the country as on 31.03.2009 is as under:-

(Fig. in lakh MTs)

Sl. No.	Name of the State/UT	Storage capacity (Covered & CAP)
1.	Bihar	5.62
2.	Jharkhand	1.18
3.	Orissa	6.92
4.	West Bengal	10.28
5.	Sikkim	0.11
6.	Assam	2.73
7.	Arunachal Pradesh	0.20
8.	Meghalaya	0.26
9.	Mizoram	0.23
10.	Tripura	0.49
11.	Manipur	0.20
12.	Nagaland	0.32
13.	Delhi	3.70
14.	Haryana	23.16

15.	Himachal Pradesh	0.25
16.	J & K	1.29
17.	Punjab	62.13
18.	Chandigarh	1.05
19.	Rajasthan	10.03
20.	U. P.	26.13
21.	Uttrakhand	2.10
22.	Andhra Pradesh	34.22
23.	Kerala	5.17
24.	Karnataka	7.07
25.	Tamilnadu	8.95
26.	Pondicherry	0.54
27.	Gujarat	6.30
28.	Maharashtra	17.69
29.	Goa	0.15
30.	Madhya Pradesh	7.89
31.	Chhattisgarh	6.43
	T O T A L	252.79



Procured foodgrains stock being stored in the food storage depot

6.43 Details of storage capacity constructed by the FCI during Xth Year Plan 2002-03 to 2006-07 is given in the table below:-

(Fig. in lakh M.T.)

Year	Target	Acheivements
2002-03	1.37	0.94
2003-04	1.10	1.33
2004-05	0.72	0.97
2005-06	0.22	0.23
2006-07	0.21	0.20

6.44 During XIth Five Year Plan (2007-2012), FCI is expected to create additional capacity of about 3.41 lakh MT provided sufficient budget allocation is made by Govt. of India. During Annual Plan 2009-10 FCI proposes to construct additional capacity as under:-

(Fig. in Lakh MT)

Year	Target	Achievement
2007-08	0.25	0.17
2008-09	0.32	0.025
2009-10	0.54	—

QUALITY CONTROL

6.45 The Quality Control (QC) wing of F.C.I. manned by qualified and trained personnel is entrusted with the enormous task of procurement & preservation of foodgrains. The foodgrains are procured as per laid down specifications of Government of India and inspected regularly during storage, to monitor the quality. Representative samples of the stocks are drawn for physical and chemical analysis to ensure whether the quality standard meets the parameters laid down by

Government of India and PFA . This is done through a net work of 195 laboratories throughout the country. Many of the laboratories located at Zonal and Regional levels are well equipped to carry out physical and chemical analysis of the foodgrains and also study of insecticidal residue and district and other laboratories generally undertake physical analysis of foodgrains.



Disinfestation work at warehouse

6.46 The 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 conforming 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 found responsible for procurement of stocks beyond laid down parameters. Long terms/short terms training are held for QC staff on procurement and preservation of foodgrain management.

PRESERVATION

- 6.47 To preserve the foodgrains in good & sound condition is an important activity of QC wing of the Corporation. Stock 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.
- 6.48 Regular inspection of stocks by trained and experienced QC officials/officers is undertaken. Periodical disinfestations measures are undertaken i.e. prophylactic and curative treatments are imparted to the stocks with the 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.
- 6.49 The stocks of foodgrains strictly conforming to the uniform specifications of Government of India standards are issued to the PDS by adopting joint sampling system scrupulously.



Qualitative analysis of foodgrains sample in quality control laboratory

- 6.50 The stocks position as on 31.03.2009 is as under:-

CENTRAL POOL STOCKS

(Fig. in Lakh tonnes)

	Rice *	Wheat	Total
Total All India	216.04	134.29	350.33

*Includes paddy in terms of rice also.

- 6.51 Total quantity of foodgrains treated (stocks with FCI)

(Fig. in lakh tonnes)

Year	Prophylactic Treatment	Curative Treatment
2005-2006	789.72	255.80
2006-2007	1031.95	302.65
2007-2008	1015.15	364.71
2008-2009	1527.64	473.43

SLIDING DOWN OF STOCKS (WHEAT & RICE)

- 6.52 Sliding down of wheat & rice stocks during the year 2008-2009 is as under:-

(Fig. in Lakh Tonnes)

1.	Higher to lower category	0.02 LMT
2.	To feed category	0.17 LMT.

NON-ISSUABLE FOODGRAINS AND ITS DISPOSAL

- 6.53 Foodgrains which do not conform to PFA and further cannot be reconditioned for normal issue are considered 'non-issuable grain'. Damages to the stock may occur in the 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.'

- 6.54 The non-issuable stocks on receipt in the godowns or detected in the depot, are properly checked and segregated on the basis of condition and proportion of sound grains present in different lots.
- 6.55 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 to avoid circulation of damaged foodgrain into the market. Executive Directors (Zones) and General Manager (Regions) are vested with full powers for disposal of non-issuable foodgrains.
- 6.56 A quantity of 1.12 lakh MTs has been disposed of during 2008-09, which includes replacement of Rice (2004-05) in Punjab Region also.
- 6.57 A quantity of 0.17 lakh MTs of non-issuable foodgrains was lying in various Regions/Zones in the country as on 31-3-2009. Out of which 0.005 lakh MTs is covered by Tender/Auction.
- 6.58 Inter state movement of foodgrains is likely to decrease by approx. 12.4% during 2008-09 as against the previous year. The movement will mainly decrease from other sources due to no import of wheat in 2008-09 vis-à-vis last year.

TRANSPORT OF FOODGRAINS

- 6.59 The overall movement of food grains, imported wheat and sugar during 2008-09 is 256.88 lakh tonnes against 263.86 lakh tonnes during 2007-08. The movement Ex-North during 2008-09 is 172.86 lakh tonnes against 183.25 lakh tonnes during 2007-08.
- 6.60 Total induction of foodgrains in Assam/ NEF, J&K, HP and Southern States during 2008-09 is 90.67 lakh tonnes against 86.46 lakh tonnes during 2007-08. Movement of Indigenous sugar during 2008-09 is 1.29 lakh tonnes against 1.46 lakh tonnes during 2007-08.
- 6.61 Position of movement w.e.f. January, 2008 to March, 2009.

(Fig. in lakh tonnes)

S. No.	Month	Foodgrain	Sugar	Total
1.	Jan., 08	26.45	0.10	26.55
2.	Feb., 08	21.59	0.07	21.66
3.	March, 08	28.29	0.15	28.44
4.	April, 08	20.55	0.10	20.65
5.	May, 08	22.06	0.14	22.20
6.	June, 08	19.08	0.08	19.16
7.	July, 08	18.44	0.15	18.59
8.	Aug., 08	19.21	0.10	19.31
9.	Sept., 2008	21.92	0.18	22.10
10.	Oct., 2008	16.29	0.24	16.53
11.	Nov., 08	18.25	0.15	18.40
12.	Dec., 08	20.38	0.28	20.66
13.	Jan., 09	26.70	0.15	26.85
14.	Feb., 09	27.38	0.16	27.54
15.	March, 09	26.59	0.18	26.77

VIGILANCE & SECURITY

- 6.62 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.
- 6.63 As on 1st January 2008, 1382 Vigilance cases under Major/Minor disciplinary proceedings were pending in the Food Corporation of India. 2625 fresh vigilance cases were added and 3204 vigilance cases were disposed off during the period from 1st January, 2008 to 31st March, 2009 leaving a balance of 803 vigilance cases at the end of 31st March, 2009.
- 6.64 In order to minimize the storage and transit losses and to ensure the quality of foodgrains, special squads in FCI conducted 4705 surprise checks and 13939 regular checks during the period 1st January, 2008 to 31st March, 2009.
- 6.65 Special attention is also being paid in areas, which are more prone to corruption. During the period 1st January, 2008 to 31st March, 2009 penalties were imposed in 2786 vigilance cases.
- 6.66 Security of FCI's men and material is managed through its own Watch & Ward, as well as out sourcing 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.
- 6.67 In order to prevent occurrence of fire, the depot/offices are provided with adequate firefighting equipment and all the field offices have been instructed to ensure installation of adequate number of firefighting equipment at vulnerable points so identified in consultation with the officers of the local Fire Station.
- 6.68 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.
- 6.69 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. 1514 inspections at various levels were conducted from 01.01.2008 to 31.03.2009. Training programmes are organised from time to time to train the field and office staff with latest techniques about Security Management.
- 6.70 The Security Division at Hqrs. monitors cases of theft/fire/pilferage intimated by Regions and issue directions whenever required. Also instructions to plug loopholes 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.
- 6.71 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

6.72 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

6.73 Special emphasis has been given to enhance the storage capacity in the NE States and also other newly procurement states during the current year i.e. 2008-09. Action has been taken for identification of new sites for construction of godowns in Tripura, Nagaland, Manipur, Sikkim, Orissa and West Bengal. However, due to non-availability of land, no construction work has been taken up except at Nandan Nagar (Tripura) and Dungrapalli (Orissa) where the proposed construction is in existing complex. The work at Nandan Nagar for a capacity of 2500 MT has been completed and made storage worthy during March, 2009. Further, the land at Lakshwadeep (UT) has been taken over by FCI for construction of 2500 MT capacity godowns and tenders have also been invited which are under process in Hqrs.

6.74 The details of Target / Achievement made by the FCI during last three years are indicated below :-

(Figures in Rs.Crores)

(Cap. In 000 MT)

Year	Target Storage Construction Programme			Achievements Storage Construction Programme		
	Genl	NE	Total	Genl	NE	Total
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	2.09	2.24	4.33
Physical	0.05	0.20	0.25	0.05	0.12	0.17
2008-09***						
Financial	2.10	22.38	24.48	1.36	14.70	16.06 **
Physical	7.50	25.00	32.50	-	2.50	2.50

* The Ministry has released the equity of Rs.4.00 crores only during 2007-08; against this an expenditure of Rs.4.33 crores has been incurred.

** Position as on 31.03.2009. In addition to this the spillover expenditure of 2007-08 amounting to Rs. 0.33 crores is also to be adjusted.

*** An equity of Rs. 16.45 crores has been released by the Ministry for the year 2008-09.

PUBLIC RELATIONS

- 6.75 The PR Division strives to establish positive image of the Corporation amongst general public, opinion leaders and decision makers in the country through various Public Relation exercises.
- 6.76 The division regularly monitors the daily newspapers by scanning prominent & relevant clippings and is placed for perusal by the Management for appropriate action, wherever required. The re-joinders are sent to the National Food Policy as well as to negate any kind of misconception about the role of the Corporation and its functions for Storage, Movement & Distribution of foodgrain under various schemes of the GOI.
- 6.77 The Corporation also maintains interaction with farmers and consumers about preserving the health of stocks and its storage by participating in fairs, melas, seminars etc. organized by Agricultural Universities and other leading Institutes in different parts of the country.
- 6.78 The Corporation through use of print, electronic media as well as through documentary film creates awareness amongst the farmers in rural areas about the Minimum Support Price benefit extended by GOI from time to time.
- 6.79 The PR Division in Headquarters also maintains a Library with collection of over 15,000 books on various subjects including Rule Books in English as well as Hindi for updation of the knowledge of officers and staff.

TRAINING

- 6.80 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 the FCI's operations such as Depot Management, Quality Control, Industrial Relations, Administration, Computer, Vigilance, and also conducts Management Development Programmes. IFS also impart both on the job training to newly recruited Management Trainees (MTS). During the period January, 2008 to March, 2009, IFS organized 67 training programmes which were attended by 1392 Officers and staff. In addition, induction training was imparted to 91 Management Trainees.

- 6.81 Officers of FCI are also nominated for various specialized programmes in professional Institutes of repute, viz., Indian Institute of Public Administration, Institute of Public Administration, Amity Institute of Trade and Development, Institute of Public Administration, Bangalore, ICWAI, AICAS, AIMA, IIFT, IRIL, NIHRD & A, IFRS, CFTRI, SKILL ACADEMY ASSOCHAM, SCOPE, FICCI, ASCI, NPC, TAAOA etc. During the period January, 2008 to March, 2009, 651 officers were nominated for specialized training programmes. These programmes included diverse subjects, such as RTI, Lead Auditors programme for International Trade Procedure and Marine Insurance, Programme on Managing Labour Workers Problem, Performance Linked Pay in PSUs, Global Food grain Market Trends, Statutory Taxation, Training on Course Design (DOT), Management of Contract Labour, Modular Programme on Labour Laws, Seminar on Warehousing Act, Workshop on Safety Management, Finance and Accounts, Import and Export Procedures, Functioning of Commodity Markets, Presentation and Communication Skills, etc.

6.82 In furtherance of human resource development 13 Senior and middle 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 present liberalization policy of GOI. In addition, training programmes are being held in various Zones in respect of category III Officials in Zones Induction training Programme, Training on Refresher Course for Technical and Non-technical and Accounting Training for Internal Audit Improvement and 924 officials have so far been trained.

6.83. For Implementation of Financial Accounting package, officers have been given training in ORACLE Financial ERP Applications during the current year, 2007-08 & 2008-09, officials are also to be given training in the financial accounting package during the year 2007-08 & 2008-09.

6.84. In addition to the training efforts at the Corporate level, Executive Director(Zones) have conducted various training programmes for their Officers/Officials in the respective Zones during the period January, 2008 to March, 2009 which is given as under:-

Name of ED(Zones)	No. of Officers/ Officials trained
East	102
West	550
North	841
South	731
North East	227
G.Total	2451

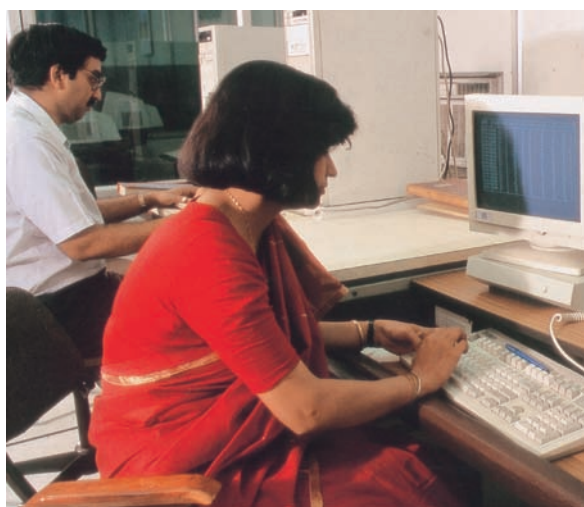
SC/ST EMPLOYEES IN FCI

6.85 STATEMENT SHOWING THE REPRESENTATION OF SCs/STs IN SERVICES OF FCI AS ON 31.03.2009.

Category	Total No. of Employees	No. of SC	No. of ST
I	632	126	63
II	5614	1039	446
III	20706	4788	1531
IV	9614	3175	904
IV(Safaiwala)		65	4
TOTAL	36566	9193	2948

INTEGRATED INFORMATION SYSTEM FOR FOODGRAINS MANAGEMENT (IISFM)

6.86. 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.



Integrated Information System for Foodgrains Management (IISFM)

- 6.87. 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).
- 6.88. 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.
- 6.89. 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.
- 6.90. Hardware has so far been ordered at FCI Headquarters, 5 Zonal Offices, 23 Regional Offices and 171 District Offices & 865 Depots. Out of 1064 locations till 31.03.2009, hardware has been installed at 1002 locations as per the IISFM Website dated 01/04/2009.
- 6.91. **Implementation of Depot Module of IISFM Project in depots of FCI:** As on 31.03.2009, 594 'Parent Depots' and 255 'Attached Depots' of 151 FCI Districts have transferred the data to Central Server. Feedbacks on version 3.0.0 are submitted through online **Masters and Feedback Management System** by the users. NIC is modifying Central Server Reports (CSRs) for consolidated District/Region/Zone wise position after proper testing – for use in decision making by operating Divisions and higher management. Project Monitoring Committee meeting was held on 11.02.2009 for review of IISFM Project.
- 6.92. Districts have been instructed to check and verify these reports vis-à-vis fortnightly DISFM reports. Reports are being fine tuned 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.
- 6.93. A Virtual Private Network (VPN) connectivity is available at 189 (As per report submitted by BSNL) locations + FCI, DO, Ahmedabad also connected (not included in BSNL report) District Office upwards out of targeted 196. BSNL is yet to raise provisional demand note for remaining 5 locations – 4 FCI District Offices & IFS, Gurgaon. (FCI, DO, Banderdewa requires alternate mode V-Sat connectivity as suggested by NIC & FCI. DO, Howrah stands dropped).
- 6.94. Video Conference facility has been provided at 29 offices of FCI linking FCI Headquarters to Zonal & Regional offices.
- 6.95. Under the guidance of Planning Commission and the Ministry, an Impact Assessment & Evaluation Study of IISFM Project was carried out by Management Development Institute, Gurgaon. Evaluation of IISFM project was completed and forwarded to Ministry/NIC for further direction. On the direction of Ministry of CAF&PD vide their letter No.18-9/2006-FC.I dated 10 Jan. 2008, the report along

with comments of NIC and FCI were placed before the 254th – EC meeting at Item No. 18/2008. The Executive Committee deliberated on the issue and raised few queries. The Action Taken Report on 254th –EC meeting along with Regular Agenda had been placed in the 256th -EC Meeting held on 20.03.2009 at Item No. 12/2009. The 256th EC Meeting has noted it in the Minutes of the Meeting vide Letter No. 3(1)/256/2009-BC dated 27.03.09.

Budgeting & Costing, Pay Roll processing including incentive calculation and CPF Trust Accounting” was awarded to M/s TCS Ltd. on 24.11.2006. “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:

6.96. A tender for “Procuring a Software Solution, its customization and implementation covering Financial Accounting, Cash Management,

Milestone	End date
Conference Room Pilot I	27 th Oct., 2007(Achieved)
Conference Room Pilot II	22 nd Feb., 2008 (Completed on 03.09.2008)
Deploy Solution	20 th Oct., 2008 (Completed on 6.11.2008)
Roll out at all locations	30 th September, 2009 (earlier date was 23.3.2009)

6.97. Details of computerization of State Agencies’ of Major procuring / distributing States are indicated below :

Region	Locations	Software application status
U.P.	147	Procurement software – Tested, HW-SW Supplied
Chhattisgarh	75	Procurement software tested and approved, HW-SW installed.
Orissa	101	Procurement Software given to OSCSC, customization feedback awaited.
A.P.	150	NIC agreed to link with APSCSCI, HW yet to be installed
Harayana	172	Depot, On-line Procurement & District Stock Accounting Software – customized.
Karnataka	52	HW installed.
Tamilnadu	301	Depot software Developed, testing & training in June, 08, HW supplied.
M.P.	180	Procurement Module – tested; Warehouse Software – demonstrated, HW yet to be supplied for 179 centers.
Punjab (only PUNGRAIN)	135	Payment released by FCI against PI for supply of HW/SW.
Total	1313	

6.98. 29 Officers (4 EDs, 3CGMs & 22 GMs) of rank of GM & above have been trained at FCI, Hqrs. in the use of computers till

date. In respect of officers posted at other locations, instructions for imparting training have been issued to Zones / Regions.

6.99. Financial Position

Funds availability as on 31.3.2009 (in approximate Crore Rupees) is at next page:-

S.No.	Description	Amount (in crore)	Remarks
1.	Total funds for IISFM Project	97.66	
2.	Funds released by Ministry to FCI	96.74	
3.	Funds released by FCI toCSI/NIC/ BSNL etc.	79.46	
4.	Funds available with FCI	17.28	This amount is a committed expenditure and will be utilized for settlement of bills on production of bills and required documents by NICSII.
5.	Balance funds yet to be released (1-2)	00.92	

MARKET BORROWINGS

6.100 The Corporation is enjoying a Cash Credit facility upto Rs.34495 Crore w.e.f. 7.5.2007(enhanced from Rs.33100) extended up to 31.3.2010 from a Consortium of banks led by SBI. The rate of interest on Food Credit has varied with variation in PLR of five major Banks from 10.65% to10.15% w.e.f .01.03.08, 10.65% w.e.f .1.7.2008, 11.50% w.e.f. 12.08.08, 10.80 % w.e.f. 10.11.2008, 12.10% w.e.f.1.12.2008 and 11.40% w.e.f. 1.1.2009.

ISSUE OF BONDS

6.101 To reduce the cost of funds, the Corporation had mobilized Rs.8604.90 crores through issue of bonds in four tranches in the year 2005 against

permissible amount of Rs.10000 crores, which continued during the period 1st Jan 2008 to 31st March 2009.

6.102 The weighted average annual rate of interest of the total funds mobilized by the Corporation so far through issue of bonds is 7.31%. Thus savings on account of the issue of bonds was Rs.510.53 crore during the referred period as compared to interest rate including penal interest applicable on Cash Credit.

Fund Mobilisation through Short Term Loan from Nationalised Banks

6.103 To reduce the cost of working capital financing the Corporation has mobilised in tranches, during the period 1st Jan 2008 to 31st March 2009 Short Term Loans amounting to Rs.3365.00 Crores

having tenure of three and six months since March 2008. This has resulted in a saving in interest of Rs. 38.74 crores approx. The Corporation is now raising Short Term Loans on monthly basis.

Offloading of GOI FCI Special Bonds

6.104 The Government of India had issued Rs.16200 crore of GOI FCI Special Bonds to the Corporation in three tranches on 16.10.2006, 15.12.2006 and 12.02.2007 respectively, as part settlement of the outstanding dues of FCI in respect of food grains supplied to the Ministry of Rural Development. As per the directions of the Ministry of Finance, not more than 25% original subscription can be offloaded in any quarter. The Corporation has offloaded the entire Special Bonds and mobilized an amount of Rs.15308.61 crore. Out of total, Rs.5176 Crore FV was offloaded during 1st January 2008 to 31st March 2009.

Study of FCI by M/s Mc Kinsey & Co.

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

6.106 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.

6.107 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 major recommendations under implementation are Grain Flow Management (Linear Programming), Consolidation of Handling & Transport Contracts, renting out Excess Storage Capacity/Office Space, steps for Improving Tendering Process, initiatives for clearing pendency of Vigilance Cases and streamlining of Vigilance Administration, new Performance Appraisal System (PAS) for identified Pivotal Category-I posts, etc. The 2nd stage study report of the Consultants was accepted by the Steering Committee headed by Secretary (F&PD) in the meeting held on 6th August, 2007.

6.108 Details of Interest saving on Bonds from 01.01.2008 to 31.03.2009 are indicated below :

From	To	Rate of Interest	Compounding Factor	Penal Int.	Annualized Rate		Weighted avg. rate of Interest on bonds	No. of days	Differential Intt. Without penal	Differential Intt. With penal	Interest Saving	
					W/O Penal	With Penal					Without Penal	With Penal
01.01.2008	29.02.2008	10.65	12	0.5	11.19	11.74	7.31	60	3.88	4.43	54.88	62.66
01.03.2008	30.06.2008	10.15	12	0.5	10.64	11.19	7.31	122	3.33	3.88	95.78	111.59
01.07.2008	11.08.2008	10.65	12	0.5	11.19	11.74	7.31	42	3.88	4.43	38.42	43.86
12.08.2008	09.11.2008	11.50	12	0.5	12.13	12.68	7.31	90	4.82	5.37	102.27	113.94
10.11.200	830.11.2008	10.80	12	0.5	11.35	11.90	7.31	21	4.04	4.59	20.00	22.72
01.12.2008	31.12.2008	12.10	12	0.5	12.79	13.35	7.31	31	5.48	6.04	40.05	44.14
01.01.2009	31.03.2009	11.40	12	0.5	12.01	12.57	7.31	90	4.70	5.26	99.72	111.60
								456			451.12	510.53

6.109 Detail of Interest saving on Bonds from 01.04.2008 to 31.03.2009:

From	To	Rate of Interest	Compounding Factor	Penal Int.	Annualized Rate		Weighted avg. rate of Interest on bonds	No. of days	Differential Intt. Without penal	Differential Intt. With penal	Interest Saving	
					W/O Penal	With Penal					Without Penal	With Penal
01.04.2008	30.06.2008	10.15	12	0.5	10.64	11.19	7.31	91	3.33	3.88	71.44	83.24
01.07.2008	11.08.2008	10.65	12	0.5	11.19	11.74	7.31	42	3.88	4.43	38.42	43.86
12.08.2008	09.11.2008	11.50	12	0.5	12.13	12.68	7.31	90	4.82	5.37	102.27	113.94
10.11.2008	30.11.2008	10.80	12	0.5	11.35	11.90	7.31	21	4.04	4.59	20.00	22.72
01.12.2008	31.12.2008	12.10	12	0.5	12.79	13.35	7.31	31	5.48	6.04	40.05	44.14
01.01.2009	31.03.2009	11.40	12	0.5	12.01	12.57	7.31	90	4.70	5.26	99.72	111.60
								365			371.90	419.51

6.110 While appraising the status of implementation to the Hon'ble Minister for Consumer Affairs, Food & Public Distribution the following new issues emerged.

- i) Proposal of FCI for procurement in UP through Katcha Artiyas.
- ii) Building capacity and expertise within FCI for Creation of 'Price Monitoring Cell'.
- iii) Increased utilization of IT 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) Increase in procurement by FCI in States like UP, West Bengal, Orissa, MP, Bihar etc.

6.111 In furtherance to implementation of various recommendations of the Consultants, a Programme Implementation Office (PIO) has been set up in FCI. Many of the recommendations given by the Consultants and accepted by the Steering Committee are under various stages of implementation.

6.112 Progress of implementation of various

recommendations is being reviewed and monitored periodically.

SPORTS ACTIVITIES & NOTABLE ACHIEVEMENTS OF SPORTS PERSONS OF THE CORPORATION W.E.F. 1ST JANUARY, 2008 TO 31ST MARCH, 2009

6.113 Food Corporation of India runs a Stipend Scheme to encourage young talented and budding student sportspersons in keeping with the objectives of National Sports Policy. The rate of stipend was recently revised to Rs. 3,000/- and Rs. 5,000/- for the sportspersons in the age group of 15-21 & 21-24 years respectively. 150 Annual scholarships are being given to such sportspersons who have the potential of shaping into outstanding sportspersons in future. The scholarship holders are given adequate exposure at State/National level, as part of the FCI Teams. The success of our stipend scheme can be accessed from the outstanding performances of Ms. K. Malleshwari (Weightlifting), S/Shri Saurav Ganguly & Ajay Ratra (Cricket) Sharad Kamal & Prithviraj Bose (Table Tennis) who were on the stipend rolls of the Corporation when they were in the earlier stage of their sporting careers.

CENTRAL WAREHOUSING CORPORATION

6.114 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

6.115 The functions of the CWC are:

- To acquire and build godowns and warehouses at suitable places in

- India and also in select locations abroad.
- To operate warehouses, create related infrastructure and arrange facilities for storage, 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 is also mandated to provide marketing or other warehousing related services in respect of agricultural produce or notified commodities.
 - 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 State Warehousing Corporations.
 - To act as an agent of the Government for the purposes of purchase, sale, storage and distribution of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities.
 - To enter into, with the previous approval of 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 a foreign company or through its subsidiary companies, for carrying out its functions as enumerated in the Warehousing Corporations Act, 1962.
 - To establish subsidiary companies.
 - The Corporation undertakes disinfection service outside of its warehouses also in respect of agricultural produce or notified commodities.
 - 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 of the Warehousing Corporations Act 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 provide consultancy services, assistance and finance to programmes or projects related to agricultural produce or other notified commodities and to undertake any other activities considered incidental to its functions.

AMENDMENT OF WAREHOUSING CORPORATIONS ACT, 1962

- 6.116 A notification amending the Warehousing Corporations Act, 1962 has come into force with effect from 15th November, 2005, inter-alia, creating posts of three Functional Directors in CWC. Two posts of Directors have been filled up. The order for filling up one post of Director (MCP) will be issued shortly. This would enable delegation of greater financial powers and autonomy to CWC, which is already a Schedule 'B' Category – I, Mini Ratna Company.

GROWTH IN STORAGE CAPACITY

6.117 The warehousing capacity operated by CWC has increased significantly over the past few years. Since 31.3.2004 increases are as follows:

(In lakh MT)

Storage capacity as on	Owned	Hired#	Total
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
01.01.2008	67.17	31.02	98.19
31.03.2008	67.63	31.15	98.78
31.03.2009	67.60	37.65	105.25

Inclusive of plinths/open construction.

Break-up of storage capacity

Total No. of Warehouses	499
Capacity (as on 31.03.2009)	105.25 Lakh MT
No. of Bonded Warehouses	75
Capacity (as on 31.03.2009)	5.12 Lakh MT
No. of CFS/ICDs	36
Capacity (as on 31.03.2009)	11.36 Lakh MT
Temperature Controlled Warehouses	3
Capacity	2266 MT

CAPACITY UTILIZATION

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

(Figures in lakh MTs)

Year	Owned/Covered		% of Utilization	Hired/Covered*		% of Utilization	Total		% of Utilization
	Capacity	Utilization		Capacity	Utilization		Capacity	Utilization	
2004-05	66.20	40.71	61	31.86	20.87	66	98.06	61.58	63
2005-06	66.83	44.83	67	35.28	26.76	76	102.11	71.59	70
2006-07	66.88	49.74	74	35.82	29.75	83	102.70	79.49	77
2007-08	67.27	48.30	72	32.02	24.42	76	99.29	72.72	73
2008-09	67.47	55.16	82	31.93	26.20	82	99.40	81.36	82

*Includes open construction/plinths.

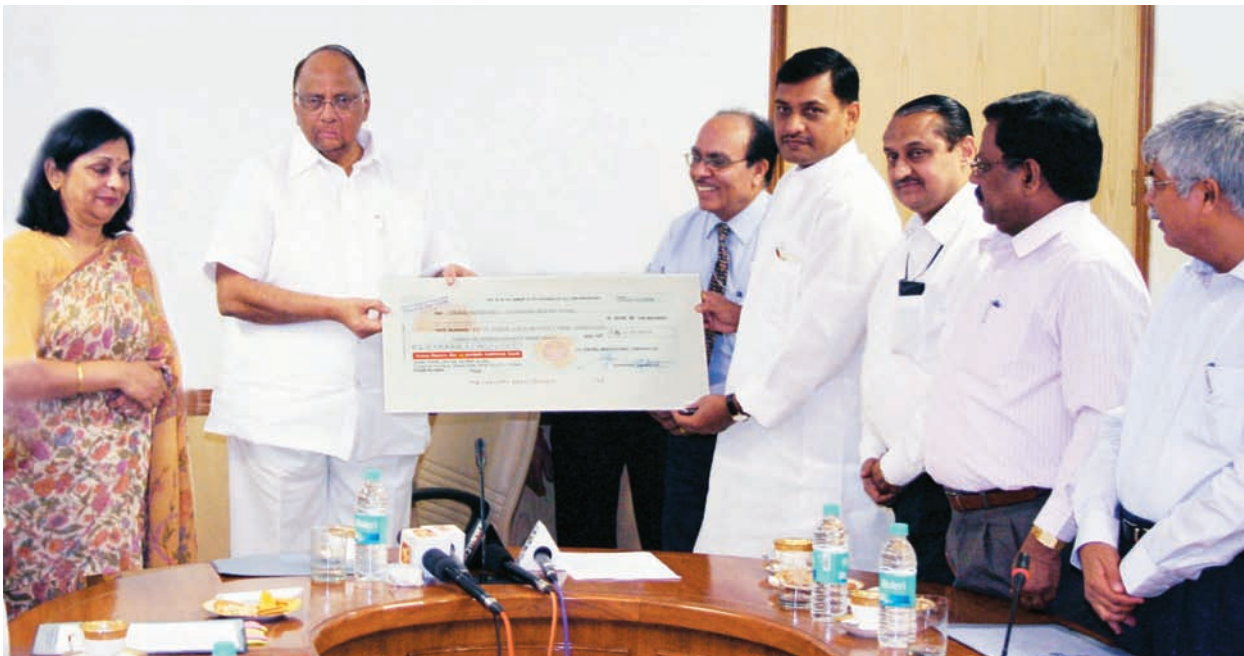
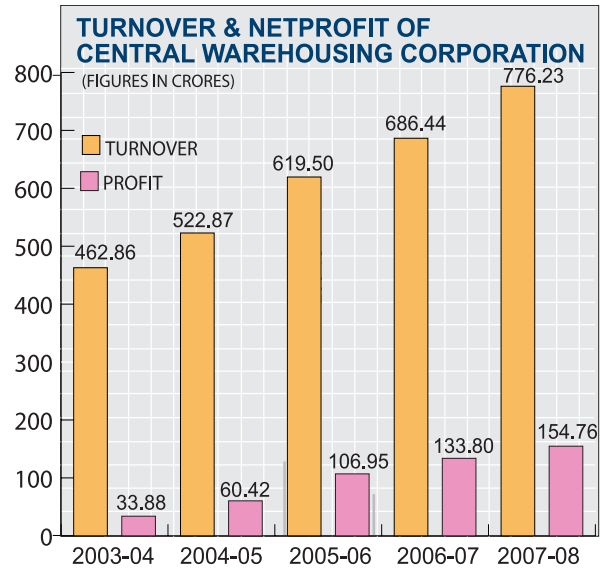
TURNOVER, PROFIT AND DIVIDEND

6.119 The Corporation has been making profits and paying dividends consistently. The details of turnover, net profit and dividend paid is given in the following table:

(Rs. in Crores)

Year	Turnover	Net Profit (Pretax)	Dividend Paid		
			Central Govt.	Others	TOTAL
98-99	255.64	41.50	4.49	3.67	8.16
99-00	276.34	48.30	4.49	3.67	8.16
00-01	339.86	73.33	7.49	6.11	13.60
01-02	379.94	90.72	7.49	6.11	13.60
02-03	471.08	47.62	4.12	3.36	7.48
03-04	462.86	33.88	2.25	1.84	4.09
04-05	522.87	60.42	4.49	3.66	8.15
05-06	619.50	106.95	7.86	6.40	14.26
06-07	686.44	133.80	10.10	8.23	18.33
07-08	776.23	154.76	11.23	9.14	20.37
08-09*	845.75	86.33	7.55	6.03	13.58

*Provisional and unaudited



Hon'ble Minister for Agriculture, Consumer Affairs, Food and Public Distribution, Shri Sharad Pawar, receiving the dividend cheque for the year 2008-2009 from the CMD, Central Warehousing Corporation in the presence of Secretary (F&PD) Smt. Alka Sirohi

Capital Structure

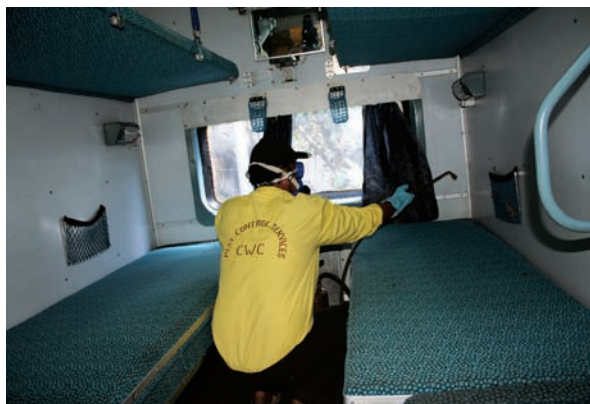
6.120 The authorized share capital of the Corporation is Rs.100 crores. There has been no change in CWC's subscribed share capital and paid up share capital during 2008-09. The capital structure of CWC is as given below:

(Rupees in Lakhs)

Sl. No.	Institution	Paid up Capital
1.	Central Government	3,742.50
2.	State Bank of India	1,473.37
3.	Other Scheduled Banks	1,091.73
4.	Insurance Companies including Life Insurance Corporation of India	477.74
5.	Cooperative Societies	16.00
6.	Recognized Associations dealing in agricultural produce	0.71
7.	Companies dealing in agricultural produce etc.	0.05
	Total	6,802.10

PEST CONTROL SERVICES

6.121 The Corporation has been rendering



Pest control operation by CWC

state-of-the-art Pest Control Services to a varied group of clients both Private and Public with the aim to prevent the economic/health loss caused by pests, rodents and termites by using WHO approved pesticides. The Corporation earned gross revenue of Rs.12.56 crores on this account during the year 2008-09 which was Rs.15.86% more than the previous year. The Corporation has obtained accreditation of its officers under ISPM -15 and AFAS – India Program and undertakes quarantine fumigation of cargo with MBR and fumigation of export containers/ shipments.

CENTRAL RAILSIDE WAREHOUSE COMPANY LTD.

6.122 CWC has formed a 100% owned subsidiary company namely Central Railside Warehouse Company Ltd. for development of Railside Warehousing Complexes. The Subsidiary was incorporated on 10th July, 2007 and received certificate for commencement of business on 24th July, 2007. 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 earlier with the parent company to CRWC.

6.123 As a step towards becoming a total logistics player, CRWC has also gone in for aggregating/disaggregating of the domestic cargo for haulage between two stations by rail, which has resulted in increased utilisation of its Railside Warehousing Complexes and in the process has decreased overall logistics cost.

6.124 Railside Warehousing Complexes are being operated at the following locations:

SL. No.	Location	Capacity
1.	Whitefield Bangalore	29,700 MT
2.	Shakur Basti	18,730 MT
3.	Nishatpura	16,700 MT
4.	Sanathnagar	13,225 MT
5.	Nasik Road	09,270 MT
6.	Badnera	17,000 MT
7.	Ghaziabad	12,000 MT
8.	Alam Nagar, Lucknow	15,500 MT
9.	Roza, Shahjahanpur	18,500 MT
10.	Kandla, Gujarat	32,000 MT
11.	Koodal Nagar, Madurai	12,000 MT
12.	Yamuna Bridge, Agra	09,400 MT
13.	Korrukupet, Chennai	11,840 MT

6.125 Further, construction of Railside Warehousing at the following Centres is in progress:

1. Hatia (Ranchi), Jharkhand 12,800 MT
2. Dehri-on-Sone (Bihar) 12,800 MT

6.126 In addition, tenders for construction at RWC Dankuni (Kolkata) have been invited and these RWC shall be operational in the year 2009-10. Agreement for development of RWC at Saswad Road, Pune has also been signed recently with Indian Railways.



A view of container train operations

6.127 Financial results of CRWC since inception is as under in Rs. /lakhs:

Income	Expenditure	Profit before Tax	Profit after Tax
2414.75	1855.54	559.21	243.81
(for period from 10 th July, 2007 to 30 th September, 2008 (Rs. in lakhs))			
1482.13	1025.15	456.98	303.16

(for period from October, 2008 to March, 2009 (un audited))

STATE WAREHOUSING CORPORATIONS

6.128 CWC has 17 associates in State Warehousing Corporations in 17 States. The total investment of the Central Warehousing Corporation, which is 50% shareholder in the equity capital of the State Warehousing Corporations, was Rs.57.16 crores as on 1.1.2008 and Rs.60.12 crores as on 31.3.2009.

HINDUSTAN VEGETABLE OIL CORPORATION LTD.

6.129 The Central Government had taken over the Management of two undertakings, namely, Ganesh Flour Mills Company Limited and Amritsar Oils Works under the Industrial Development and Regulation Act, 1951, in the years 1972 and 1974 respectively. Subsequently the Hindustan Vegetable Oils Corporation Limited (HVOC) was incorporated under the Companies Act, 1956 on 31.03.1984 as a public limited company fully owned by the Government of India with equity capital of Rs.5.00 crores. Presently the authorized capital is Rs.10.00 crore and paid up capital is Rs.7.71 crore. The Ganesh Flour Mills and Amritsar Oils Works were merged with HVOC on 23-4-1984.

6.130 HVOC had eight units located at Delhi (two units), Amritsar, Kanpur, Mumbai, Bangalore, Chennai and Kolkata. The units at Delhi, Amritsar and Kanpur were engaged in manufacturing Vanaspati; the units at Mumbai and Kolkata were engaged in refining and packaging; and the units at Bangalore and Chennai were engaged in packaging of edible oils. The Breakfast Food Unit of HVOC is manufacturing cornflakes and oats but its production and market share are declining due to the severe competition faced from Multi-national Corporations entering the breakfast food market in a big way with new varieties and attractive selling strategies.

6.131 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 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 crore to HVOC to meet the cost of VSS and other liabilities on account of wages etc.

PHYSICAL AND FINANCIAL PERFORMANCE

6.132 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 two years and current year vis-à-vis installed capacity is as under:-

(in tonnes)

Product	Installed capacity	Performance		
		2006-07	2007-08	2008-09
a. Break-fast Foods	900	398	358	312
b. Ready to eat Foods (For Social Welfare Programmes)	1200	-	-	-

6.133 The accounts for the year 2006-2007 have already been laid on the table of both houses of the Parliament. The financial results (provisional) of the company for the last two years and current year are as follows:

Rupees in Crores

Particulars	2006-07 (Audited)	2007-08 (P)	2008-09 (P)
Turnover	2.95	2.50	2.13
Losses (Cumulative)	246	264	284

P. Provisional.

6.134 The BIFR had decided in its hearing on 7.12.2001 that it would be just, equitable and in public interest to wind up the company and forwarded a copy of their order to the Delhi High Court as well as to the Official Liquidator, Delhi High Court. Subsequently, some employees of BFFU appealed against the BIFR's Order.

The Appellate Authority for Industrial and Financial Reconstruction (AAIFR), vide Order dated 22nd February, 2002, stayed the operation of the aforesaid BIFR Order dated 7th December, 2001 in regard to BFFU, and ordered that no steps should be taken for the closure of the BFFU. During the course of subsequent hearings in the matter, the appellants were asked to submit a viable proposal for the continued running of the BFFU, as a separate entity, after its demerger from HVOC. However, in the absence of any viable proposal even after giving the appellants sufficient opportunity to come up with one, the AAIFR finally dismissed the appeal on 04.08.2003.

- 6.135 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.
- 6.136 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.

- 6.137 As regards BFF Unit the Hon'ble Court directed that the possibility of its hiving off from the company and its running or otherwise be explored. Accordingly, a proposal for running the unit in the joint venture was submitted to the Board for Reconstruction of Public Sector Enterprise (BRPSE). The BRPSE advised that the possibility of a joint venture for running of the unit might be explored where the Government should have the majority of the shareholding. However, no such partner in public sector has shown its willingness in this regard so far.

ANNEXURE-I

STATEMENT SHOWING NUMBER OF SANCTIONED POSTS IN THE DEPARTMENT OF
FOOD AND PUBLIC DISTRIBUTION AS ON 031.03.2009 (PARA. 2.3)

GROUPS	D/O FOOD	COA	DTE. OF SUGAR	NSI	SRA HQRS	IGMRI HAPUR & FIELD OFFICES	QCC	VVOF	TOTAL
GR A	58	2	14	53	9	15	21	7	179
GR B	210	36	32	19	3	13	14	22	359
GR C	130	139	20	123	21	49	56	10	548
GR D	137	37	23	168	8	43	28	15	459
TOTAL	535	214	99	363	41	120	119	54	1545

BUGDGET ESTIMATES, REVISED ESTIMATES AND EXPENDITURE STATMENT
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

(Rs. in crore)

Year	Demand No	Budget Estimates			Revised Estimates			Actual		
		Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
2005-06	19	93.87	27055.44	27149.31	60.00	23995.93	24055.93	58.20	23593.04	23651.24
2006-07	18	95.80	24899.70	24995.50	70.00	24897.20	24967.20	65.63	24592.29	24657.92
2007-08	18	85.00	26406.20	26491.20	60.00	32839.00	32899.00	52.04	32301.99	32354.03
2008-09	16	95.00	34016.00	34111.00	65.00	45621.88	45686.88	45.05 *	45549.86 *	45594.91 *
2009-10	17	95.00	44679.27	44774.27						

* Tentative figure

ANNEXURE-III

**STATEMENT SHOWING FINAL ESTIMATES OF PRODUCTION OF FOODGRAINS
FOR 2007-08 AND SECOND ADVANCE ESTIMATES FOR THE YEAR 2008-09 (PARA. 3.5)**
(Million tonnes)

Crop	Season	2007-08		2008-09	
		2nd Advance Estimates	Final Estimates	Targets	2nd Advance Estimates
1	2	3	4	5	6
Rice	Kharif	82.78	82.66	83.00	85.46
	Rabi	12.90	14.03	14.00	13.91
	Total	95.68	96.69	97.00	99.37
Wheat	Rabi	76.78	78.57	78.50	77.73
Jowar	Kharif	3.90	4.11	4.10	3.12
	Rabi	3.83	3.82	3.90	4.15
	Total	7.73	7.93	8.00	7.27
Bajra	Kharif	9.65	9.97	10.00	8.86
Maize	Kharif	14.82	15.11	15.50	13.82
	Rabi	3.72	3.85	4.00	4.66
	Total	18.54	18.96	19.50	18.48
Ragi	Kharif	2.07	2.15	2.50	2.09
Small Millets	Kharif	0.43	0.55	0.50	0.43
Barley	Rabi	1.25	1.20	1.50	1.55
Coarse Cereals	Kharif	30.87	31.89	32.60	28.31
	Rabi	8.80	8.87	9.40	10.36
	Total	39.67	40.76	42.00	38.67
Cereals	Kharif	113.65	114.55	115.60	113.77
	Rabi	98.48	101.47	101.90	101.90
	Total	212.13	216.02	217.50	215.67
Tur	Kharif	3.03	3.08	2.90	2.37
Gram	Rabi	6.08	5.75	6.20	6.38
Other Kharif Pulses	Kharif	3.36	3.32	3.04	2.65
Other Rabi Pulses	Rabi	2.72	2.61	3.36	2.77
Total Pulses	Kharif	6.39	6.40	5.94	5.02
	Rabi	8.80	8.36	9.56	9.16
	Total	15.19	14.76	15.50	14.18
Total Foodgrains	Kharif	120.04	120.95	121.54	118.79
	Rabi	107.28	109.83	111.04	111.06
	Total	227.322	230.78	233.00	229.85

ANNEXURE-IV

MONTHLY AVERAGE OF WHOLESALE PRICE INDEX OF FOODGRAINS (PARA. 3.6)

(BASE 1993-94 =100)

COMMO-DITY 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	216.3
2008	217.7	219.8	222.3	230.9	222.8	223.8	228.8	229.7	229.8	235.3	237.5	239.6	
Cereals	1998	142.1	139.9	138.4	137.9	139.1	141.3	144.9	147.0	149.1	150.3	154.2	154.5
	1999	158.0	166.5	168.3	170.0	170.7	173.8	177.3	182.7	184.9	183.6	181.9	178.7
	2000	176.7	176.3	176.6	178.4	178.4	178.4	178.3	175.5	172.0	169.4	169.4	170.1
	2001	169.6	168.2	168.2	169.6	171.3	173.3	173.2	171.1	170.4	169.6	169.3	168.4
	2002	166.8	168.4	169.8	168.9	168.6	169.1	171.6	174.8	175.8	173.6	174.4	175.1
	2003	175.6	177.3	177.4	176.0	175.9	177.4	177.4	176.4	176.0	176.3	175.7	174.1
	2004	176.5	178.0	175.7	172.9	173.5	174.6	175.6	178.9	178.7	178.9	179.1	179.7
	2005	180.1	181.5	181.5	180.0	179.5	182.3	184.5	185.1	185.5	186.2	186.6	187.0
	2006	190.3	191.5	191.7	189.1	190.6	192.3	192.8	195.4	199.6	201.5	204.3	206.7
	2007	207.1	207.3	205.8	205.2	205.6	206.3	209.2	211.1	211.5	212.6	213.9	213.7
2008	215.7	217.2	219.2	220.9	220.2	221.1	224.7	224.8	225	231.3	233.6	236.2	
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	193.1
2008	195.5	196.8	198.9	201.7	200.8	200.7	203.1	203.2	203	214.9	218.5	222.2	
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	229.8
2008	231.4	232.6	233.4	233.4	232.6	233.8	240.8	239.9	241.7	238.5	239.3	240.9	

ANNEXURE-V
PERCENTAGE OF LEVY RICE TO BE DELIVERED IN STATES/UTs UNDER LEVY ORDERS
DURING KMS 2008-09. (PARA. 3.10)

Sl. No.	Name of the State/UTs	Category	Quantum of Levy
1.	2.	3.	4.
1.	ANDHRA PRADESH	MILLERS/DEALERS	75% @
2.	ASSAM	MILLERS	50%
3.	BIHAR	MILLERS/DEALERS	50%
4.	CHHATISGARH	MILLERS/DEALERS	50%
5.	DELHI	MILLERS/DEALERS	75%
6.	GUJARAT*	MILLERS	50 %
7.	HARYANA	MILLERS/DEALERS	75%
18.	HIMACHAL PRADESH	MILLERS/DEALERS	50%
9.	JAMMU & KASHMIR	MILLERS/DEALERS	50%
10.	JHARKHAND	MILLERS/DEALERS	50%
11.	KARNATAKA *	MILLERS/DEALERS	33.33%
12.	MADHYA PRADESH*	MILLERS/DEALERS	30%
13.	MAHARASHTRA*	MILLERS/DEALERS	30%
14.	NAGALAND	MILLERS/DEALERS	50%
15.	ORISSA	MILLERS	75%
16.	PUNJAB	MILLERS/DEALERS	75%
17.	RAJASTHAN	MILLERS/DEALERS	50%
18.	TAMIL NADU*	MILLERS/DEALERS	30%
19.	UTTAR PRADESH	MILLERS/DEALERS	60%
20.	UTTARAKHAND	MILLERS/DEALERS	75%
21.	WEST BENGAL	MILLERS/Wholesalers	50%
22.	CHANDIGARH	MILLERS/DEALERSMMM	75%
23.	PONDICHERRY*	MILLERS/DEALERS	10% (20% transport levy)

* The State Government of Bihar, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Puducherry and Tamil Nadu, where levy% is less than 50% were requested to increase the levy% to 50%. Govt. of Bihar and Gujarat have increased the levy% to 50%.

@ Permission to A.P. millers to deliver advance levy upto 100% in form of raw rice upto 31.3.2009 was given on 15.12.08.

STATUS OF IDENTIFICATION OF HOUSEHOLDS UNDER AAY (NORMAL & ADDITIONAL) (PARA. 3.52)

(Fig. in lakh)

S. States/UTs No.	No. of families as on 1.3.200	Estimated BPL AAY families	No. of			Total	AAY families identified & RC issued Normal				Total
			1st exp.	2nd exp.	3rd exp.			1st exp.	2nd exp.	3rd exp.	
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	0.26	1.502
7 Goa	0.48	0.073	0.037	0.035	0.039	0.184	0.073	0.037	0.035		0.145
8 Gujarat	21.20	3.250	1.626	1.561	1.691	8.128	3.250	1.626	1.561	1.661	8.098
9 Haryana	7.89	1.209	0.606	0.581	0.629	3.025	1.209	0.606	0.581	0.528	2.924
10 Himachal Pd	5.14	0.787	0.395	0.378	0.411	1.971	0.787	0.395	0.378	0.411	1.971
11 J & K	7.36	1.129	0.564	0.542	0.587	2.822	1.129	0.564	0.542	0.322	2.557
12 Jharkhand	23.94	3.665	1.841	1.762	1.911	9.179	3.665	1.841	1.762	1.911	9.179
13 Karnataka	31.29	4.797	2.400	2.303	2.497	11.997	4.797	2.400	2.303	2.497	11.997
14 Kerala	15.54	2.382	1.192	1.144	1.240	5.958	2.382	1.192	1.144	1.240	5.958
15 Madhya Pd	41.25	6.324	3.164	3.037	3.291	15.816	6.324	3.164	3.037	3.291	15.816
16 Maharashtra	65.34	10.017	5.011	4.810	5.215	25.053	10.017	5.011	4.810	4.801	24.639
17 Manipur	1.66	0.255	0.127	0.122	0.132	0.636	0.255	0.127	0.122	0.132	0.636
18 Meghalaya	1.83	0.281	0.140	0.135	0.146	0.702	0.281	0.140	0.135	0.146	0.702
19 Mizoram	0.68	0.105	0.051	0.050	0.055	0.261	0.105	0.051	0.050	0.055	0.261
20 Nagaland	1.24	0.189	0.096	0.091	0.099	0.475	0.189	0.096	0.091	0.099	0.475
21 Orissa	32.98	5.055	2.530	2.428	2.632	12.645	5.055	2.530	2.428	2.632	12.645
22 Punjab	4.68	0.717	0.359	0.345	0.373	1.794	0.717	0.359	0.345	0.373	1.794
23 Rajasthan	24.31	3.726	1.865	1.790	1.940	9.321	3.726	1.865	1.790	1.940	9.321
24 Sikkim	0.43	0.067	0.032	0.032	0.034	0.165	0.067	0.032	0.032	0.034	0.165
25 Tamil Nadu	48.63	7.455	3.730	3.580	3.881	18.646	7.455	3.730	3.580	3.881	18.646
26 Tripura	2.95	0.452	0.227	0.217	0.235	1.131	0.452	0.227	0.217	0.235	1.131
27 Uttar Pd	106.79	16.371	8.191	7.861	8.522	40.945	16.371	8.191	7.861	8.522	40.945
28 Utaranchal	4.98	0.763	0.382	0.367	0.397	1.909	0.763	0.382	0.367		1.512
29 West Bengal	51.79	7.939	3.973	3.813	4.132	19.857	7.939	3.973	2.887		14.799
30 A & N	0.28	0.043	0.021	0.021	0.022	0.107	0.043				0.043
31 Chandigarh	0.23	0.035	0.018	0.017	0.018	0.088	0.015				0.015
32 D&N Haveli	0.18	0.028	0.013	0.013	0.015	0.069	0.028	0.013	0.011		0.052
33 Daman & Diu	0.04	0.006	0.003	0.003	0.003	0.015	0.006	0.003	0.003	0.003	0.015
34 Lakshdweep	0.03	0.004	0.003	0.002	0.003	0.012	0.004	0.003	0.002	0.003	0.012
35 Pondicherry	0.84	0.128	0.065	0.062	0.067	0.322	0.128	0.065	0.062	0.067	0.322
Total	652.03	99.946	50.021	48.001	52.030	249.998	99.926	49.982	47.035	45.806	242.749

*Out of the 50 lakh households in the 2nd expansion, 48 lakh households (from BPL) had been earmarked for expansion state wise and the remaining 2 lakh households were to be identified subsequently by the State where error of inclusion came to light.

**The left over expansion of 2 lakh families of 2nd expansion have been included in the 3rd expansion of AAY scheme to 52 lakh families from 50 lakh families.

ANNEXURE-VII
STATEMENT SHOWING RANGE OF STATUTORY MINIMUM PRICE OF SUGARCANE NOTIFIED AND THE PRICE PAID BY THE SUGAR MILLS IN DIFFERENT STATES OF THE COUNTRY. (PARA. 4.5)

(IN RS. PER QUINTAL)

STATE	2002-03 SMP	2003-04 PRICE PAID	2003-04 SMP	2004-05 PRICE PAID #	2004-05 SMP	2005-06(P) PRICE PAID #	2005-06(P) SMP	2006-07(P) PRICE PAID ##	2006-07(P) SMP @	2007-08(P) PRICE PAID @@@	2007-08(P) SMP \$	PRICE PAID @@@
UTTAR PRADESH	69.50 to 89.18	92.50 to 100.00	73.00 to 92.50	92.50 to 100.00	74-50to 95.62 76.00	104.50 to 112.0	79.50 to 92.70	112.50 to 120.00	80.25to 94.65	122.50 to 130.00	81.18to 95.58	110.00
UTTARANCHAL	71.14 to 82.62	92.50 to 100.00	75.81 to 90.00	92.50 to 100.00	to 89.46	104.50 to 112.00	79.50 to 90.06	112.50 to 120.00	80.25 to 86.55	124.50 to 132.00	81.18 to 91.98	127.00 to 132.00
BIHAR	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	81.18	84.50 to 98.00
PUNJAB	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	81.18 to 99.18	126.00 to 132.00
HARYANA	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	81.18 to 95.58	126.00 to 138.00
ASSAM	-	N.A.	-	-	-	-	-	-	-	-	-	-
WEST BENGAL	69.50	N.A.	73.85	79.60	74.50	N.A.	79.50	N.A.	80.25	103.00	81.18	91.00
ORISSA*	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	81.18 to 96.48	90.00 to 98.00
MADHYA PRADESH	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	81.18 to 100.08	93.72 to 108.14

STATE	2002-03		2003-04		2004-05		2005-06(P)		2006-07(P)		2007-08(P)		PRICE PAID @@@
	SMP	PRICE PAID	SMP	PRICE PAID	SMP	PRICE PAID	SMP	PRICE PAID	SMP @	PRICE PAID @@	SMP \$	PRICE PAID @@	
RAJASTHAN	77.70	N.A.	-	N.A.	-	86.30 to 107.50	-	96.00 to 115.00	81.18	NA	81.18	NA	
MAHARASHTRA*	69.50 to 113.78	56.00 to 111.20	73.00 to 118.90	56.00 to 111.89	74.50 to 110.58	67.80 to 110.00	79.50 to 112.94	80.25 to 121.65	81.18 to 118.98	85.00 to 112.00	81.18 to 108.00	81.18 to 108.00	
GUJARAT*	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	82.95 to 103.65	84.78 to 106.38	82.95 to 137.30	84.50 to 106.38	84.50 to 106.38	
ANDHRA PRADESH	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	80.25 to 101.85	81.18 to 104.58	80.25 to 125.00	81.18 to 107.00	81.18 to 107.00	
TAMIL NADU	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	80.25 to 97.35	81.18 to 97.38	80.25 to 113.30	81.18 to 113.30	81.18 to 113.30	
KARNATAKA*	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	80.25 to 113.55	81.18 to 109.08	80.25 to 120.00	81.18 to 109.08	81.18 to 109.08	
KERALA	-	N.A.	73.00	-	-	-	-	-	-	-	-	-	
PONDICHERY	69.50	69.50	84.05 to 85.75	91.00	85.94	101.00	85.66	80.25	81.18	113.00	81.18	113.00	
NAGALAND	N.A.	N.A.	-	-	-	-	-	-	-	-	-	-	
GOA	73.60	N.A.	79.80	80.00	78.02	74.50 to 105.00	79.50	82.95	86.58	82.95 to 110.00	70.00 to 80.00	70.00 to 80.00	
CHATTISGARH				86.82	86.82	N.A.	90.06	86.55	81.18	NA	81.18	NA	

(P) PROVISIONAL (N.A.) NOT AVAILABLE (#) AS ON 31.01.2004 (##) AS ON 30.9.2005 (###) AS ON 15.01.2006

(@) For 357 sugar mills only (@@) Based on information received from the sugar mills for the F.E. 31.01.07 (@@@) Based on return of 190 sugar mills received for the F.E. 31.01.2008. (\$) For 475 sugarmills.

(*) IN RESPECT OF THE STATES OF MAHARASHTRA, GUJARAT, KARNATAKA & ORISSA, THE FINAL CANE PRICE IS DECIDED AFTER THE CLOSE OF SUGAR SEASON. IN THE CASE OF MAHARASHTRA, THE AVERAGE HARVESTING & TRANSPORTATION CHARGES @ RS.25/- PER QUINTAL ARE NOT INCLUDED IN THE PRICE ACTUALLY PAID.



Hon'ble Minister for Agriculture, Consumer Affairs and Food & Public Distribution delivering inaugural address at the 49th AGM of National Federation of Co-operative Sugar Factories, New Delhi, Sep. 2008.



Department of Food and Public Distribution
Ministry of Consumer Affairs, Food and Public Distribution
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