

ANNUAL REPORT
2010-11

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2010-11

**DEPARTMENT OF FOOD AND PUBLIC
DISTRIBUTION**

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



सत्यमेव जयते

GOVERNMENT OF INDIA
NEW DELHI

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HIGHLIGHTS OF ACTIVITIES/ACHIVEMENTS OF DEPARTMENT OF FOOD & PUBLIC DISTRIBUTION FOR THE YEAR 2010-11

- ❖ Four Zonal meetings of Food Ministers and Secretaries of different States were held in the month of February, 2011 at Thiruvananthapuram, New Delhi, Kolkata and Mumbai under the chairmanship of Hon'ble MoS (Independent Charge), Consumer Affairs, Food & Public Distribution.
- ❖ A National Conference on Policy for Storage, Handling and Transportation of Food Grains was organized on 19th February, 2011 by D/o Food & PD and the Central Warehousing Corporation in partnership with FICCI and the same was attended by dignitaries from Government and Private Sector.
- ❖ The National Advisory Council (NAC) has put a Note on the Draft National Food Security Bill (NFSB) in the public domain in January, 2011, inviting comments before the Draft Bill is taken up for consideration by the NAC. The Department has circulated the note to all concerned Departments for comments before formulating its response.
- ❖ The Department finalized the Strategic Plan 2010-15; Citizen's Charter and Result-Framework Document, 2010-11.
- ❖ For streamlining and computerization of Targeted Public Distribution System (TPDS), an arrangement has been worked out with Unique Identification Authority of India (UIDAI) and the National Informatics Centre (NIC) by which the data captured by the UIDAI during their enrolment drive shall be used for the issuance of computerized ration cards. The Common Application Software (CAS) shall be developed by the NIC and handed over to the State Government for implementation. The basic aim is to ensure proper identification of beneficiaries and correct recording of transactions between the Fair Price Shops (FPS) and beneficiaries.

- ❖ A pilot scheme on smart card based delivery of commodities under TPDS was launched in July 2010 in the State of Haryana and UT of Chandigarh.
- ❖ The stock of foodgrains (Rice and Wheat) in the Central Pool as on 1st February, 2011 was 471.75 lakh tonnes (278.02 lakh tonnes of Rice and 193.73 lakh tonnes of Wheat).
- ❖ During Kharif Marketing Season (KMS) 2010-11, 227.43 lakh tonnes of rice was procured upto February, 2011.
- ❖ During Rabi Marketing Season (RMS) 2010-11, 225.14 lakh tones of wheat was procured.
- ❖ During the year 2010-11, the Government of India has released a total quantity of 632.46 lakh tonnes of rice and wheat under TPDS covering AAY, BPL and APL families. The allocation includes of 438.56 lakh tones of foodgrains allocated under TPDS @ 35kg/family for BPL and AAY families and an average 11.2 kg/APL family.
- ❖ To control food inflation, the Government has from time to time made adhoc additional allocation of 136.72 lakh tonnes of foodgrains under TPDS. It has also made allocations of 50.10 lakh tonnes of rice and wheat for Other Welfare Schemes such as Mid-Day Meals Schemes, ICDS, Annapurna, Welfare Institutions, SC/ST/OBC Hostels, etc. and 7.08 lakh tonnes for festivals and for natural calamity reliefs to States/UTs.
- ❖ The stockholding limit on bulk consumers of sugar for having stocks for 90 days of their requirement has been further imposed for another 180 days vide Notification dated 08.02.2011.
- ❖ Export of non-basmati rice of premium varieties-Sona Masuri (1,00,000 tonnes) Ponni Samba (25,000 tonnes) and Matt (25,000 tonnes) has been allowed on private account from the market.

- ❖ Sugar Development Fund disbursed soft loans to sugar factories at an interest rate of 3% (i.e. 2% below the bank rate) to meet the shortfall in promoters' contribution for their Modernisation, Cogeneration, Ethanol & Cane Development projects to the tune of R807.63 crore upto 15.03.2011 involving 88 sugar factories including those in the cooperative sector.
- ❖ Fair and Remunerative Price for 2010-11 sugar season was determined at ₹139.12 per quintal subject to a premium of ₹ 1.46 for every 0.1 percentage point increase in recovery above that level. The 'Fair and Remunerative Price' of sugarcane payable by Sugar Mills for 2011-12 sugar season has been determined at ₹145/- per quintal linked to a basic recovery rate of 9.5% subject to a premium of ₹ 1.53 per quintal for every 0.1 percentage point increase in recovery above that level.
- ❖ The Central Government has fixed the ex-factory price of levy sugar for 2010-11 sugar season by taking into account the 'Fair and Remunerative Price' of sugarcane notified for 2010-11 sugar season on provisional basis. The all India average levy sugar price is ₹1847.05 per quintal.
- ❖ Under Sugar Development Fund Act, 1982 and Sugar Development Fund Rules, 1983, loans are given to sugar factories, inter-alia, for production of anhydrous alcohol or ethanol from alcohol or molasses and for cogeneration of power by use of bagasse. This is with a view to improving their viability by utilizing their by-product for value addition and thereby better profits. Since 2003 an amount of ₹ 27,736.81 lakh for ethanol projects and ₹142,310.12 lakh for bagasse based cogeneration projects has been disbursed as on 18.03.2011. It is estimated that it has helped create over 2000 KLPD capacity for ethanol production and over 3000 MW of co-generation capacity in the sugar factories.
- ❖ Government has taken various steps to improve availability and check prices of edible oils in the country. Import duty on crude and refined edible oils has been maintained at nil and 7.5% respectively upto 30.09.2011. Ban on export

of edible oils since 17.03.2008 has been extended upto 30.09.2011. A scheme for distribution of subsidized imported edible oils is being implemented since 2008-09 with a subsidy of ₹15/- per kg. through State Governments/UTs for distribution to ration card holders. This Scheme has been extended upto 31.03.2011.

- ❖ Warehousing Development and Regulatory Authority (WDRA) was set up on 26.10.2010 to register and regulate warehouses issuing negotiable warehouse receipts and to make warehousing receipts a fully negotiable instrument.
- ❖ A Working Group on Food and Public Distribution headed by Deputy Chairman, Planning Commission has been set up to deliberate and recommend measures for better and effective delivery of essential commodities to the vulnerable sections of the society and augmentation of warehouses and storage capacity.

The background image shows a vast industrial warehouse with a complex, multi-level metal truss roof. The interior is filled with large stacks of goods, likely raw materials or finished products, arranged in neat piles. Several workers in hard hats are visible in the distance, providing a sense of scale. The lighting is bright and even, highlighting the industrial environment. Overlaid on the right side of the image are several large, semi-transparent blue geometric shapes, including triangles and parallelograms, which create a modern, architectural feel. The text 'Chapter-I An Overview' is centered within one of these shapes.

Chapter-I

An Overview

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

VISION

Ensuring food security for citizens of the country.

MISSION

- i. Management of the food economy of the country through efficient procurement, storage and distribution of foodgrains (cereals)
- ii. Ensuring availability of foodgrains, sugar and edible oils through appropriate policy instruments.
- iii. Making foodgrains accessible at reasonable prices, especially to the weaker and vulnerable sections of the society.

(A) PROCUREMENT OF FOODGRAINS

- (i) During Kharif Marketing Season (KMS) 2009-10 (October, 2009 to September, 2010), there was a record procurement of 314.57 lakh tonnes of rice against previous record of 341.04 lakh tonnes in KMS 2008-09.
- (ii) Procurement of coarsegrains in KMS 2009-10 was 4.07 lakh tonnes, as against 13.76 lakh tonnes in KMS 2008-09.
- (iii) Till 31st December, 2010, 142.29 lakh tonnes of rice has been procured in KMS 2010-11 (October, 2010 to September, 2011).
- (iv) 253.82 lakh tonnes of wheat has been procured for the Central Pool during the Rabi Marketing Season (RMS) 2009-10 (April, 2009 to March, 2010) against 226.89 lakh tonnes during RMS 2008-09. In RMS 2010-11, 225.14 lakh tonnes of wheat has been procured.
- (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 State of West Bengal joined this scheme in RMS 2010-11, for procurement of wheat. Earlier, the State was procuring rice only under DCP scheme. However, the State of Uttar Pradesh has withdrawn from DCP State. Thus the total number of DCP States has become 10.

(B) 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 2010-11 (upto December, 10) was 328.22 lakh tonnes. This comprised of 128.49 lakh tonnes under Below Poverty Line (BPL), 72.74 lakh tonnes under Antyodaya Anna Yojana (AAY) and 126.99 lakh tonnes under Above Poverty Line (APL). In addition, there has been offtake of 21.59 lakh tonnes of foodgrains under special ad-hoc allocation under TPDS during the current financial year 2010-11 (upto December, 2010).
- (ii) The offtake under various Welfare Schemes was 26.94 lakh tonnes during 2010-11 (upto December, 2010). In addition, there has been offtake of 7.66 lakh tonnes under other schemes including open/tender sale/WFP (World Food Programme)/Defence etc.
- (iii) During the financial year 2010-11 (upto December, 2010), the total offtake of foodgrains from the Central Pool was 384.40 lakh tonnes (218.20 lakh tonnes of Rice and 166.20 lakh tonnes of Wheat) as against the offtake of 358.38 lakh tonnes of foodgrains (204.54 lakh tonnes of Rice and 153.84 lakh tonnes of Wheat) during the corresponding period of 2009-10.

(C) NATIONAL FOOD SECURITY ACT (NFSA)

- (i) The Government proposes to enact the National Food Security Act that will provide a statutory basis for a framework which will entitle every family below the poverty line to certain quantity of foodgrains at subsidized prices. The legislation

will also be used to bring about broader systemic reform in the Public Distribution System.

- (ii) An Empowered Group of Ministers (EGoM) has been constituted to examine various issues relating to the proposed law. At present, the National Advisory Council (NAC) is also deliberating on all aspects of the proposed law on Food Security. The NAC has placed a Framework Note on the draft National Food Security Bill on its website i.e. www.nac.nic.in inviting comments from the public. Department of Food and Public Distribution has also sent the Framework Note to concerned Ministries/Departments and State Governments/UT Administrations for their comments.
- (iii) An Expert Committee (EC), under the Chairmanship of Dr. C. Rangarajan. Chairman, Economic Advisory Council (EAC) to PM has been constituted by Prime Minister's Office on 16th November, 2010 to examine the recommendations of the NAC on the National Food Security Bill. The EC has submitted its report to the Prime Minister on 07.01.2011.
- (iv) A Draft Bill will be prepared after receipt of inputs and completion of consultations with stakeholders.

(D) ANTYODAYA ANNA YOJANA (AAY)

- (i) The Antyodaya Anna Yojana (AAY) was launched in December, 2000 for one crore poorest of the poor families. AAY contemplates identification of poorest of the poor families from amongst the BPL families covered under TPDS within the States/UTs and providing them foodgrains at a highly subsidized rate of ₹ 2 per kg. for wheat and ₹ 3 per kg for rice. The scale of issue, which was initially 25 kg per family per month, has been increased to



A view of Fair Price Shop

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 each time at the risk of hunger - first in 2003-2004, second w.e.f 3rd August, 2004 and third in 2005-06, thus increasing its coverage to estimated 2.5 crore households.
- (iii) With these expansions, as against 2.5 crore families (i.e. 38% of BPL) to be covered, 243.871 lakh families have already been covered under the AAY.

(E) 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 ₹ 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 ₹19.76 crores was approved in 2005-2006 for establishing 3282 VGBs which was enhanced to ₹ 51.79 crores in 2006-07 to establish 8191 VGBs. However, an amount of ₹ 17.44 crores was approved for establishment of 2598 Grain Banks during 2007-08. During the year 2008-09, 2407 VGBs were sanctioned and an expenditure of ₹16.81 crore was incurred. During the year 2009-10, 2214 VGBs were sanctioned and an expenditure of ₹17.23 crore was incurred. During the year 2010-11, 1520 VGBs have been sanctioned and an expenditure of ₹11.37 crore has been incurred up to December, 2010.

(F) SUGAR

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

Sugar production in India is cyclic in nature. High production of sugar in 2006-07 and 2007-



A view of Sugarcane crushing unit

08 sugar seasons (October-September) gave way to low production in 2008-09 sugar season and also in the sugar season 2009-10. However, production of sugar in the current sugar season 2010-11 is likely to increase substantially, as compared to the sugar season 2008-09 and 2009-10. On account of the low production of sugar during the sugar season 2008-09 and 2009-10 the Central Government had taken a slew of measures to augment domestic stocks of sugar and also to moderate prices of sugar as indicated below-

- Allowed sugar mills on 17.02.2009/02.03.2009 to import duty-free raw sugar under Advance Authorization Scheme on ton-to-ton basis upto 30.09.2009.
- Allowed sugar mills on 17.04.2009 to import duty-free raw sugar under Open General License (O.G.L.). Later on, this facility was extended to private trade on job basis. Presently it is in force upto 31.03.2011.
- Allowed STC/MMTC/PEC and NAFED on 17.04.2010 to import duty-free white / refined sugar initially with a cap of 1 million tons. Later on, duty-free import was also allowed to other Central / state Government Agencies and private trade without any cap on the quantity. Presently, this facility is in force upto 31.03.2011.
- Levy obligation has been removed in respect of all imported raw sugar and white/refined sugar. The white/refined sugar has also been allowed to be sold at the discretion of the importing organizations and sugar processed from imported raw sugar is subject to accelerated releases.

- In order to ensure adequate availability of sugar for the households covered under PDS for sugar, the levy obligation on sugar factories was increased from the earlier 10% to 20% for 2009-10 sugar season. However, the levy obligation has been restored to 10% for sugar season 2010-11.

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

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

- (i) Government had withdrawn the stockholding and turnover limits on wholesale dealers of sugar with effect from July 7, 2000 and August 20, 2001 respectively. However, in view of the low production of sugar in 2008-09 sugar season, the Central Government reintroduced the stockholding and turnover limits through notifications dated 9th March, 2009 and 12th March, 2009 for a period of four months initially and subsequently, vide notifications dated 2nd July, 2009 and 16th July, 2009, for another period of six months. The dealers of khandsari have also been brought under the ambit of stockholding and turnover limits with effect from 16.07.09. The duration of stockholding and turnover limits has been further extended till 31.03.2011 vide notifications dated 18.12.2009, 11.01.2010, 30.09.2010 and 31.12.2010. The notifications have 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 from date of receipt of stock. For khandsari sugar, the stockholding and turnover limits are 200 tons and 30 days respectively. 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.

STOCKHOLDING LIMIT ON BULK CONSUMERS OF SUGAR

- (ii) In order to discourage non-house hold sector consumers from stockpiling sugar and to ensure adequate availability of sugar in the open market for household consumers, the Central Government has issued notification dated 22.08.2009 imposing stockholding limit on bulk consumers, whose average consumption of sugar is in excess of 10 quintals per month, to the effect that they shall not keep in stock, at any time, sugar exceeding fifteen days of such use or consumption. The notification came into effect from 19.09.2009 and limits were initially imposed for a period of six months. Since the sugar situation was not comfortable in the country, it was decided to further reduce the stockholding limit on large consumers to ten days of requirement with effect from 20.02.2010. Vide notification dated 18th May, 2010, the stockholding limit of bulk consumers were restored to 15 days for a period of 90 days. Further, the stock limit has been increased to 90 days for a period of 180 days i.e. upto 14.02.2011 vide Notification dated 18.08.2010.

AMENDMENT IN DEFINITION OF "FACTORY" USED IN SUGARCANE (CONTROL) ORDER, 1966

- (iii) In the Sugarcane (Control) Order, 1966, in clause 2, for sub-clause (c), the following sub-clause has been substituted vide Notification dated 6.10.2010: -

'(c) "factory" means any premises including the precincts thereof in any part of which sugar is manufactured by vacuum pan process and at its own option, ethanol is manufactured, either directly from sugarcane juice as a raw material or from molasses, including B-Heavy molasses, or both, as the case may be, but does not include a standalone sugar refinery which uses only raw sugar as raw material for manufacture of sugar.'

LEVY SUGAR OBLIGATION

- (iv) The Central Government vide Notification dated 7.10.2009 increased the levy quota percentage for the year 2009-10 from 10% to 20% of sugar production by domestic producers in 2009-10 season to enable the Central Government to fulfil its commitment of supplying levy sugar for PDS and the Military/Para Military forces. The increase in levy obligation was necessitated in view of the sharp drop in sugar production to about 147 lakh tons in 2008-09 and the earlier expected low production of about 160 lakh tons in 2009-10 season. However, levy obligation from domestic sugar factories have been reduced to 10% for 2010-11 sugar season vide Notification dated 24.9.2010, in view of expected higher production of sugar in 2010-11 sugar season.

(G) EDIBLE OILS

- (i) The Directorate of Vanaspati, Vegetable Oils and Fats (DVVO&F) of the Ministry of Consumer Affairs, Food and Public Distribution is the specialized organization in the field of Vegetable Oils and Fats and Vanaspati at the Government level. The DVVO&F is staffed with qualified technical people. 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.
- (ii) 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) STORAGE AND WAREHOUSING

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 (CAP).

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



A view of foodgrain warehouse

(SWCs). While the capacity available with FCI is used mainly for storage of foodgrains, that with CWC and SWCs is used for storage of foodgrains and also other notified commodities.

The Warehousing (Development and Regulation) Act 2007 was enacted and notified 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. The Act has since been given effect to in September, 2010. A regulatory Authority namely Warehousing Development & Regulatory Authority (WDRA) has been set up on 26.10.2010 under the Act to register and regulate warehouses issuing negotiable warehouse receipts and to implement other Provision of the Act.

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

Indian Grain Storage Management & Research Institute (IGMRI), functioning under the direct control of Department of Food & Public

Distribution, is engaged in Research & Development activities in the field of Post Harvest Management of foodgrains at farm and commercial level. The institute is also organizing training programmes on scientific storage and inspection of foodgrains. IGMRI is located at Hapur (U.P.) with its two field stations at Hyderabad (A.P.) and Ludhiana (Punjab).

(J) QUALITY CONTROL CELLS

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

(K) STRATEGIC PLAN, CITIZEN'S CHARTER AND RESULTS-FRAMEWORK DOCUMENT (RFD)

As per the directions of the Cabinet Secretariat, the Department of Food and Public Distribution is required to frame Strategic Plan 2010-15, Citizen's Charter and RFD 2011-12.

A Strategic Plan is a 5 year document. It is the mechanism to ensure that the Departments are moving in the right direction and doing the desirable things from the national point of view. Result Framework Document (RFD) is a yearly document and an instrument to implement a strategy and convert departmental vision into reality. Thus both these documents are complementary instruments. Citizen's Charter on the other hand is a most visible part of Government Department. From the perspective of a citizen, it is a first interface, wherein, he learns about the services, objectives and outcomes of a particular organization. Citizen' Charter has been included as a mandatory success indicator in the RFD guidelines.

Detailed deliberations with all stakeholders were held before finalising the Strategic Plan 2010-15; Citizen's Charter and Result-Framework Document, 2011-12 of the Department and it was ensured that submission of these documents to the Cabinet Secretariat is done within the prescribed time limit. The Strategic Plan, 2010-15 and Citizen's Charter were submitted to the Cabinet Secretariat on 9th February, 2011 and RFD 2011-12 was submitted on 7th March, 2011.

Chapter-II

Organisation and Administration



Chapter-II 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 Sh. Sharad Pawar, Hon'ble Union Minister of Agriculture, Consumer Affairs, Food & Public Distribution and Prof. K.V. Thomas as Hon'ble Union Minister of State till 19th January, 2011. Thereafter, Prof. K.V. Thomas, Hon'ble Minister of State assumed Independent Charge of the Ministry of Consumer Affairs, Food & Public Distribution.
- 2.2 Dr. Bhushan Chander Gupta has been working as Secretary in the Department of Food & Public Distribution with effect from 15.11.2010. Smt. Alka Sirohi was Secretary of the Department till 31.10.2010.
- 2.3 The sanctioned staff strength of the Department is indicated at **ANNEXURE-I**. The Budget Estimates and Revised Estimates of the Department for the last five years are at **ANNEXURE-1A**. The organizational chart of the Department is at **ANNEXURE-II**.

FUNCTIONS

- 2.4 The main functions of the Department of Food and Public Distribution are:-
 - (i) Formulation and implementation of national policies relating to procurement, movement, storage and distribution of foodgrains;
 - (ii) Implementation of the Public Distribution System with special focus on the poor;
 - (iii) Provision of storage facilities for the maintenance of central reserves of food grains and promotion of scientific storage;
 - (iv) Formulation of national policies relating to export and import, buffer stocking, quality control and specifications of foodgrains;

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

- 2.5 In carrying out its various functions, the Department of Food and Public Distribution is assisted by its two attached offices, namely, Directorate of Sugar and Directorate of Vanaspati, Vegetable Oils and Fats, and two subordinate offices, namely, National Sugar Institute, Kanpur and Indian Grain Management Research Institute, Hapur with its two Field Stations and three Public Sector Undertakings namely, Food Corporation of India (FCI), Central Warehousing Corporation (CWC) and Hindustan Vegetable Oils Corporation Limited(HVOC).

REDRESSAL OF PUBLIC AND STAFF GRIEVANCES

- 2.6 The complaints made by members of the public are promptly acknowledged and appropriate action is taken.
- 2.7 In order to provide the latest information to the

public on matters of the functioning of the Department of Food & public Distribution, the department's website <http://fcamin.nic.in> can be accessed.

- 2.8 A Joint Secretary of the Department supervises the work relating to Public & Staff Grievances in the Department. A Grievance box is placed at Gate No. 6 of Krishi Bhawan for receiving complaints.
- 2.9 The Information and Facilitation Counter at Gate No. 6 of the Krishi Bhavan provides information to Public on various activities of the Department such as Public Distribution System, Welfare Schemes, Import of foodgrains, Sugar prices, Subsidies and Storage etc.

WOMEN EMPOWERMENT

- 2.10 All necessary steps have been taken by the Department and its attached offices to provide a healthy work environment to its Women employees. Based on the guidelines issued by the National Commission for Women, a Women Cell was set up in the Department in 1997. The main functions of this Cell are to coordinate the action for improvement of working conditions of the women, to attend to the complaints received from women employees and to implement the policies and guidelines issued by the Department of Women and Child Development/National Commission for Women from time to time.
- 2.11 Based on the guidelines issued by National Commission for Women, a Complaint Committee has also been set up in the Department to redress the grievances of women employees.
- 2.12 Instructions in this regard have also been issued

to the two Public Sector Undertakings of this Department-Food Corporation of India (FCI) and Central Warehousing Corporation (CWC). FCI has also set up a Women Cell and Complaint Committee for its women workforce for redressal of their grievances. Central Warehousing Corporation has obtained life Membership of the Forum for Women in Public Sector, which provides the women employees of the corporation the required platform for redressing their grievances.

- 2.13 The FCI and the CWC have also initiated necessary action to make requisite amendments to their Rules pursuant to the directions of the Supreme Court regarding prevention of sexual harassment of women employees at work-place. The CWC has also constituted Complaints Committee to redress the sexual harassment of working women employees at work place.

WELFARE OF SCs, STs, OBCs AND PWDs

- 2.14 The instructions issued by the Department of Personnel & Training from time to time regarding representation of Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and Persons with disabilities (PWDs) 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, Ex-Servicemen and women amongst them employed in the Department of Food & Public Distribution, including its attached and subordinate offices as on 31.12.2010 are given in the table :

GROUPS	Total No. of employees	SC	ST	OBC	NO. OF PHYSICALLY HANDICAPPED				Ex-Service Men	Total No. of Women Employees
					VH	HH	OH	TOTAL		
Gr. 'A'	106	12	06	03	--	--	--	--	--	04
Gr. 'B'	342	48	16	15	--	01	03	04	02	82
Gr. 'C'	312	71	16	31	01	--	04	05	02	42
Gr. 'D'	315	111	20	50	06	--	04	10	03	12
Gr. 'D' (Safaiwala)	23	12	02	--	--	--	--	--	--	04
TOTAL	1098	254	60	99	07	01	11	19	07	144
PERCENTAGE OF REPRESENTATION		23.13	5.46	9.02	0.64	0.09	1.0	1.73	0.64	13.11

PSUs have also been instructed to launch Special Recruitment Drive to fill up backlog vacancies.

DEVELOPMENT OF SCHEDULED TRIBES

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

2.17 Under Village Grain Bank Scheme separate budget sub-heads have been opened for the benefit of Scheduled Tribes. The annual plan allocation for the scheme for 2010-11 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. ₹ 0.85 crore has been provided for the benefit of STs and 10% of the allocation of ₹ 15.30 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 in BE 2010-11 is ₹ 2.38 crores (₹ 0.85 crore + ₹ 1.53 crores). Any Village Grain Bank having more than 50% of members as STs will qualify for financial assistance from budget allocation for exclusive benefit of STs in NE and in areas other than NE region.

2.18 During 2010-11, 1520 VGBs have been sanctioned to Government of Madhya Pradesh and Government of Tripura. As per the guidelines, 10% of VGBs in Non NER States and 50% of VGBs in NER States are to be earmarked for the benefit of ST population.

2.19 The annual Plan Outlay for BE - 2011-12 has been fixed at ₹ 10.00 crores. The actual expenditure during 2010-11 (upto December, 2010) is ₹ 11.37 crores.

2.20 Release of Grants-in-aid to States/UTs in NE region during first four years of 11th Plan i.e. 2007-08, 2008-09, 2009-10 & 2010-11 is as under:

2007-08

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

2008-09

State/UT	No. of VGBs	Amount released (in ₹)
Tripura	26	20,79,256
Manipur	26	20,84,056
Manipur	75	60,11,700
Total	127	1,01,75,012

2009-10

State/UT	No. of VGBs	Amount released (in ₹)
Nagaland	186	1,63,58,402

2.21 During the year 2010-11, 64 VGBs have been sanctioned in Tripura State (NE Region) with the total grant of ₹ 60,11,238/-. Further release of funds under the scheme to NE States will depend upon receipt of proposals from them.

DEVELOPMENT OF NORTH EASTERN REGION

(A) FCI ACTIVITIES IN NORTH EASTERN REGION

2.22 For Construction of storage godowns for foodgrains by FCI in the NE Region, the Government releases funds in the form of equity to FCI. In 2009-10, ₹ 6.75 crores was released to FCI for construction of godowns in the NE region. The expenditure incurred for construction of storage capacity in NE Region by FCI in 2009-10 was as under:

Sl. No.	Projects with storage capacity (MTs)	Expenditure during 2009-10 (₹ in lakhs)
1.	Hailakandi/Assam/5,000	81.25
2.	Changsari/Assam/50,000	384.13
3.	Senapati/Manipur/5,000	171.68
4.	Jiriban/Manipur/2,500	22.01
5.	Nandannagar/Tripura/2,500	13.21
6.	Senchowa/Assam/2,500	2.60
	Total	674.88 Say ₹ 6.75 crores

2.23 During the 11th Plan, the Planning Commission had approved an outlay of ₹149 crores projecting ₹125 crores as equity for FCI and ₹24 crores for North Eastern States and J&K as Grants-in-aid for construction of godowns. In the year 2009-10, funds totaling ₹ 4.06 crore were released to the State Government of Tripura, Sikkim and Mizoram as Grant-in-aid. Also ₹ 1crore was released to the State Govt. of J&K for construction of godowns under the Plan Scheme.

2.24 The budget provision for the scheme for construction of godowns in the NE region by FCI during 2010-11 was ₹ 10 crores (BE). However, this has been revised upwards to ₹ 25 crores (RE) considering the strategic importance of the N.E. region. The Ministry has released an amount of ₹ 25 crores to FCI (as on 20.1.2011) and FCI has incurred an expenditure of ₹ 14.65 crores (upto 31.12.2010) for construction of storage godowns in the NE Region.

Augmentation of Capacity in the North-East

2.25 The Government has prepared a scheme for augmentation of storage capacity in the North East. The North Eastern States do not have proper rail infrastructure and some of these States are not connected by rail. Most of the North Eastern States have meter gauge railway line. During monsoon, track sinkages, landslides and bridge collapses cause disruption in rail movement. The road network of North Eastern States is not adequate to

supply Foodgrains in case of disruption in rail network.

2.26 A proposal for construction of storage godowns capacity totaling 5.25 lakh tonnes at an estimated cost of ₹ 568 crore for augmentation of storage capacity of Foodgrains and POL items in the North Eastern States is being finalized in consultation with Planning Commission/MHA.

Integrated Information System for Foodgrains Management (IISFM)

2.27 Ministry of CAF& PD sanctioned Integrated Information System for Foodgrains Management (IISFM) Project as a Plan Scheme with a total estimated cost of ₹ 97.66 crores in August, 2003 to put in place an on-line MIS for stock position in any FCI Depot at any given point of time. IISFM project has been successfully implemented in all FCI depots including the depots under the three FCI Regions in North East Zone covering all seven North Eastern States.

Implementation status

a. District Stock Accounting Module (DISFM / District Module): This module is fully functional at all FCI District Offices including the 15 FCI District Offices under North East Zone since 2005 and is being used for generation of fortnightly Stock and Offtake MIS reports along with State / UT wise reports. These reports are available at www.iisfm.nic.in .

- b. IISFM Rapid Reporting Service (IRRS): This is a depot module under IISFM which is being successfully implemented w.e.f. 01.07.2010 for capturing the stock position from all depots. All the 73 depots in the North Eastern region are entering almost up-to-date daily data in respect of stock position, offtake, receipt, issues, dispatch, storage capacity utilization, storage/transit loss/gain etc. w.e.f 01.07.2010 onwards and the same are available at <http://egrains.nic.in/irrs4> by using login id and password. These reports shall facilitate the Department of Food & PD and the FCI management to see the stock trends and take policy decisions. To achieve 100 % daily stock reporting, workshop-cum-demonstration of IRRS software has been organized at Guwahati on 15.09.2010.

2.28 Upon creation of separate FCI Region for Arunachal Pradesh, login IDs for the newly created Depot/ District offices under this Region have been created in all applications of IISFM. Data entry in these newly created Depots has been started in IRRS w.e.f. 01.01.2011.

2.29 Further, in order to augment the present ICT infrastructure in North Eastern regions, it has been decided to supply Laptops with mobile connectivity to all the depots where hardware/ software/ internet connectivity are not available, besides upgrading the current hardware in place.

(B) CWC ACTIVITIES IN NORTH- EASTERN REGION

2.30 The Central Warehousing Corporation (CWC) started functioning in the North East Region in early sixties and was having a capacity of 1.03 lakh MT with occupancy of 90% as on 31.12.2010. The Centre wise/ State wise capacity being operated by the CWC in the North Eastern Region is detailed in the table:

2.31 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 the absence of any assured business. Moreover, Guwahati Region has been incurring losses for the last few years.

(C) Computerization of TPDS Operations

2.32 Digitization of PDS operations at National/State/ District and Block levels all over the country has been taken up under a Plan Scheme 'Computerisation of TPDS' operations during 11th Plan period. Planning Commission has approved an allocation of ₹ 376 crores for this scheme under the 11th Plan. National Institute of 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 being introduced on Pilot basis in 4 States/UT including Assam. For implementing the pilot scheme, the Administrative Approval was issued on 26th August 2009. The

ASSAM		
Amingaon	21,383	MT
Dhubri	10,100	MT
Guwahati	8,600	MT
Jorhat-I	10,500	MT
Jorhat-II	5,000	MT
Sorbhog	10,000	MT
Total	65,583	MT
NAGALAND		
Dimapur	13000	MT
TRIPURA		
Agartala	19583	MT
Agartala C.S.	4750	MT
Total	24333	MT
Grand Total	102916	MT

Memorandum of Understanding (MoU) has been signed with all the pilot States. The State level Detailed Project Report (DPR) of Assam has been finalised. Three districts namely Kamrup rural, Naungaon and Karbianglong have been selected for the Pilot scheme in the State. The first installment of ₹ 3.485 crores has been sanctioned to Government of Assam for implementation of the scheme in October 2009. The selection of Implementing Agencies for implementation of Pilot Scheme in Assam is under process.

PROGRESSIVE USE OF HINDI

2.33 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 2010-2011, multipronged efforts were made to increase use of Hindi in official work. For this purpose, upto 31st December, 2010 three workshops were organised, in which 77 officers and employees were given training for use in Hindi on computers and 23 personnel were given training for doing their official work in Hindi. A meeting of the Hindi Salahakar Samiti under the chairmanship of Prof. K.V. Thomas, Minister of State for Consumer Affairs, Food & Public Distribution was organised on 21.09.2010 at Madurai in which progress made in the progressive use of Hindi in the Ministry was reviewed and various measures were considered to encourage the use of Hindi.



Hon'ble Minister alongwith the members of Hindi Salahkar Samiti at the occasion of Lighting the Lamp at Madurai on 21.09.2010

2.34 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.

2.35 During the year 2010-11, the Parliamentary Committee on Official Language inspected 12 offices of FCI and CWC to review the progressive use of Hindi.

2.36 To review the use of Hindi, 48 offices of Food Corporation of India and Central Warehousing Corporation were inspected by the officers of Department's Hindi Division during year 2010-11.

2.37 Hindi Fortnight was organized from 1st September 2010 to 15th September 2010 and on this occasion various Hindi competitions were organized. 42 winner officers/employees of the competitions were given cash prizes by the Secretary, Food & Public Distribution. Besides this, 7 officials of the department were awarded cash prize under the Hindi Noting/Drafting Prize Scheme of the Department of Official Language.

2.38 2 Stenographers were nominated during the year for training in Hindi stenography. At present all officers/staffs in the Department possess working knowledge of Hindi.

2.39 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-IV section was awarded Running Shield for the year 2009-10. Similarly, under Shield/Trophy Scheme introduced for the offices working under this Department, Indian Grain Management Research Institute (IGMRI), Hapur, Central Warehousing Corporation Headquarters, New Delhi and Food Corporation of India Headquarters, New Delhi were awarded shields by the Secretary, Food & Public Distribution for First, Second and Third prizes respectively for the year 2009-10.

2.40 The Department was awarded 2nd prize under Indira Gandhi Rajbhasha Puraskar Yojana by the Department of Official Language for doing excellent work in the field of implementation of Official Language policy of Govt. of India for the year 2008-09. This prize was distributed by His Excellency the Vice-President of India Dr. Hamid Ali Ansari on 14.09.2010 on the occasion of Hindi Day in a function held at Vigyan Bhavan, New Delhi which was received by Shri Desh Deepak Verma, Additional Secretary & Financial Advisor of the Department.

TRAINING OF OFFICERS OF THE DEPARTMENT

2.41 Training is one of the effective and tested tools for performance enhancement as well as up-gradation of knowledge and skills of the personnel. Organizational motivation and

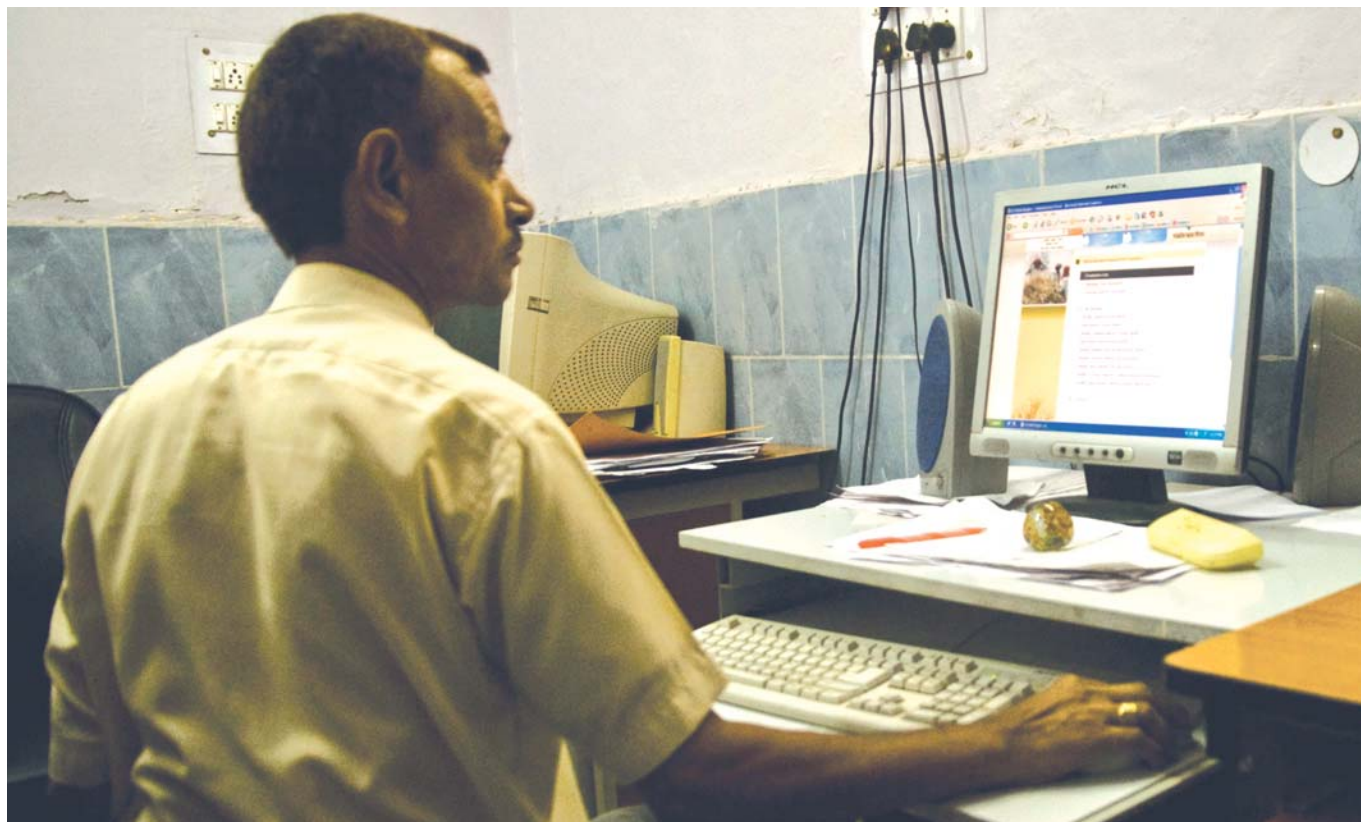
morale, as reflected in the attitudes and administrative culture, are rendered through relevant and sharply focused effective training programmes. Officials of this Department have been nominated from time to time to attend training programmes under domestic & foreign funding schemes of Department of Personnel & Training conducted in various institutes/universities abroad. Besides, officers/delegation of the level of Under Secretary and above of this Department have also been deputed abroad for undertaking official study tours and to attend International Conferences/Seminar/meetings of International organizations like Food & Agriculture Organization (FAO), International Grains Council(IGC), International Sugar Organization(ISO) & matters related with SAARC.

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

During the year 2010-11 (upto January, 2011), 12 Gazetted Officers and 3 Non-Gazetted Officers attended various training Programmes within the country.

E-GOVERNANCE INITIATIVES

2.43 Department has been playing pioneering role in propagating IT based development, facilitating rapid growth and transformation in the ICT culture for efficient and effective delivery of services. Department is constantly in the pursuit of



File tracking system in a Computer Centre

developing/Implementing state of-the-art application software related to various areas of importance. It has also undertaken various projects related to capacity building and also follows Central Government e-Governance action plan. Various initiatives undertaken in E-governance are as follows:

(i) **Re-engineering of ICT infrastructure:** During the current financial year Department has taken up various projects for re-engineering the ICT infrastructure under the e-governance by upgrading Hardware and Software. Funds available for Plan Scheme under e-governance Head has been fully utilized for the purpose of

purchase of computers, providing various hardware and software to NIC such as new server etc.

- (ii) **Training to Staff:** Officers and staff of the Department have been provided training for using the application software such as File Tracking System, Court Cases Monitoring System and Computer Hardware Complaint Monitoring System. Further training has also been provided to staff for using RTI and e-service Book entries online.
- (iii) **File Tracking System:** Intra-net web-based software has been developed and installed in the central server to track the

files/letters/receipts. Section-wise, Officer-wise login and password is created to enter the details of the receipts/letters/files of the sections. Necessary training has been provided to all concerned officials of the Department.

- (iv) **Payroll Software:** The payroll software for the Department of Food and Public Distribution and Directorate of Sugar has been implemented for 491 employees of 72 different pay-scales categories. 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.
- (v) **E-Granthalaya' the Library Management System:** Intra-net web-based comprehensive software to manage the library activities has been implemented. This software maintains a database of all the books and journals in the Department Library. This software supports various searches, queries, availability status, pending status and information about new books and journals. Currently the system caters to all users to access details through intranet-net with accessibility of 32,836 books and journals.
- (vi) **Parliament Matters Management System:** A web-based software has been developed and implemented for maintaining various parliament related matters like Parliament Question - Answers, Assurances, Urgent matters etc. User can search any matter related to the Parliament. Various administrative level reports are also generated through the software.

- (vii) **RTI Request and Appeal Management Information System:** A web based software developed by NIC is installed in the central server to track the RTI requests and appeals. The reports which are required to be submitted to Central information Commission is generated through this software. Necessary training has been provided to the officials of the Department.

- (viii) **Re-designing of the web site of the Department:** The web site of the Department has been re-designed and upgraded with the following more user friendly features:

- Improved User interface
- "What is New" on home page
- Vacancies
- Press Release
- Photo Gallery
- Parliament Q & A Search / List of Questions admitted
- Telephone Directory with residence address
- RTI
- Link to FCI/CWC/CIC/CGHS/CVC/GOI Directory/DOD etc
- Accessible from all major pages of website
 - a. Search
 - b. Terms of use - linking policy to other website, link from other website to

fcamin website

- c. Site map
- d. Disclaimer
- e. Privacy policy
- f. Archives
- g. Contact us

- (ix) **LAN :** New 1Gbps CAT -6 LAN has been set up covering all rooms of the Department with total nodes of 401 and 12 Fiber optic back-bone lines connecting High-End Network Switches has been installed.
- (x) **E-Office:** Implementation of E-Office is under process. Electronic Notice Board, Document / Circular Download, New linked FTS, Pay slip, Personal information etc are the features of the e-office programme.
- (xi) **Court Case monitoring System:** Intra-Net web based software developed and implemented to monitor the court cases of the D/o Food and Directorate of sugar. This software generates alerts reports, contempt cases, and decided/closed cases, pending cases, advocate address and summary reports Statistics of data fed, Bar graph showing pending cases etc.
- (xii) **Hardware Complaints Monitoring System:** Intra-Net web based software developed and hosted in NIC server, to monitor / Track Hardware complaints to AMC engineer. User can directly register using their emp-ID and start using the application.
- (xiii) **E-service book online entry (DOPT):** A project for maintenance of E-Service Book details on line has been taken up by the Department during the

current financial year. Necessary training has been provided to the officers of administration division for entry of employee details in the E-Service Book. In this regard each and every employee has been provided e-mail id in @nic.in domain.

- (xiv) **Anti Virus / Patch Management:** Anti Virus (Trend Micro) /Patch Management is being done for each of the PC node getting connected through LAN in the Department.

INTERNATIONAL COOPERATION

- 2.44 India is associated with a number of international agencies working in the field of food related matters. These include World Food Programme (WFP), SAARC Food Bank, Food and Agriculture Organization (FAO), International Grains Council (IGC) etc. Interface of Department of Food & Public Distribution with these organizations is handled in International Cooperation (IC) Section of the Department. Brief details in respect of some of the important International Cooperation activities in the Department of Food & Public Distribution are as follows:

WORLD FOOD PROGRAMME (WFP)

- 2.45 Government of India allocates food grains at BPL issue prices for the development schemes administered by United Nations World Food Programme. A Country Programme Action Plan (CPAP) 2008-2012 has been signed between the Government of India and the World Food Programme (WFP). Under this programme, Department of Food & Public Distribution has committed to allocate following quantity of foodgrains for utilization of WFP assisted projects in India:

(In MT)

Year	2008	2009	2010	2011	2012	Total
Food grains						
Wheat	40806	40986	27334	27496	12780	149402
Rice	7493	7526	6692	6732	6258	34701
Total	48299	48512	34026	34228	19038	184103

2.46 Through the Country Programme of WFP, Government of India is inching forward to attain the Millennium Development Goals through improved implementation of existing food-security programmes by focusing on developing institutional capacity to manage them. The WFP's projects involving food delivery are currently under implementation in States of Orissa, Chhattisgarh, Madhya Pradesh, Jharkhand and Rajasthan. Capacity development programmes for food security are being implemented by WFP in these States and also in Gujarat, Uttarakhand, Uttar Pradesh, Bihar and Tamil Nadu.

SAARC FOOD BANK

2.47 In pursuance of the decision taken in the 14th SAARC Summit held in New Delhi on April 3-4, 2007, the Heads of States of South Asian Association for Regional Cooperation (SAARC) countries have signed the Agreement to establish the SAARC Food Bank. The Food Bank will supplement national efforts to provide food security to the people of the region. The agreement on Establishing the SAARC Food Bank has since been ratified by the President of India on 17th April, 2007. As per this agreement, India's assessed share of Food grains reserves of the SAARC Food Bank was 1,53,200 MTs

out of total share of 2,43,000 MTs. Following the decisions taken in the fourth SAARC Food Bank Board meeting held in Dhaka, Bangladesh during 27th -28th October, 2010, the India's assessed share of foodgrains reserves has now been revised to 3,06,400 MTs out of total share of 4,86,000 MTs. Joint Secretary (IC), Department of Food & Public Distribution has been designated as Member of SAARC Food Bank Board to represent India. Dr. Bhagwan Sahai, Joint Secretary (IC) has participated in all four meetings of the SAARC Food Bank Board held so far as Member, India, SAARC Food Bank Board.

FOOD AND AGRICULTURAL ORGANISATION (FAO)

2.48 FAO is one of the largest specialized agencies in the UN System founded in 1945 with a mandate to raise levels of nutrition and standard of living by improving agricultural productivity and living conditions of rural population. The Committee on World Food Security (CFS) serves as a forum in the United Nations System for review and follow-up of policies concerning world food security, including food production, physical and economic access to food. India is a member to both FAO and CFS. Committee on World Food Security

(CFS) monitors the progress of implementation of the World Food Security Plan of Action.

INTERNATIONAL GRAINS COUNCIL (IGC)

2.49 India is a member of the International Grains Council (IGC) which was previously known as International Wheat Council up to 1995 and is an inter-governmental 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 represented in the meetings/session of the Council held from time to time. Besides, this Department also participates in other meetings of IGC like Market Conditions Committee meetings and Executive Committee meetings. India being a member of the International Grains Council, this Department pays the annual membership contribution to the Council.

INTEGRATED FINANCE DIVISION

2.50 The Integrated Finance Division (IFD) 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 Sections in addition to the Integrated Finance Section.

2.51 The responsibilities of IFD are :

- (i) to ensure that the schedule for preparation of the Budget is adhered to by the Ministry and the Budget is drawn up according to the instructions issued by Finance Ministry from time to time;
- (ii) to scrutinize Budget proposals thoroughly before sending these to Ministry of Finance;
- (iii) to see that complete departmental accounts are maintained in accordance with the prescribed codal provisions;
- (iv) to watch and review the progress of expenditure against sanctioned grants through maintenance of necessary Control Registers and to issue timely warnings to Controlling authorities where the progress of expenditure is not even;
- (v) to screen the proposals for supplementary demands for grants;
- (vi) to advise the Administrative Ministry on all matters falling within the ambit of delegated powers.
- (vii) to scrutinize proposals for re-delegation of powers to subordinate authorities;
- (viii) to keep closely associated with the formulation of schemes and important expenditure proposals from the 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 in the preparation of Outcome Budget.
- (xv) to screen all expenditure proposals referred to Finance Ministry for concurrence/comments;
- (xvi) to ensure regular and timely submission to the Finance Ministry of the prescribed 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

2.52 A summary of important audit observations on the Department, included in the C&AG's Reports of 2009-10 (Commercial) and action taken by the Department thereon as on 25th January, 2011, are given below: -

1. Audit Observation

Incentive bonus was released to millers/State Agencies for paddy procured by them during Kharif Marketing Season 2007-08 without ensuring the actual payment of bonus to the farmers which resulted in irregular reimbursement of bonus amounting to ₹ 786.59 crore to millers/State agencies.

(Para 6.1.1 of Report No. 9 of 2009-10)

Action taken by the Department

Comments have been received from the FCI. Draft ATN is being prepared.

2. Audit Observation

Storage loss in rice observed during the period 2003-04 to 2007-08 in Punjab region as compared to Haryana region was excess by 3.23 lakh MT valuing ₹ 450.65 crores.

(Para 6.1.2 of Report No.9 of 2009-10)

Position of ATNs in respect of Audit observations pertaining to the Department of Food & Public Distribution (as on 25.1.2011).

S. No.	Year	No. of Paras/ PAC reports on which ATNs have been submitted to PAC/ COPU after vetting by Audit	Details of Paras/ PA reports on which ATNs are pending			
			No. of ATNs not sent by the Ministry even for the first time	No. of ATNs sent but returned with observations and awaiting their resubmission by the Ministry	No. of ATNs sent to Audit for vetting	No. of ATNs which have been finally vetted by audit but have not been submitted by the Ministry to PAC/ COPU
1	2004	6	0	3	0	1
2	2005	8	1	1	1	3
3	2006	8	0	3	1	0
4	2007	2	0	5	0	1
5	2008	2	0	4	1	1
6	2009	2	2	4	4	0

Action taken by the Department

Reply received from FCI has been sent to Audit for vetting on 16.12.2010.

3. Audit Observation

In the Food Corporation of India (FCI), the handling operations at various depots and railheads are carried out by labour grouped into gangs. Standard gang has one Sardar, one Mandal and 12 handling labour. As per the description of duties prescribed by the FCI, the Sardar has to function as the leader of handling labour and supervise various operations for speedy working of the gang. The Mandal is responsible for weighment of bags of food grains and when there is no weighment, he has to work

as a part of the gang and perform duties of a labour. However, not considering 'Mandal' as handling labour for payment of incentive resulted in unjustified payment of incentive amounting to ₹16.59 crore to departmental labour during the five years period 2004-05 to 2008-09 in Haryana region.

(Para 6.1.3 of Report No.9 of 2009-10)

Action taken by the Department

Clarification has been sought from FCI on 2.11.2010 for preparing draft ATN.

4. Audit Observation

Non-recovery of amount due to downward revision of levy sugar price from the sugar mills resulted

in undue benefit to the sugar mills to the extent of ₹6.89 crore and loss of interest to the tune of ₹2.33 crore.

(Para 6.1.4 of Report No.9 of 2009-10)

Action taken by the Department

Comments have been sought from FCI on 15.10.2010 and reminder has been issued on 15.11.2010. FCI has requested its Zonal Office, Kolkata to send its ATR and matter has also been taken up with the Sugar mills of Orissa. One of the six sugar mills of Orissa has replied that the matter is sub-judice in a court in Orissa.

5. Audit Observation

Security deposit was released to tenderers without ensuring fulfilment of the terms and conditions of tender resulting in undue favour of ₹7.01 crore to tenderers.

(Para 6.1.5 of Report No.9 of 2009-10)

Action taken by the Department

FCI sent its comments directly to Audit on 9.12.2010 and sent a copy to this Department. On the basis of information received, draft ATN is being prepared.

6. Audit Observation

Failure to get the railway sidings notified as independent stations resulted in avoidable payment of siding charges of ₹ 5.19 crore to railways during the period 2003-04 to 2008-09.

(Para 6.1.6 of Report No.9 of 2009-10)

Action taken by the Department

ATN has been sent to Audit for vetting on 30.12.2010.

DEPARTMENTALISED PAYMENT AND ACCOUNTING ORGANISATION

ORGANISATIONAL SET UP

2.53 The Organization functions under overall cadre control of the Controller General of Accounts, Ministry of Finance, Department of Expenditure in respect of Group "A" & "B" officers. The Secretary of Department of Food & Public Distribution is the Chief Accounting Authority who discharges his duties through and with the help of AS & FA and Chief Controller Accounts of the Department of Food & Public Distribution.

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

FUNCTIONS & RESPONSIBILITIES

2.55 The Payment and Accounting Organisation under the Chief Controller of Accounts is responsible for:-

- (i) Arranging payments, through Pay and Accounts Offices and cheque drawing and

disbursing officers of pay and allowances, provident fund claims, office contingencies, miscellaneous payments, loans and advances to Government Servants and others as well as grants-in-aid. There are 8 PAO's, 2 CDDO & 40 Non-CDDO's in the Ministry of Consumer Affairs, Food and Public Distribution. The Non-CDDO's present their claims/bills to the accredited PAO's who issues cheque after scrutiny of the bills. The CDDO's are authorized to make payments for salaries and contingent claims after observing the relevant checks. The CDDOs issue cheques on the basis of Letter of Credit (LOC) issued in their favour by the concerned PAO's to the accredited bank branches.

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

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

2.57 In the PAO's Offices, 'COMPACT' software covers the major accounting tasks of the PAO's and supplies input through E-Lekha. It is designed and developed with an attempt to address all the Software System Attributes such as availability, portability, security and maintainability. The features of the software are:

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

- (iv) It provides various managerial reports for expenditure analysis like Expenditure Control Register, Receipts versus Expenditure comparison, Date wise Monthly Statement (DMS) etc.
- (v) It would help in preparation/printing of cheques to be issued by the PAOs.

2.58 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.

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

2.60 During the financial year 2010-11, 19 units came under the purview of Audit. Out of these, 15 units were audited upto 31st December, 2010 and balance 04 units are being taken up for the conduction of audit inspection during the fourth quarter of the financial year 2010-11.

2.61 A number of paras raised by audit resulted in recovery of over payment, non recoveries of Government dues from various Auditees/

Authorities/Institutions and infructuous/irregular expenditures.

ACHIEVEMENTS (UP TO 31st DECEMBER, 2010)

- i. The original outlay of the Department of Food & Public Distribution is ₹78609.10 crores under Grant No.17 during 2010-11.
- ii. Payment of Subsidy to FCI is ₹42711.75 crores & State Government is ₹9793.94 crores respectively upto December, 2010.
- iii. A list of defaulters in respect of SDF Act, 1982 is available on Ministry's website.
- iv. Details of release to Sugar Mills under SDF Act, 1982 is available on Ministry's website.
- v. The Pay & Accounts Office of the Deptt. Of Food & Public Distribution received total 55 pension cases out of which 52 cases were settled and 2 pension cases are outstanding as both cases pertains to following months (January, 2011).
- vi. Debit amount of ₹79,64,941 from December 09 to May 2010 raised to FCI on account of capitalized value of pension is pending till date. Reminders have been issued to FCI vide letter No.
 - (i) Letter No.PAO/Pen/Fund/CVP/DRCG/2010-11/652 dt.21.07.2010
 - (ii) Letter No.PAO/Pen/Fund/CVP/DRCG/2010-11/828 dt.26.08.2010
 - (iii) Letter No.PAO/Pen/Fund/CVP/DRCG/2010-11/1169 dt.20.12.2010 (reminder-III).
- vii. Pay & Accounts office of Deptt. Of Food & Public Distribution maintains 400 live GPF accounts and

10 GPF final payment cases have been settled from January 2010 to December, 2010.

- viii. During the financial year 2010-11, 19 units came under the purview of Audit. Out of this 15 units were audited upto December, 2010 and balance 04 units are being taken up for the conduction of audit inspection during the fourth quarter of the financial year 2010-11.
- ix. The audits of Non Government Organization are also being under taken by IA wing.
- x. The payment to sugar mills under the SDF act 1982 is being made through Electronic Clearance System arranged by Reserve Bank of India in 15 stations only. Further efforts are on to make it available at all places where the payee demands.
- xi. 39 Employees got trained under INGAF, 03 employees in ISTM, 02 officers in NIFM & Controller of Accounts got training in ICWAI.

VIGILANCE SET-UP

- 2.62 The Vigilance Division at the Department of Food & Public Distribution, its Attached and Subordinate Offices and the Public Sector Undertakings (PSUs) is looked after by a Chief Vigilance Officer in the rank of Joint Secretary to the Government of India. In the Department a Director, an Under Secretary and a Desk Officer, besides three ministerial staff, assist him.
- 2.63 At the two major PSUs i.e. FCI and CWC, under the Department, the vigilance function is looked after by full time Chief Vigilance Officers (CVOs). There is an elaborate vigilance set up at different levels of these Corporations. For the attached and subordinate offices, where direct monitoring by the CVO is not feasible, a senior officer/Head of

the Office is entrusted with the responsibilities of vigilance officer.

- 2.64 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.
- 2.65 Importance of some of the standard tools of preventive vigilance, such as review of Annual Property Returns, rotational transfers, timely response and surprise inspection are being reemphasized at all levels in the Department, its Attached and Subordinate offices and the Public Sector Undertakings. Regular meetings are held with the CVOs of the PSUs by CVO of the Department to review their performance. Secretary (F&PD) reviews the progress of vigilance work in the Department and the PSUs periodically and issues instructions to streamline the work. As a result, last year, there had been considerable progress in disposal of long pending disciplinary/vigilance cases at both the PSUs and the Department. FCI have reduced the pending reference from CVC from 35 as on 30.10.2009 to 6 as on 15.10.2010. Likewise CWC have reduced the CVC reference to nil. Emphasis has also been laid on using the audit reports as a tool for examination of the issues from vigilance angle to adopt corrective measures in order to prevent recurrence of irregularities.
- 2.66 Besides awareness about effective preventive measures undertaken through system

improvements, use of Information Technology to fight corruption in all areas of work is being stressed. Adoption of technology would reduce direct interface between the citizen and the public officials. Towards this objective, all systems and processes in place of deliverance of services are being synchronized through use of Technology like effecting e-payments to vendors and suppliers, publishing complete details of tenders on websites, e-procurement and providing information and status of applications to citizen/public etc.

- 2.67 Further, initiatives have been taken to introduce technology for monitoring the file movement through File tracking system which obviates the delays and ensures transparency and quick disposal. Efforts are being made to computerize more activities of the Department.
- 2.68 Simplification of rules and procedures have been undertaken so as to make them citizen friendly and avoid the need for the citizens to approach public officials for intervention. Review of systems and procedures would also aim at identifying and mitigating the risk of corruption. In this direction the website is being redesigned to be more citizen friendly. Sevottam/Citizen Charter and Public Grievance redressal mechanism have also been put in place.
- 2.69 Above initiatives/endeavours are sure to improve overall Vigilance Administration in the Department.

IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

- 2.70 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.

- 2.71 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 their respective Divisions in the Department. Joint Secretaries in the Department have been designated as Appellate Authorities. For filing appeal, the details of the Appellate Authorities, CPIOs and Central Assistant Public Information Officers (CAPIOs), are available on the website of the department www.fcamin.nic.in which is updated from time to time.
- 2.72 The Department also complied with the provisions of the Act for publication of information relating to the Organizations 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 these manuals are being updated regularly. Similarly, information in respect of Food Corporation of India (FCI), Central Warehousing Corporation (CWC), Directorate of Sugar and Directorate of Vanaspati, Vegetable Oils and Fats (VVOF) can also be accessed at <http://fciweb.nic.in/RTI/inde.htm>, www.fieo.com/cwc/ and <http://fcamin.nic.in/righttoinformationact.htm> respectively.
- 2.73 During the period from 1st April, 2010 to 31st December, 2010, 195 requests were received and all requests were disposed off within the prescribed time limit. Further, during this period 08 appeals have been filed before various Appellate

Authorities of this Department all of which have been disposed off within the prescribed period.

2.74 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 more meaningful. Seven utility softwares relating to Government to Government (G-2-G) interface are also operational on the Department's intranet.

2.75 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 (RTI-MIS) has been developed by NIC, DOPT in consultation with Central information Commission (CIC). The system is designed to monitor the disposal of RTI requests on line. Accordingly, entry of all requests received in the Department under RTI Act, 2005 are being made through the RTIMIS software.

Chapter-III

Food Management



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

FOODGRAINS PRODUCTION DURING 2009-10

3.2 The foodgrains production during 2009-10 is estimated at 218.11 million tonnes which is 16.36 million tonnes or 6.98% less than 234.47 million tonnes of foodgrains production in 2008-09. The kharif foodgrains production estimated at 103.95 million tonnes in 2009-10 is 14.19 million tonnes or 12% less than 118.14 million tonnes of kharif production in 2008-09. The rabi foodgrains production estimated at 114.16 million tonnes is 2.17 million tonnes or 1.87% less than 116.33 million tonnes of rabi foodgrains production in 2008-09.

FOODGRAINS PRODUCTION PROSPECTS DURING 2010-11

3.3 The cumulative rainfall from 1st June to 30th September 2010 was excess to normal in 31 meteorological sub-divisions and deficient/scanty in 05 out of the 36 meteorological sub-divisions in the country. For the country as a whole, the rainfall from the south-west monsoon in 2010 was 2% above the long period average.

3.4 As per the 2nd Advance Estimates released on 09.02.2011, the food grains production is estimated at 232.07 million tonnes during 2010-11 which is 13.96 million tonnes or 6.4% more than the last year food production. The Production of total rice is estimated at 94.01 million tonnes while production of total coarse cereals is estimated at 40.08 million tonnes. Production of total pulses is estimated at 16.51 million tonnes which is 1.85 or 12.62% more than last year production of 14.66 million tonnes.

3.5 The details of final estimates of production of 2009-10 and 2nd advance estimates for 2010-11 are given in **Annexure-III**.

PROCUREMENT

3.6 Foodgrains are procured at the Minimum Support Price (MSP) fixed by the Government. The MSP for Common and Grade 'A' paddy was fixed at ₹ 1000/- and ₹ 1030/- per quintal respectively for the 2010-11 Kharif Marketing Season (October, 2010- September, 2011). The MSP of wheat was fixed at ₹ 1100/- per quintal for the Rabi Marketing Season 2010-11. The comparative MSP of wheat and paddy since 2004-2005 to 2010-2011 (marketing seasons) is given below:

(₹ per quintal)

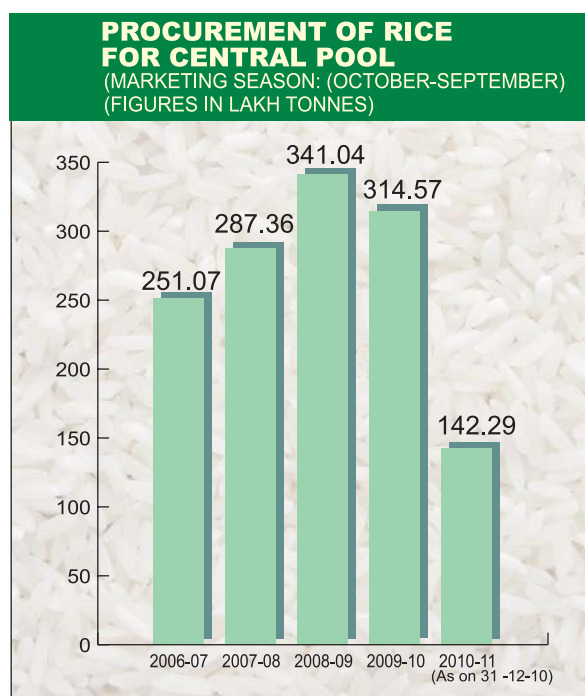
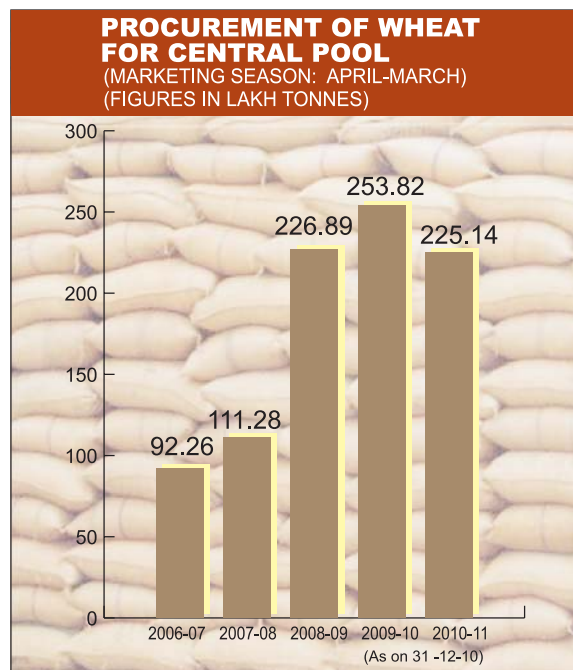
Year	Wheat	Paddy	
		Common	Grade-A
2004-05	630	560	590
2005-06	640	570	600
2006-07	650#	580&	610&
2007-08	750\$	645%	675%
2008-09	1000	850*	880*
2009-10	1080	950**	980**
2010-11	1100	1000	1030

- # An incentive bonus of ₹50 per quintal approved for wheat procured during the period 20.3.06 to 30.6.06.
- & An incentive bonus of ₹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 ₹ 100 per quintal over and above the MSP was also given during the entire RMS 2007-08.
- % An incentive bonus of ₹ 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 ₹ 850 and ₹ 880 per quintal for Common and Grade 'A' varieties of paddy w.e.f. 24.6.2008.
- * An incentive bonus of ₹ 50 per quintal over and above the MSP was also given during the entire KMS 2008-09.
- ** An incentive bonus of ₹ 50 per quintal over and above the MSP was given during entire KMS 2009-10.

SCHEME OF DECENTRALIZED PROCUREMENT OF FOODGRAINS

3.7 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. In the event of the total quantity of wheat and rice thus procured falling short of the total allocation made by the Central Government for meeting the requirement of TPDS and other schemes, the Central Government, through FCI, meets the deficit out of the Central Pool stocks.

3.8 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, Madhya Pradesh, Chattisgarh, Uttarakhand, Andaman & Nicobar Islands, Orissa, Tamilnadu, Gujarat, Karnataka and Kerala.

- 3.9 The total procurement of rice in the States which have adopted decentralized procurement was 78 lakh tonnes during KMS 2003-04, 94 lakh tonnes during KMS 2004-05 and 109 lakh tonnes during KMS 2005-06. During KMS 2008-09, 135.41 lakh tonnes of rice has been procured by these states.

- 3.10 In respect of wheat for states which have adopted decentralized procurement system, the procurement of wheat under this scheme was 60.70 lakh tonnes in RMS 2009-10.

PROCUREMENT OF RICE

- 3.11 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 2006-2007 is given below:

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

(Figures in lakh tonnes)

Year	Procurement		
	FCI	State Agencies	Total
2006-07	91.01	160.06	251.07
2007-08	123.38	163.98	287.36
2008-09	131.78	209.26	341.04
2009-10*	96.64	217.93	314.57
2010-11**	21.17	121.12	142.29

* Position as on 01/10/2010

** Position as on 31.12.2010

- 3.12 For the year 2010-11, procurement of rice is in progress and is estimated to be 313.70 lakh tonnes. The State-wise percentage of the

procurement of rice to the Central Pool during 2009-10 and 2010-11 is given below:

PROCUREMENT OF RICE (INCLUDING PADDY IN TERMS OF RICE) DURING KMS 2010-11 AND CORRESPONDING POSITION DURING KMS 2009-10 FOR THE CENTRAL POOL

STATE	KMS 2010-11		KMS 2009-10	
	Quantity procured (in lakh tonnes)	% of Quantity procured to total procurement	Quantity procured in lakh tonnes	% of Quantity procured to Total procurement
Andhra Pradesh	10.73	7.54	9.47	6.09
Chhattisgarh	13.19	9.27	12.88	8.29
Haryana	16.52	11.61	18.02	11.59

Madhya Pradesh	0.84	0.59	0.37	0.24
Maharashtra	0.46	0.32	0.7	0.45
Orissa	1.9	1.34	3.61	2.32
Punjab	86.34	60.68	92.68	59.62
Tamil Nadu	0.97	0.68	0.24	0.15
Uttar Pradesh	7.02	4.93	13.48	8.67
Uttarakhand	1.48	1.04	1.53	0.98
Others	2.84	2.00	2.47	1.59
Total	142.29		155.45	

(Position upto 31.12.2010)

**Procurement of Rice (including Paddy in terms of Rice) During 2009-10 Kharif Marketing
Season for the Central Pool,
(As on 30.09.2010)**

State	Quantity procured (in lakh tonnes)	% of Quantity Procured to Total Procurement
Andhra Pradesh	72.52	23.05
Chhattisgarh	33.37	10.61
Haryana	18.19	5.78
Punjab	92.75	29.48
Madhya Pradesh	2.14	0.68
Maharashtra	2.2	0.70
Orissa	24.95	7.93
Tamil Nadu	12.16	3.87
Uttar Pradesh	27.26	8.67
Uttarakhand	3.75	1.19
Others	25.28	8.04
Total Procurement	314.57	

PROCUREMENT OF WHEAT

3.13 The State-wise procurement of wheat and the share of different States during the Rabi Marketing Season in the last 5 years is given below:

(In Lakh Tonnes)

STATE	2006-07	2007-08	2008-09	2009-10	2010-11
Haryana	22.29	33.50	52.36	69.24	63.48
M.P.	Neg.	0.57	24.1	19.68	35.39
Punjab	69.46	67.81	99.41	107.25	102.09
Rajasthan	0.02	3.83	9.35	11.52	4.76
U.P.	0.49	5.46	31.37	38.82	16.46
Others	0.00	0.11	10.29	7.31	2.96
All India	92.26	111.28	226.89	253.82	225.14

3.14 The State-wise percentage of procurement of wheat during 2010-11 is given below:

Procurement of Wheat during 2010-11 Rabi Marketing Season
Total Quantity Procured = 225.14 Lakh Tonnes

States	Quantity Procured (In Lakh Tonnes)			% of Quantity Procured by State agencies to Total Procurement made by the States
	FCI	State Agencies	Total	
Haryana	9.58	53.90	63.48	84.91
M.P.	2.40	32.99	35.39	93.22
Punjab	16.54	85.55	102.09	83.80
Rajasthan	4.76	0	4.76	0.00
U.P.	0.25	16.21	16.46	98.48
Total	33.53	188.65	222.18	84.91
Others	0.67	2.29	2.96	77.36
Grand Total	34.2	190.94	225.14	84.81

PRICE POSITION OF FOODGRAINS

3.15 A statement giving the Monthly Average of Wholesale Price Index (WPI) of Foodgrains (Base: 2004-05=100) is given in the **Annexure-IV**.

3.16 The WPI of foodgrains began with 179.0 in January, 2010 and stood at 172.7 in December, 2010 (provisional).

3.17 The index for Cereals began with 170.5 in January, 2010 and stood at 169.2 in December, 2010 (provisional).

3.18 The WPI of rice began with 182.1 in January, 2010 and stood at 171.6 in December, 2010 (provisional).

3.19 The WPI of wheat began with 164.7 in December, 2010 and stood at 166.4 in December, 2010.

Government undertakes to purchase all wheat and paddy of prescribed specifications offered on sale by the framers at the notified Minimum Support Price, thereby ensuring them a stable market for their produce. Non-basmati rice is procured for the Central Pool under the statutory levy system imposed by the State Governments in exercise of powers conferred on them under the Essential Commodities Act, 1955. The levy percentage prevailing in various States/UTs in December, 2010 for the Kharif Marketing Season 2010-11 is given in the **Annexure-V**.

CENTRAL ISSUE PRICE

3.20 Wheat and rice are issued from the Central Pool to State Govts./UTs at uniform Central Issue Price

(CIP) for distribution under the TPDS. The CIPs of foodgrains issued under the TPDS are fixed below the economic cost. The Central Government bears a huge subsidy burden on this account, especially for making available foodgrains at highly subsidized rates under BPL and AAY category.

3.21 The issue prices of wheat and rice for APL and BPL families are as under:-

CIP OF RICE (COMMON & GRADE 'A')

(₹ per quintal)

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

(CIP of Common rice to APL families is applicable to J&K, H.P., North Eastern States, Sikkim and Uttarakhand)

CIP OF WHEAT UNDER TPDS (BPL & APL)

3.22 Central Issue Price of wheat for BPL and APL under TPDS is given below:

(₹ per quintal)

BPL	APL	Effective from
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)

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

BUFFER STOCKING POLICY OF FOODGRAINS

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

- (i) To meet the prescribed Minimum Buffer Stock norms for food security,
- (ii) For monthly releases of foodgrains for supply through the TPDS/Other Welfare Schemes (OWS),
- (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 are as follows:-

(Figures in lakh tonnes)

	Wheat	Rice	Total
1st April	70	142	212
1st July	201	118	319
1st October	140	72	212
1st January	112	138	250

(The above norms include Food Security Reserve of 30 lakh tonnes of wheat from 01.07.2008 and 20 lakh tonnes of rice from 01.01.2009).

BUFFER NORMS FOR XIth 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, and market conditions etc and recommend buffer norms for XIth Plan period.

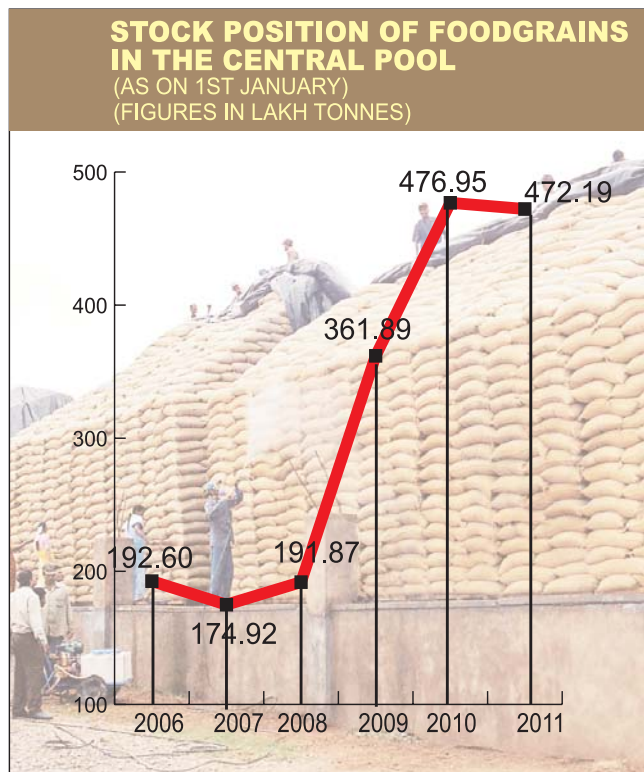
3.27 The National Center for Agricultural Economics and Policy Research (NCAP) was entrusted to undertake a study for revision of Buffer Norms of foodgrains. NCAP submitted its report which has been examined in the Department. The revised report of NCAP was considered by the Technical Group. Meanwhile, the Government is in the process of enacting a National Food Security Legislation which envisage higher requirement of foodgrains for distribution under TPDS. The recommendations of the NCAP are, therefore, being looked at from the above prospective, before the Technical Group could finalize its recommendations on the revised buffer stocking norms.

STOCK POSITION IN CENTRAL POOL

3.28 The stock of foodgrains in the Central Pool as on 01.02.2011 was 473.02 lakh tonnes which comprised of 278.02 lakh tonnes of Rice, 193.73 lakh tonnes of Wheat and 1.27 lakh tonnes of coarse grains. The total stock of foodgrains in the Central Pool including coarse grains as on 1st January during the last seven years was as follows:-

(Figures in lakh tonnes)

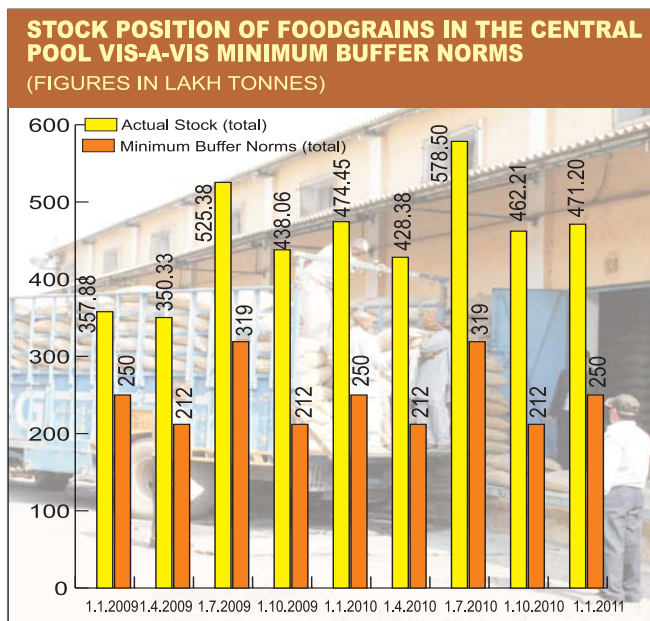
Year	Stock
1st Jan, 2003	482.05
1st Jan, 2004	250.16
1st Jan, 2005	216.97
1st Jan, 2006	192.6
1st Jan, 2007	174.92
1st Jan, 2008	191.87
1st Jan, 2009	361.89
1st Jan, 2010	476.95
1st Jan, 2011	472.19



A view of Stacked Foodgrain Bags

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	WHEAT		RICE		TOTAL	
	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms	Actual stock	Minimum buffer norms
1.1.2003	288.3	84	193.72	84	482.02	168
1.4.2003	156.45	40	171.57	118	328.02	158
1.7.2003	241.94	143	109.74	100	351.68	243
1.10.2003	184.27	116	52.41	65	236.68	181
1.1.2004	126.87	84	117.27	84	244.14	168
1.4.2004	69.31	40	130.69	118	200	158
1.7.2004	191.52	143	107.63	100	299.15	243
1.10.2004	142.23	116	60.92	65	203.15	181
1.1.2005	89.31	84	127.63	84	216.94	168
1.4.2005	40.66	40	133.41	122	174.07	162
1.7.2005	144.54	171	100.71	98	245.25	269
1.10.2005	102.9	110	48.49	52	151.39	162
1.1.2006	61.88	82	126.41	118	188.29	200
1.4.2006	20.09	40	136.75	122	156.84	162



A view of Procured Wheat

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	201	112.49	98	361.61	299
1.10.2008	220.25	140	78.63	52	298.88	192
1.1.2009 #	182.12	112	175.76	138	357.88	250
1.4.2009	134.29	70	216.04	142	350.33	212
1.7.2009	329.22	201	196.16	118	525.38	319
1.10.2009	284.57	140	153.49	72	438.06	212
1.1.2010	230.92	112	243.53	138	474.45	250
1.4.2010	161.25	70	267.13	142	428.38	212
1.7.2010	335.84	201	242.66	118	578.50	319
1.10.2010	277.77	140	184.44	72	462.21	212
1.01.2011	215.40	112	255.80	138	471.20	250

Includes Food Security Reserve of 30 lakh tonnes of wheat from 1.7.2008 onwards and 20 lakh tonnes of rice from 1.1.2009 onwards.

3.30 The Government reviews, on monthly basis, the position of foodgrains stock held in the Central Pool by FCI and the State Governments and their agencies. The stock of rice and wheat in the Central Pool was sufficient to meet the requirement under Targeted Public Distribution System (TPDS) and Welfare Schemes during 2010-11 at existing level of allocations.

PUBLIC DISTRIBUTION SYSTEM (PDS)

INTRODUCTION

3.31 The Public Distribution System (PDS) evolved as a system of management of scarcity and for

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

3.32 Targeted Public Distribution System (TPDS) is operated under the joint responsibility of Central Government and State/Union Territory (UT) Governments. The Central Government is responsible for procurement, allocation and

transportation of foodgrains upto the designated depots of the Food Corporation of India. The operational responsibilities for lifting and distributing the allocated foodgrains within the States/UTs, identification of eligible Below Poverty Line (BPL) families, issuance of ration cards to them and supervision over distribution of allocated foodgrains to eligible card holders through the fair price shops are that of the State/UT Governments. Under the PDS presently the commodities namely wheat, rice, sugar and kerosene, are being allocated to the States/UTs for distribution. Some States/UTs also distribute additional items of mass consumption through the PDS outlets such as cloth, exercise books, pulses, salt, baby food, butter, palmolein, milk and milk products, edible oils, soaps, toothpaste and tea, Maida, 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 1960s. 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) 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.

TARGETED 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 Price (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 ₹ 2/ a Kg. for wheat and ₹ 3/ a 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 group 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 potters, rickshaw-pullers, cart-pullers, fruit and flower sellers on the pavement etc. in urban areas. The Gram Panchayats and Gram-Sabhas were also to be involved in the identification of eligible families.

3.45 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

3.46 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 8.52 lakh tonnes per month as on 30.09.2010.

3.47 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.

3.48 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 ₹ 2/- per kg. for wheat and ₹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.

3.49 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

3.50 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

3.51 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 in both rural and urban areas.
- Households headed by widows or terminally ill persons/disabled persons/ 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

3.52 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 were issued on 12th May, 2005.

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

3.54 The above guidelines have further been amended vide letter dated 3rd June, 2009 to include all eligible BPL families of HIV positive persons in the AAY list on priority, against the criteria mentioned in para 2(b) and 2(c) of the guidelines for identification of AAY families under Antyodaya Anna Yojana, circulated vide letter dated 12.5.2005, within respective ceilings on numbers of AAY families communicated by this Department.

ALLOCATION OF FOODGRAINS UNDER TPDS

3.55 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.

3.56 Accordingly, allocations of foodgrains for AAY and BPL categories are made @ 35 kg per family per month to all accepted number of 6.52 crore families in the country. However, allocation for APL category are made depending upon the availability of stocks of foodgrains in the Central Pool. Presently, the allocation of foodgrains to APL families ranges between 10 kg and 35 kg per family per month.

SCALE OF ISSUE OF FOOD-GRAINS UNDER TPDS

3.57 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

3.58 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.

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

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

3.60 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 occasionally for its genuineness and correct entries of units in them.
- Redressal of grievances.

3.61 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.

3.62 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

3.63 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.

3.64 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

3.65 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 shop-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 December, 2010,

implementation of the action plan has resulted in -

- (a) Elimination of 208.57 lakh bogus/ ineligible ration cards in 26 States,
- (b) Door-step delivery of food grains to FPS, presently being done in 17 States / UTs,
- (c) Involvement of PRIs in vigilance committees to monitor FPS in 27 States / UTs,
- (d) Displaying of BPL lists at FPS in 30 States / UTs,
- (e) Initiation of Computerization of TPDS in 10 States,
- (f) Review of BPL / AAY lists in 33 States,
- (g) Display of district and FPS-wise allocations of food grains on website for public scrutiny in 20 States, and
- (h) Taking up training programmes for FPS level vigilance committees in 27 States & UTs.

(ii) Concurrent evaluation of TPDS

Concurrent evaluation of TPDS has been taken up in 26 States and UTs. For six States (Assam, Mizoram, Bihar, Uttar Pradesh, Chhattisgarh and Rajasthan), the study was awarded to NCAER on 4.5.2006. For additional six States (Kerala, Maharashtra, Uttrakhand, Madhya Pradesh, Jharkhand and Delhi), the study was entrusted to NCAER on 16.1.2007. For six States (Orissa, West Bengal, Tripura, Nagaland, Arunachal Pradesh and Manipur), study was awarded to IIPA on 8.1.2007. For additional eight States and UTs (Jammu & Kashmir, Himachal Pradesh, Haryana, Punjab, Andhra

Pradesh, Tamil Nadu, Karnataka and Chandigarh), the study was awarded to IIPA on 30.3.2007.

The report of NCAER for 12 States has been received. Compared to the earlier findings of PEO and ORG Marg, these reports have revealed improvement in functioning of TPDS in some of these States. These reports have been shared with the concerned State & UT Governments and they have been directed to take further action for improving the performance of TPDS. The final report in respect of 6 States from IIPA has been accepted. The report in respect of remaining 8 States has also been received from IIPA, and is under consideration.

(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 Scheme has been taken up to assess effectiveness of this technology in eliminating leakages/diversion of food grains during transportation. Under the Plan Scheme of strengthening of TPDS, ₹ 44.76 lakh have been sanctioned to these three State Governments during 2007-08. An amount of ₹ 64000/- has also been released during 2009-10 to Tamil Nadu

(iv) Display of identity on vehicles transporting TPDS foodgrains

To minimize the instances of diversion of foodgrains loaded on to trucks in FCI

godowns by the State agencies to the open markets, 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 Committees/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 21 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 States/UTs for information and adoption by the States / UTs. This Charter is intended to be a model for the State Governments. It contains, inter-alia, basic information of interest to the consumers, model procedure and time schedule for the services. The Charter contains essential information viz. entitlement of BPL families, fair average quality of foodgrains, information regarding FPS, procedure for issue of ration cards, inspection and checking, right to information, vigilance and public participation etc.

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 29 States have adopted and implemented it.

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

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

As per reports received from State Governments by end of December, 2010, out of 5.05 lakh fair price shops in the country, about 1,25,743 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 over all 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 ₹ 376 crores for this scheme under the 11th Plan. National Institute for Smart Government (NISG), Hyderabad has been engaged by this Department from March, 2008 as project consultant for implementation of this scheme. The Detailed Project Report (DPR) submitted

by NISG has been approved & Expenditure Finance Committee has approved the Scheme. The scheme is to be implemented in 3 districts each of 4 pilot States, namely Andhra Pradesh, Assam, Chhattisgarh and Delhi.

Memorandum of Understanding has been signed with all Pilot States. The State level DPRs for all the 4 States have been finalised and first instalment of ₹14.775 crore (Andhra Pradesh ₹ 4.405 crore, Assam ₹ 3.485 crore, Chhattisgarh - ₹ 4.085 crore, Delhi - ₹ 2.80 crore) has been released to the State Governments.

In view of the directions given by the Hon'ble Supreme Court in its order dated 27.07.2010, a Task Force headed by Director General, National Informatics Centre, was set up on 09.08.2010 by the Department, for working out the modalities for integration of the existing projects including, Pilot Scheme of Computerisation of TPDS Operation and also to suggest as to how UIDAI will be eventually leveraged.

The Task Force has submitted its report on Computerisation of PDS Operations to this Department on 1.11.2010. The recommendations of the Task Force, including revised timelines, have been accepted by this Department. The scheme is now being processed as per the recommendations of the Task Force.

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 ₹ 142.29 crore to be incurred during 2008-09 and 2009-10., First instalment of funds was released to State Government of Haryana, Chandigarh (UT) and National Informatics Center (NIC) on 26.12.2008. Additional funds have been released to NIC on 17.01.2011 as per their requirement. Trial run of Smart Card based transaction has been completed in June, 2010 in Chandigarh (UT) and State of Haryana. The scheme was launched in July, 2010, in the State of

Haryana & Chandigarh (UT) during Conference of Food Secretaries wherein some beneficiaries were issued Smart Cards.

(xi) Publicity-cum-awareness Campaign

A publicity-cum-awareness campaign has been undertaken amongst the TPDS beneficiaries, functionaries of the State Governments and the general public for increasing their awareness/sensitivity about functioning of TPDS. The Department of Food & Public Distribution has earmarked an amount of ₹ 28 lakh under Plan for the publicity-cum-awareness campaign out of the Budget Provisions for 2010-11. Out of the Plan funds, under the scheme, ₹ 25.80 lakh have been sanctioned to State/UTs during the year 2010-11.

(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, ₹ 72 lakhs were released to 5 State/UT Governments during 2007-08 and about ₹ 70.72 lakhs during 2008-09 to 11 States & UTs and ₹ 88.17 lakh to 11 states during 2009-10.

(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, 15 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, which is under consideration of the Government.

(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 draft scheme for augmentation of financial capacity of State Civil Supplies Corporations, which is further being examined.

ALLOCATION OF FOODGRAINS UNDER TPDS

ALLOCATION NORMS FOR TPDS

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

(I) BPL/AAY allocation norms

Allocations of foodgrains for BPL and AAY categories are made @ 35 kg. per family per month for all accepted 6.52 crores BPL (including 2.43 crores AAY) families in the country as per 1993-94 poverty estimates of Planning Commission and March 2000 population estimates of Registrar General of India.

(II) APL allocation norms

For Above Poverty Line (APL) category, allocations of food grains to different States/UTs are made depending upon the availability of stocks of foodgrains in the Central Pool and past offtake by States. At present, these allocations range between 10 kg and 35 kg per family per month.

ALLOCATION OF FOODGRAINS

3.67 During the current year 2010-11, the Government has released a quantity of 470.80 lakh tonnes under TPDS covering AAY, BPL and APL families. In addition, 5.90 lakh tonnes of foodgrains were also released to States as calamity relief so far.

AD-HOC/ADDITIONAL ALLOCATIONS

3.68 During the current year in addition to the aforesaid quantity of 470.80 lakh tonnes of foodgrains, the Government made the following special additional allocations from the Central Pool to offload the surplus availability of foodgrains, make more foodgrains available in the market to control prices in the open market:

- (i) Special ad-hoc allocation of 30.66 lakh tonnes of foodgrains was made to States/UTs in May 2010 for all accepted number of BPL/AAY/APL families in the country. The issue price of this allocation is ₹ 8.45 per kg for wheat and ₹ 11.85 per kg for rice.
- (ii) 25.00 lakh tonnes of foodgrains was allocated in September, 2010 to all States/UTs for distribution to BPL families at BPL issue price for six months upto March, 2011.
- (iii) 25.00 lakh tonnes of foodgrains was allocated on 06.01.2011 to all States/UTs for

distribution to BPL families at BPL issue price for six months upto June, 2011.

- (iv) 25.00 lakh tonnes of foodgrains was allocated on 06.01.2011 to all States/UTs for distribution to APL families at issue price of ₹ 8.45 per kg. for wheat and ₹ 11.85 per kg. for rice for six months upto June, 2011.

3.69 During the current financial year 2010-11 (upto December,10) the offtake of foodgrains from the Central Pool was 384.40 lakh tonnes as per details given below:-

(IN LAKH TONS)

SCHEME			
(A) TPDS	RICE	WHEAT	TOTAL
AAY	49.06	23.69	72.74
BPL	84.50	43.99	128.49
APL	52.50	74.49	126.99
TOTAL	186.05	142.17	328.22
SPECIAL ADHOC	11.60	9.99	21.59
SUB-TOTAL (A)	197.64	152.16	349.80
(B) WELFARE SCHEMES*			
MDM	13.84	3.59	17.43
WBNP	2.11	5.27	7.38
EFP	0.13	0.00	0.13
Hostels/Welfare Institutions	0.93	0.39	1.23
ANNAPURNA	0.35	0.16	0.50
NPAG	0.07	0.03	0.10
VGB	0.07	0.00	0.07
SUB-TOTAL (B)	17.50	9.44	26.94
(C) OTHER SCHEMES			
WFP,RELIEF,DEFENCE etc.	1.49	0.98	2.47
OPEN SALE/TENDER SALE/ EXPORT	1.57	3.62	5.19
SUB TOTAL (C)	3.06	4.60	7.66
TOTAL (A+B+C)	218.20	166.20	384.40

* As reported by FCI

ALLOCATION OF FOODGRAINS FROM CENTRAL POOL FOR OTHER

WELFARE SCHEMES

MID-DAY MEAL SCHEME

3.70 The Mid-Day Meal Scheme was launched and implemented by the Ministry of Human Resource Development with a view to enhancing enrollment, retention and attendance and simultaneously improving nutritional levels among children with effect from 15th August, 1995 for the benefit of students in primary schools, initially in 2408 blocks in country. By the year 1997-98 the scheme was introduced in all the blocks of the country. The Scheme presently covers students of Class I-VIII of Government and Government aided schools, Education Guarantee Scheme/Alternative and innovative Education Centres (EGS/AIE) to improve nutritional status of children and encouraging them to actively participate in the class-room activities.

3.71 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.



Children having Mid day meal

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.

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

(Figures in lakh tons)

YEAR	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	18.84	9.40	28.24	13.75	7.45	21.20
2003-04	17.72	9.08	26.80	13.49	7.20	20.69
2004-05	20.14	7.35	27.49	15.41	5.92	21.33
2005-06	17.78	4.72	22.50	13.64	3.63	17.24
2006-07	17.22	4.38	21.60	13.05	3.50	16.55
2007-08	19.98	5.30	25.28	3.95	14.41	18.36
2008-09	21.48	4.78	26.26	15.82	4.37	20.19
2009-10	22.85	4.90	27.75	18.54	4.46	23.00
2010-11	24.55	5.33	29.88	13.84	3.59	17.43*

* Offtake upto December, 2010. (Offtake includes backlog quota also.)

WHEAT BASED NUTRITION PROGRAMME (WBNP)

3.73 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.

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

(Figures in lakh tons)

YEAR	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	1.47	1.75	3.22	0.69	2.13	2.82
2003-04	1.04	3.72	4.76	0.61	3.16	3.77
2004-05	1.16	3.42	4.58	0.85	3.57	4.42
2005-06	1.50	2.82	4.32	2.07	2.73	4.80
2006-07	1.98	3.19	5.17	1.61	2.98	4.59
2007-08	2.31	3.20	5.51	1.79	2.74	4.53
2008-09	3.30	4.80	8.10	2.15	3.92	6.07
2009-10	3.44	5.82	9.26	2.40	5.13	7.53
2010-11	6.00	9.00	15.00	2.11	5.27	7.38*

* Offtake upto December, 2010. (Offtake includes backlog quota also)

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

3.75 With a view to meet the requirement of Welfare Institutions viz. N.G.Os/ Charitable Institutions which help the shelterless/homeless poor and other categories not covered under TPDS or under any other Welfare Schemes, an additional allocation of foodgrains (rice and wheat) not exceeding 5% of the BPL allocation of each State/UT is made to States/UTs at BPL prices.

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

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

(Figures in lakh tons)

YEAR	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	6.58	4.53	11.11	1.30	0.14	1.44
2003-04	6.25	5.19	11.44	3.15	0.23	3.38
2004-05	6.06	4.80	10.86	1.94	0.75	2.69
2005-06	3.47	2.44	5.91	2.37	0.27	2.64
2006-07	3.26	0.57	3.83	2.76	0.25	3.01
2007-08	2.13	0.57	2.70	1.61	0.33	1.94
2008-09	2.96	1.12	4.08	2.43	0.41	2.84
2009-10	2.51	0.61	3.12	2.67	0.66	3.33
2010-11	1.64	0.71	2.35	0.93	0.39	1.32*

* Offtake upto December, 2010. (Offtake includes backlog quota also.)

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

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

3.78 This scheme was introduced in October, 1994. Department of Food & Public Distribution is the nodal Department for the scheme. The residents of the hostels having 2/3rd students belonging to SC/ST/OBC are eligible to get 15 kg foodgrains per resident per month. Allocations of foodgrains under the scheme are made based on requests received

from the State/UT Governments. Accordingly, during the current year, allocations under the scheme have been made to Andhra Pradesh, Dadra & Nagar Haveli, Karnataka, Nagaland and Tripura.

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

(Figures in lakh tons)

YEAR	ALLOCATION		
	RICE	WHEAT	TOTAL
2002-03	0.36		0.36
2003-04	1.63	-	1.63
2004-05	1.34	-	1.34
2005-06	-	0.14	0.14
2006-07	1.62	0.14	1.76
2007-08	0.28	0.14	0.42
2008-09	1.14	0.65	1.79
2009-10	1.32	0.18	1.50
2010-11	1.32	0.17	1.49

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

ANNAPURNA SCHEME

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

3.81 From 2002-03, the scheme has been transferred to State Plan along with the National Social Assistance

Programme comprising the National Old Age Pension Scheme and the National Family Benefit Scheme. The implementation of the Scheme at the State level rests with the respective States / UTs.

3.82 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 four years of the 11th Plan - 2007-08, 2008-09, 2009-2010 & 2010-11 are as under: -

(Figures in lakh tons)

YEAR	ALLOCATION			OFFTAKE		
	RICE	WHEAT	TOTAL	RICE	WHEAT	TOTAL
2002-03	0.54	0.24	0.78	0.53	0.62	1.15
2003-04	0.56	0.67	1.23	0.45	0.64	1.09
2004-05	0.90	0.77	1.67	0.64	0.68	1.32
2005-06	0.90	0.77	1.67	0.69	0.70	1.39
2006-07	0.90	0.77	1.67	0.61	0.29	0.90
2007-08	0.92	0.77	1.69	0.70	0.30	1.00
2008-09	0.92	0.77	1.69	0.64	0.31	0.95
2009-10	0.61	0.34	0.95	0.55	0.28	0.83
2010-11	0.81	0.34	1.15	0.35	0.16	0.51*

* Offtake upto December, 2010.

EMERGENCY FEEDING PROGRAMME (EFP)

3.83 Emergency Feeding Programme, is a food-based intervention targetted towards old, infirm and destitute persons belonging to BPL households to provide them food security in their distress conditions. This programme was introduced in 1995-96 covering initially 5 KBK Districts of Orissa with 45,141 beneficiaries. The Scheme is now being implemented by Government of Orissa in eight KBK Districts namely Bolangir,

Kalahandi, Koraput, Malkangiri, Nawarangpur, Naupada, Rayagada and Sonepur of Orissa covering around 2 lakh beneficiaries. Under the scheme, foodgrains (rice) at BPL rates are being allocated to the State Government since May, 2001 by Department of Food & Public Distribution.

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

(Figures in lakh tons)

YEAR	Annual allocation	Offtake
2002-03	0.14	0.13
2003-04	0.14	0.14
2004-05	0.14	0.14
2005-06	0.14	0.12
2006-07	0.17	0.14
2007-08	0.17	0.16
2008-09	0.18	0.17
2009-10	0.18	0.17
2010-11	0.18	0.13*

Allocation upto March, 2011.

* Offtake upto December, 2010.

VILLAGE GRAIN BANK SCHEME

3.85 Village Grain Bank Scheme was earlier implemented by the Ministry of Tribal Affairs in 11 States. However, since November, 2004, the scheme has been transferred to the Department of Food & Public Distribution.

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

3.87 Under the scheme ₹12,200/- per VGB is given as cash component towards infrastructure cost and 40 quintals of foodgrains free of cost.

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

Year	VGBs Sanctioned	States where sanctioned	Amount (₹ in crore)
2005-06	3282	Andhra Pradesh, Orissa, Chhattisgarh, Madhya Pradesh, Jharkhand, Tripura & Meghalaya	19.76
2006-07	8191	Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Himachal Pradesh, Maharashtra, Manipur, Nagaland, Sikkim, Uttarakhand, Uttar Pradesh, and West Bengal	51.79
2007-08	2598	Bihar, Gujarat, Kerala, Manipur, Madhya Pradesh, Nagaland, Orissa, Rajasthan and West Bengal	17.44
2008-09	2407	Manipur, Tripura, Uttar Pradesh and Madhya Pradesh	16.81
2009-10	2214	Andhra Pradesh, West Bengal and Nagaland	17.23
2010-11	1520	Madhya Pradesh and Tripura	11.37*
Total	20212		134.40

* Amount sanctioned upto 31.12.2010

EXPORT AND IMPORT OF FOODGRAINS

Export of rice and wheat

- a. Export of rice and wheat from the Central Pool stocks has been stopped w.e.f. 11.08.2003.
 - b. After meeting the pending commitments of exports, sale of foodgrains for commercial exports have been totally stopped w.e.f 1st October, 2004.
 - c. Initially, export of non-basmati rice from the country was banned vide DGFT's Notification dated 15.10.2007.
 - d. Later on 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.
 - e. With a view to contain the rise in price of wheat in the domestic market and to increase availability of wheat in the country, export of wheat on private account has also been banned with immediate effect vide DGFT's Notification dated 09.02.2007 till 31.12.2007. Again export of wheat and wheat products have also been prohibited w.e.f 08.10.2007 till further orders.
 - f. 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.
 - g. However, humanitarian assistance/aid to needy countries has been given, from time to time, at the prevailing export price on the date of lifting.
 - h. The Government vide DGFT's Notification No.116 dated 03.07.2009 allowed export of 6.5 lakh tons of flour (Maida), Samolina (Rava/Sooji), whole meal Atta and resultant atta upto 31st March, 2010 on private account.
- i. Government has further extended the time limit for export of 6.5 lakh tonnes of flour (Maida), Samolina (Rava/Sooji), whole meal Atta and resultant atta upto 31st March, 2011 vide Notification No. 41/2009-2014 dated 18.05.2010.

Export of rice and wheat on Diplomatic / humanitarian basis

- a. From 01.04.2008 Government has approved export of 20.42 lakh tons of rice (excluding 1,17,100 tons allotted to Nigeria which has refused to lift the quantity) on humanitarian/diplomatic basis. Out of this, 6.90 lakh tons of rice was exported.
- b. Government decided in 2009-10 that Department of Commerce may continue with the export of wheat on diplomatic basis from Central Pool stocks for the quantity approved by Ministry of External Affairs subject to the quantitative limit of 1 million tons including 6.0 lakh tons already approved for Afghanistan.
- c. From the year 2008 onwards Government has approved 8.60 lakh tons (including 6.00 lakh tons to Afghanistan) of wheat for export to various countries on diplomatic basis.
- d. Government has vide Notification No.29/2009-2014 dated 9th Feb.2010 allowed export of 50,000 tons of wheat to Nepal through Food Corporation of India at economic cost.
- e. The EGoM in its meeting dated 10.06.2010 approved export of 33201 tons of non-basmati par boiled rice to Maldives on private account.
- f. Government has vide Notification No. 04(RE-2010)/2009-2014 dated 30th August, 2010 allowed export of 2 lakh tons of wheat to Bangladesh from central pool (through Food Corporation of India) at economic cost.

- g. Government has vide Notification No. 03 (RE-2010)/2009-2014 dated 30th August, 2010 as amended vide Notification no. 20(RE-2010)/2009-2014 dated 10-2-2011 allowed export of 3 lakh tons of non basmati rice (par boiled) to Bangladesh through Food Corporation of India at concessional economic cost.
- h. Summary statements of export of rice and wheat on diplomatic basis are given below:

Details of non basmati rice allowed to be exported to various countries on diplomatic /humanitarian assistance basis after imposition of ban on export of non basmati rice. (Information as on 15.10.2010)

(Quantity in tons)

S.N	Country/ Destination	Quantity Permitted	Quantity Exported	Balance Quantity	Agency	Date of DGFT Notification
1.	Bangladesh	5,51,010*	5,51,000	10	STC- 1,00,000 PEC- 1,00,000 WBECSC-99,990 ? NAFED- 1,00,000 MMTC-1,00,000 LMJ Intl.-50,000 Govt. of WB-1,010#	01.04.2008
2.	Madagascar	50,000	50,000	NIL	STC	-do-
3.	Sierra Leone	40,000	40,000	NIL	PEC	-do-
4.	Comoros	25,000	8,500	16,500**	MMTC	-do-
5.	Mauritius	10,000	10,000		STC -1,000 the quantity has been informed as completed MMTC - 9,000	-do-
	Total	6,76,010	6,59,500	16,510		
6.	Nepal (for WFP)	^1,591	Nil	1591		Under WFP
7.	Bhutan	5,000	Nil	5,000		15.5.2008
	Total	6,591	NIL	6,591		
8.	Ghana	15,000	15,000	NIL	STC	13.10.2008
9.	Senegal	15,000	NIL	15,000	STC	-do-
10.	Nigeria	15,000	NIL	15,000	STC	-do-
11.	Cameroon	10,000	NIL	10,000	STC	-do-
	Total	55,000	15,000	40,000		

12.	Nepal	15,000	NIL	15,000	STC	05.12.2008
13.	Sri Lanka	1,484	1,200	284	Tamil Nadu Civil Supplies Corporation	Under Food Aid programme (Notification dated 1st April,2008)
	Total	16,484	1,200	15,284		
14.	Burkina Faso	24,200	NIL	24,200	MMTC	06.05.2009
15.	Cameroon	21,700	NIL	21,700	MMTC	-do-
16.	Cote D'Ivoire	1,44,900	NIL	1,44,900	MMTC	-do-
17.	Egypt	48,300	NIL	48,300	MMTC	-do-
18.	The Gambia	36,250	NIL	36,250	MMTC	-do-
19.	Mali	24,200	NIL	24,200	MMTC	-do-
20.	Somalia	24,200	NIL	24,200	MMTC	-do-
21.	Tunisia	5,550	NIL	5,550	MMTC	-do-
22.	Zanzibar	12,100	NIL	12,100	MMTC	-do-
23.	Benin	24,200	NIL	24,200	STC	-do-
24.	Ghana	68,800	NIL	68,800	STC	-do-
25.	Guinea Bissau	24,200	NIL	24,200	STC	-do-
26.	Liberia	96,600	NIL	96,600	STC	-do-
27.	Mozambique	24,200	NIL	24,200	STC	-do-
28.	Togo	72,400	NIL	72,400	STC	-do-
29.	Zambia	24,200	NIL	24,200	STC	-do-
30.	Nigeria @	1,17,100	NIL	1,17,100	PEC	-do-
31.	Senegal	1,41,300	NIL	1,41,300	PEC	-do-
32.	Mauritius	15,000	NIL	15,000	PEC	-do-
33.	Sierra Leone	38,500	NIL	38,500	PEC	-do-
34.	Djibouti	12,100	NIL	12,100	PEC	-do-
	Total	10,00,000		10,00,000		

35.	South Africa	25,000	13,930	11,070	PEC	18.06.2009
36.	Sri Lanka	*** 600	600	NIL	Tamil Nadu Civil Supplies Corporation	Under Food Aid programme (Notification dated 1st April,2008)
37.	Sri Lanka	*** 750	750	NIL		
	Total	26,350	15,280	11,070		
38.	Sri Lanka	20,000	Nil	20,000	PEC	Notification No. 33/2009-2014 dt. 03.03.2010
39.	Nepal	25,000	NIL	25,000	MMTC	-Do-
40.	Maldives	33,201	Nil	33,201		Approval conveyed to MEA on 21.6.2010
41.	Bangladesh^^	3,00,000	Nil	3,00,000	STC-2 lakh tons PEC Ltd.-1 lakh tons	Notification No 03 dated 30.8.2010 from Central Pool Stocks
	Total	3,78,201		3,78,201		
	Grand Total	20,41,536	6,90,980	13,50,556		

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

** Short Closed as L/C not opened

As relief material

^ As relief material

*** 1350 tons of rice was approved for Sri Lanka as relief material given by Govt. of Tamil Nadu.

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

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

^^ Export is allowed from Central Pool. Rest allowed from private account.

Details of wheat approved for export to the countries on diplomatic basis

Sl. No.	Name of the Country	Quantity (In tons)	Date & Remarks.
1	Nepal	10,000	10.10.2008 (from private account)
2	Afghanistan	6,00,000	26.11.2008 (from Central pool). Notification is yet to issued.
3	Nepal	50,000	From Central Pool on economic cost. Notification No. 29 dt. 9.2.2010
4	Bangladesh	2,00,000	From Central Pool on economic cost. Notification No. 04 dt. 30.8.2010 through STC, PEC Ltd. (one lakh tons each)
	Total	8,60,000	

Import of rice and wheat

- No import of rice for the Central Pool has taken place during the last six years since 2003-04.
- EGoM in its meeting held on 20.11.2009 has decided that no import of rice for the Central Pool is required but Government at an appropriate time may decide to consider import of rice.
- In order to meet the shortfall in the Central Pool, the Government decided to import wheat during 2006-07 & 2007-08. During 2006-07 a total quantity of 54.54 lakh tons was imported at a weighted average price of US \$ 204.65 (₹ 9,240.72) per ton and in 2007-08 a total quantity of 17.69 lakh MT of wheat was imported at a weighted average price of US \$ 372.82 (₹ 14,755.32) per ton.
- No import of wheat has been made for the Central Pool during 2008-09 and 2009-10 in view of the record procurement of wheat in RMS 2008-09 and 2009-10.

Import duty on rice and wheat

Rice

- Import duty allowed at ZERO from 01.03.2008 to 01.04.2009.
- The government has withdrawn on 31.03.2009 the full exemption on import duty and imposed a basic custom tariff of 70% ad-valorem on semi-milled or wholly milled rice.
- Import duty on rice has been again reduced to NIL upto 30.09.2010 vide Department of Revenue's Notification No.118/2009-Customs dated 14th October 2009. This has further been extended up to 01.10.2011 vide Notification No.102/2010-Customs dated 1st October, 2010.

Wheat

- The import duty on wheat was reduced from 50% to 5% on 28.06.2006.
- The Import duty was further reduced to ZERO percent w.e.f. 09.09.2006.

**OPEN MARKET SALE SCHEME (DOMESTIC)
OMSS (D)**

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

SALE OF WHEAT UNDER OMSS (D)

3.90 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 allocated 9.09 lakh MTs wheat to State/UT Governments under OMSS (D) for distribution to household consumers and small processors during period September 2008-February, 2009. 14.69 lakh MTs of wheat was also allocated for sale to bulk consumers in various States/UTs through open tenders by FCI during October, 2008-March, 2009. In 2009-10, 35 lakh tonnes of wheat has been allocated under OMSS(D). Out of this allocation, 20 lakh tonnes of wheat has been allocated to States/UTs for distribution to retail consumers, 10 lakh tonnes of wheat has been allocated to FCI for tender sale to Bulk consumers and 5 lakh tonnes of wheat has also been allocated to FCI for sale to small processors. Later, on the request of some States/UTs, allocation out of expected saving has also been made. 13.57 lakh tonnes of wheat out of savings has been allocated to FCI for tender sale

of wheat. Similarly, 2.39 lakh tonnes of wheat out of expected savings has also been allocated to States/UTs/NAFED/NCCF for distribution to retail consumers.

3.91 The quantity of wheat disposed of under the OMSS (D) during the last 6 years is as under-

Year	Qty. (Lakh MT)
2005-06	10.50
2006-07	1.02
2007-08	0.09 ✓
2008-09	12.64
2009-10	16.28
2010-11 (as on 31.12.2010)	3.31 *

✓ Lifting after March, 2007 against allocation made in 2006-07

* Lifting after March, 2010 against allocation made in 2009-10

DISPOSAL OF RICE UNDER OMSS (D)

3.92 There has been no OMSS (D) sale of rice in 2007-08 and 2008-09. During 2009-10, 10 lakh tonnes of rice has been allocated to States/UTs for distribution to retail consumers. Later, on the request made by States/UTs, NCCF and NAFED, 4.97 lakh tonnes of rice has been re-allocated from out of savings.

3.93 The quantity of rice disposed of under the OMSS (D) during the last two years is as under-

Year	Qty. (Lakh MT)
2009-10	4.94
2010-11(as on 31.12.2010)	1.70 *

* Lifting after March, 2010 against allocation made in 2009-10.

FOOD SUBSIDY

3.94 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.

3.95 Since 2004-05, the MSP of wheat has increased from ₹ 630 per quintal to ₹ 1100 per quintal in RMS 2011-12. Similarly MSP + bonus of paddy (Common) has increased from ₹ 560 per quintal to ₹ 1000 per quintal in KMS 2011-12. However the Central Issue Prices (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.

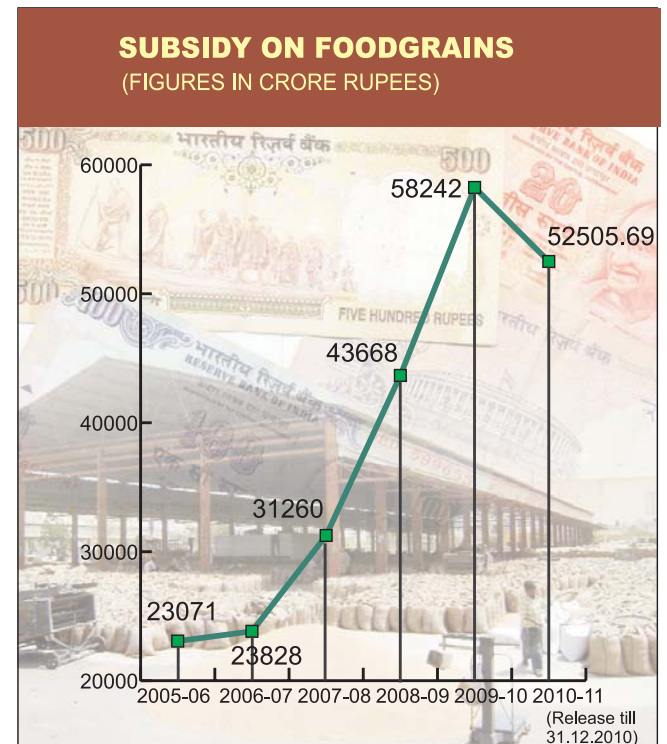
3.96 The subsidy is provided to FCI, which is the main instrument of the Government of India for procurement and distribution of wheat and rice under TPDS and other welfare schemes and for maintaining the buffer stock of foodgrains as a measure of food security. In addition, ten States, namely Madhya 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 Decentralized 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.

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

(₹ in crores)

Year	Subsidy Released		
	FCI	States	Total
2005-06	19871	3200	23071
2006-07	20786	3042	23828
2007-08	27760	3500	31260
2008-09	36744	6924	43668
2009-10	46867	11375	58242
2010-2011 (till 31.12.2010)	42711.75	9793.94	52505.69



Subsidy for 2009-10 & 2010-11

3.98 The quantum of food subsidy depends on the level of procurement of foodgrains and offtake under TPDS and other welfare schemes. During 2009-10, an amount of ₹58242.45 crores was released to FCI and DCP States as food subsidy. In the current year (2010-11) the BE allocation for food subsidy is ₹ 55211 crores (for FCI - ₹ 43211 crores and DCP States - ₹ 12000 crores). Further, ₹ 2943.56 crores for FCI, which includes ₹ 891.379 crores for payment of loss suffered by the corporation due to sale of special bonds and ₹ 1200.00 crores for DCP States have been allocated by M/o Finance in supplementary grants. Revised requirement of food subsidy for the year is estimated at ₹ 81525 crores (FCI- ₹ 65575 crores, DCP States- ₹ 15950 crores).

POST HARVEST MANAGEMENT OF FOODGRAINS

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

S.N.	Item /Activity	Annual Target (2010-11)	Achievement upto 31.12.2010	Projections upto 31.03.2011
1.	Long term/Short term Training Courses (LTTC/STTC)	15	10	15
2.	Artisan Training Courses	8	6	8
3.	Analysis of foodgrain samples for			
	(i) Physical quality parameters	1200	1153	1200
	(ii) Mycotoxin contamination	220	168	220
	(iii) Pesticide residue (No. of samples)	350	265	350

The following Research & Development projects are being undertaken by the IGMRI during 2010-11:

a) Assessment of shelf life of rice stored in

(A) Research & Development and Training on Post Harvest Management of foodgrains (Indian Grain Storage Management and Research Institute- IGMRI)

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

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

The performance of IGMRI under various activities from 01.04.2010 to 31.12.2010 is summarized below:

covered godowns.

b) Storage gain in wheat stored in PP/HDPE bags in Covered & CAP storage.

(B) Quality Standards for Foodgrains (Central Grain Analysis Laboratory-CGAL)

The Government exercises due control over the quality of foodgrains which are procured for the Central Pool for distribution through Targeted Public Distribution System (TPDS) and other welfare schemes. Quality specifications of foodgrains for procurement under Central Pool are formulated by Central Grain Analysis Laboratory (CGAL) for Rabi and Kharif foodgrains keeping in view the interest of producers, consumers and the provisions under the Prevention of Food Adulteration (PFA) Act.

During the period from 01.04.2010 to 31.12.2010, 874 samples of foodgrains were analysed for physical and chemical parameters in the CGAL.

(C) Monitoring Quality of Foodgrains (QUALITY CONTROL CELL-QCC)

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

& Public Distribution.

The main objective of these cells is to ensure the quality of foodgrains at the time of procurement, storage and distribution. Surprise checks are conducted at Procurement Centers, Food Storage Depots, Rail Heads, Rice Mills and Fair Price Shops by the officers of these cells to ensure the quality of foodgrains. It is also ensured that the guidelines/instructions issued by Government about proper storage and maintenance of foodgrains are followed by the FCI, CWC, SWCs and State agencies. These cells attend to various complaints received from MPs, VIPs, State Governments, media and consumers about the quality of foodgrains during procurement, storage and distribution. Discrepancies/shortcomings noticed during inspection/ investigations are communicated to the concerned authorities for taking remedial measures including action against the delinquents.

The inspection activities carried out by Quality Control Cells from 01.04.2010 to 31.12.2010 are as under:

S. No.	Item/Activity	Annual Target (2010-11)	Achievements (upto 31.12.2010)	Projections (upto 31.03.2011)
1.	Inspection of Food Storage Depots	880	629	880
2.	Inspection of Procurement Centers	445	422	445
3.	Inspection of Rail Heads	360	236	360
4.	Inspection of Fair Price Shops (FPSs)	1080	728	1080
5.	Inspection of Rice Mills	240	112	240
6.	Collection of foodgrain samples for physical quality parameters	3700	3601	3700
7.	Investigation of complaints	-	22	-

MOVEMENT OF FOODGRAINS

3.100 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

Inter State Movement of Foodgrains and Sugar						
Month	(Fig in lakh tonnes)					
	Foodgrains		Sugar		Total	
	Planned	Despatches	Planned	Despatches	Planned	Despatches
Jan, 10	29.28	25.15	0.80	0.26	30.08	25.41
Feb,10	37.71	28.22	0.78	0.64	38.49	28.86
March,10	36.02	34.30	0.40	0.46	36.42	34.76
April,10	26.47	26.22	0.51	0.32	26.98	26.54
May,10	21.86	23.14	0.67	0.46	22.53	23.60
June,10	21.83	19.76	0.72	0.48	22.55	20.24
July, 10	27.69	23.10	0.51	0.24	28.20	23.34
Aug,10	27.90	24.78	0.54	0.28	28.44	25.06
Sept,10	29.87	24.67	0.29	0.29	30.16	24.96
Oct,10	30.13	26.49	0.32	0.16	30.45	26.65
Novt,10	35.08	26.87	0.19	0.16	35.27	27.03
Dec.,10	35.25	25.02	0.51	0.39	35.76	35.41
Jan,11	37.05	29.07	0.26	0.26	37.31	29.33

activities connected with the movement of foodgrains for the Public Distribution System and other welfare Schemes. Movement Division in the Department of Food and Public Distribution closely monitors the movement and regularly co-ordinates with the FCI and the Railways. Optimum evacuation of foodgrains from the procuring regions and induction and stocking of foodgrains in the North-Eastern States, Jammu & Kashmir and other deficient areas, identified from time to time, is specially monitored. Regular review meetings are held with FCI and Railway authorities to ensure that

adequate number of Railway rakes are supplied for movement of foodgrains.

- 3.101 The overall movement of foodgrains by the Food Corporation of India (FCI) during the year 2010-11 is estimated to be about 31.38 million tonnes as against 31.23 million tonnes during the previous year.

TRANSPORT OF FOODGRAINS

- 3.102 The actual figures of overall loading clearance Ex.- North and induction of food grains in all the States including Assam/NEF, J&K, H.P. and Southern States during the period from April, 2010 to December, 2010 and anticipated movement from January, 2011 to March, 2011 is as under:-

(Provisional) (Fig in lakh tonnes)

Month	2010-11			2010-11			2010-11			2010-11		
	Overall movement			Overall movement			Movement Ex. North			Movement Ex. North		
	Rail	Road	Total	Inter	Intra	Total	Rail	Road	Total	Inter	Intra	Total
April,10 to Dec., 10 (Actual)	226.07	19.88	245.95	225.06	20.89	245.95	163.69	18.69	182.38	180.79	1.59	182.38
Jan.,11 to March,11 (Anticipated)	69.42	6.42	75.84	69.83	6.01	75.84	49.17	6.29	55.46	55.29	0.17	55.46
Total	295.49	26.30	321.79	294.89	26.90	321.79	212.86	24.98	237.84	236.08	1.76	237.84

OVERALL MOVEMENT 2009-10

(Provisional) (Fig in lakh tonnes)

Month	2009-10			2009-10			2009-10			2009-10		
	Overall movement			Overall movement			Movement Ex. North			Movement Ex. North		
	Rail	Road	Total	Inter	Intra	Total	Rail	Road	Total	Inter	Intra	Total
April, 09 to Dec.,09	191.75	21.10	212.85	194.55	18.30	212.85	129.25	17.88	147.13	146.48	0.65	147.13
Jan.,10 to March,11	90.66	8.75	99.41	88.83	10.58	99.41	63.00	8.47	71.47	71.31	0.16	71.47
Total	282.41	29.85	312.26	283.38	28.88	312.26	192.25	26.35	218.60	217.79	0.81	218.60

INTER STATE INFLOW OUTFLOW BY RAIL & ROAD

(Fig. in lakh tonnes) (Provisional)

REGION	2009-10				2010-11 (UPTO DEC.,10)			
	INFLOW		OUTFLOW		INFLOW		OUTFLOW	
	WHEAT	RICE	WHEAT	RICE	WHEAT	RICE	WHEAT	RICE
PUNJAB	0	0	94.41	61.14	0	0	71.83	48.22
HARYANA	0	0	48.53	11.35	0	0	45.79	12.48
U.P	4.39	0	0	0.68	22.77	0	0	1.22
UTTARAKHAND	1.45	0	0	1.46	0.82	0	0	1.25
J & K	3.96	6.36	0	0	2.34	4.60	0	0
H.P	3.14	2.03	0	0	2.49	1.55	0	0
DELHI	5.83	1.43	0	0	4.55	1.29	0	0
RAJASTHAN	22.72	0.42	0	0	12.70	0.84	0	0
TOTAL	41.49	10.24	142.94	74.63	45.67	8.28	117.62	63.17
MAHARASHTRA	21.18	19.63	0	0.48	18.98	13.09	0	0.10
M.P.	13.76	1.60	0	0.02	1.10	0.84	2.88	0
CHHATTISGARH	1.91	0	0	19.70	3.38	0	0	12.58

GUJRAT	10.82	3.58	0	0	9.12	3.55	0	0
GOA	0	0.10	0	0	0.05	0.05	0	0
TOTAL	47.67	24.91	0	20.20	32.63	17.53	2.88	12.68
TAMIL NADU	3.36	29.82	0	0	1.40	17.34	0	0
KARNATAKA	3.93	25.49	0	0	1.67	16.44	0	0
KERALA	2.31	9.69	0	0	3.17	6.87	0	0
A.P.	0.34	0.70	0	29.65	1.00	0.01	0.12	23.40
TOTAL	9.94	65.70	0	29.65	7.24	40.66	0.12	23.40
ORISSA	4.60	0.01	0	6.69	3.65	0.03	0	3.52
JHARKHAND	3.85	7.46	0	0	1.29	7.29	0	0
W.B.	23.09	0.56	0	4.17	17.42	3.31	0	0.47
BIHAR	7.57	5.47	0	0.25	8.68	8.35	0	0
N.E.	4.73	21.24	0	0	4.09	18.94	0	0
N.E. Road	0	0	0	0	0	0	0.05	1.15
TOTAL	43.84	34.74	0	11.11	35.13	37.92	0.05	5.14
G.TOTAL	142.94	135.59	142.94	135.59	120.67	104.39	120.67	104.39

(Provisional)/ (Fig. in lakh tonnes)

	MOVEMENT OF SUGAR APRIL,10 TO DECEMBER, 2010			MOVEMENT OF SUGAR APRIL, 09 TO DECEMBER, 09		
	Inter	Intra	Total	Inter	Intra	Total
Indigenous	2.78	0	2.78	2.16	0	2.16
Total	2.78	0	2.78	2.16	0	2.16

MOVEMENT PLANNING FROM JAN., 2011 TO MARCH, 2011

(Provisional) (Fig. in lakh tonnes)

MONTH	INDIGENOUS FOODGRAINS	SUGAR	TOTAL
Jan,11	26.00	0.32	26.32
Feb,11	26.00	0.32	26.32
March,11	26.00	0.32	26.32
TOTAL	78.00	0.96	78.96

POSITION OF MOVEMENT (W.EF. APRIL, 2010 TO DECEMBER, 2010)

(Figures in Lakh tonnes)

Sl. No.		Food grains	Sugar	Total
1.	April, 2010	29.43	0.32	29.75
2.	May, 2010	26.76	0.46	27.22
3.	June, 2010	21.82	0.48	22.30
4.	July, 2010	25.55	0.24	25.79
5.	August, 2010	27.19	0.28	27.47
6.	Sept., 2010	27.29	0.29	27.58
7.	Oct., 2010	29.70	0.16	29.86
8.	Nov., 2010	29.78	0.16	29.94
9.	Dec., 2010	28.43	0.39	28.82
Total		245.95	2.78	248.73

DISASTER MANAGEMENT

3.103 The Department also assists in the Disaster Management Operations/Emergency Support Functions of the Government by maintaining a

STATEMENT SHOWING MONTH-WISE MOVEMENT EX. PUNJAB & HARYANA DURING 2010-11.

(Fig. in LMT)

2010-11	WHEAT	RICE	Total
PUNJAB			
April'10	11.13	3.96	15.09
May'10	8.58	4.56	13.14
June'10	7.76	3.29	11.05
July'10	8.14	4.03	12.17
Aug'10	6.66	5.65	12.31
Sept'10	7.12	7.52	14.64
Oct'10	7.73	5.70	13.43
Nov'10	7.00	7.14	14.14
Dec'10	7.72	6.36	14.08
TOTAL	71.84	48.21	120.05
HARYANA			
April'10	5.63	1.49	7.12
May'10	4.70	1.57	6.27
June'10	4.41	0.91	5.32
July'10	4.76	0.81	5.57
Aug'10	5.12	1.04	6.16
Sept'10	3.72	1.12	4.84
Oct'10	6.24	2.35	8.59
Nov'10	5.92	2.09	8.01
Dec'10	5.36	1.12	6.48
TOTAL	45.86	12.50	58.36

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.

Chapter-IV

Storage



National Conference on

Policy for Storage, Handling and Transportation of Food Grains

February 19, 2011 - New Delhi

B B PATTANAİK

NAVEEN PRAKASH

AMIT MITRA

K V THOMAS

B C GUPTA

SIRAJ HUSSAIN

**STORAGE OF FOODGRAINS AND
AUGMENTATION OF STORAGE CAPACITY**

Background on storage related issues

4.1 The storage capacity available with Government agencies both at the Central and the State levels are primarily used for keeping central stocks of foodgrains for the PDS and other Government schemes. The total covered storage capacity available with FCI and State Governments is a little over 42.6 million tonnes. The covered capacity available with FCI as on 01.01.2011 is 274.71 lakh tonnes and that available with State agencies as on 31.03.2010 is 151.19 lakh tonnes. As on 01.01.2011, FCI is having a total storage capacity of about 306 Lakh tonnes with a capacity utilization of 71%. The storage capacity available with FCI, CWC and SWC State-wise as on 01.01.2011 and the storage capacity available with the different State agencies as on 31.03.2010 are given in table below:

**STATEWISE STORAGE CAPACITY - FCI, CWC
& SWC AS ON 01/01/2011**

(In Lakh MTs)

SR. NO	STATES/UTs	FCI	CWC	SWC	TOTAL
1	Bihar	6.98	1.31	2.47	10.76
2	Orissa	6.44	3.73	4.14	14.31
3	West Bengal	11.01	6.5	2.16	19.67
4	Sikkim	0.11	0	0	0.11
5	Jharkhand	1.29	0.35	0	1.64
6	Assam	2.75	0.65	2.53	5.93
7	Arunanchal P	0.22	0	0	0.22

8	Tripura	0.52	0.24	0	0.76
9	Manipur	0.2	0	0	0.2
10	Nagaland	0.2	0.13	0	0.33
11	Mizoram	0.23	0	0	0.23
12	Meghalaya	0.26	0	0.14	0.4
13	Delhi	3.67	1.51	0	5.18
14	Haryana	25.87	5.31	16.74	47.92
15	HP	0.26	0.07	0	0.33
16	J & K	1.31	0	0	1.31
17	Punjab	78.77	6.9	58.05	143.72
18	Chandigarh	3.6	0.13	0	3.73
19	Rajasthan	17.71	4.02	7.71	29.44
20	U.P.	30.77	11.63	29.89	72.29
21	Uttrakhand	2.34	0.71	0	3.05
22	AP	42.21	13.57	21.74	77.52
23	Kerala	5.37	1.22	1.98	8.57
24	Karnataka	8.38	5.42	9.93	23.73
25	Tamilnadu	9.85	6.33	6.36	22.54
26	Pondicherry	0.62	0.07	0	0.69
27	A&N Islands	0.07	0.03	0	0.1
28	Lakshadweep	0	0	0	0
29	Gujrat	7.02	7.72	1.49	16.23
30	Maharashtra	21.19	15.95	11.97	49.11
31	Goa	0.15	0.41	0	0.56
32	M. P.	8.36	5.17	28.64	42.17
33	Chhatisgarh	8.26	2.75	8.47	19.48
34	Damen& DIU	0	0	0	0
35	D&N Haveli	0	0	0	0
	GRAND TOTAL	305.99	101.83	214.41	622.23

STORAGE CAPACITY WITH FCI, CWC AND STATE GOVT./AGENCIES AS ON 31.3.2010

(Figures in Lakh tonnes)

FCI Region	Total with FCI (Owned /Hired)		Total with State Govt./Agencies (only for foodgrains) (excluding Capacity given to FCI)		Total with CWC (only for Foodgrains) (excluding Capacity given to FCI/ State Govt.)	Total Capacity available in the State (for foodgrains)
	Covered	CAP	Covered	CAP		
Andhra Pradesh (Plus Andaman & Nicobar)	35.56	2.62	6.03	0.00	6.87	51.08
Arunachal Pradesh	0.22	0.00	0.05	0.00	0.00	0.27
Assam	2.73	0.00	0.40	0.00	0.07	3.20
Bihar	5.75	0.97	6.30	0.00	0.38	13.40
Chattisgarh	8.43	0.00	9.42	0.00	0.00	17.85
Delhi	3.36	0.31	0.04	0.00	0.00	3.71
Gujarat	6.53	0.27	2.47	0.10	0.00	9.37
Haryana	21.11	3.34	19.78	51.29	0.00	95.52
Himachal Pradesh	0.25	0.00	0.56	0.00	0.01	0.82
J&K	1.31	0.00	1.12	0.00	0.00	2.43
Jharkhand	1.17	0.02	0.02	0.00	0.04	1.25
Karnataka	7.21	1.16	2.70	0.00	1.12	12.19
Kerala	5.17	0.20	1.46	0.00	0.10	6.93
Madhya Pradesh	9.15	0.35	22.16	0.20	0.00	31.86
Maharashtra (Plus Goa)	19.11	1.02	10.67	0.00	0.19	30.99
Manipur	0.20	0.00	0.20	0.00	0.00	0.40
Meghalya	0.26	0.00	0.06	0.00	0.00	0.32

Mizoram	0.23	0.00	0.56	0.00	0.00	0.79
Nagaland	0.34	0.00	0.06	0.00	0.00	0.40
Orissa	6.43	0.00	3.78	0.00	0.00	10.21
Punjab (Plus Chandigarh)	66.63	9.66	24.17	91.28	0.09	191.83
Rajasthan	12.95	3.13	2.25	0.11	0.41	18.85
Tamil Nadu (Plus Pondichery)	9.68	0.61	6.51	0.00	0.70	17.50
Tripura	0.51	0.00	0.39	0.00	0.00	0.90
Uttar Pradesh	21.57	5.30	26.16	1.11	1.38	55.52
Uttarakhand	2.07	0.30	0.20	0.22	0.00	2.79
West Bengal (Plus Sikkim)	10.66	0.51	3.67	0.00	0.17	15.01
TOTAL	258.59	29.77	151.19	144.31	11.53	595.39

4.2 The storage capacity available with FCI is concentrated mainly in the Northern Zone. While the Northern Zone has about 54% of the total available storage capacity; the Southern Zone has about 22%, Western Zone has about 15%, Eastern Zone has only about 8% and North-Eastern Zone has less than 1.5% of the total available storage capacity. Also, about 64% of the storage capacity is concentrated only in 6 major procuring States i.e. Punjab, Haryana, Uttar Pradesh, Andhra Pradesh, Rajasthan & Uttarakhand, while about 14% storage capacity is available in the six newly-emerging procuring States of Bihar, Orissa, Jharkhand, West Bengal, Madhya Pradesh & Chhattisgarh. Only 22% of total storage capacity is available in the consumption States.

4.3 Some of the States have got storage capacities of even less than one month of their requirement e.g.

Jharkhand & Himachal Pradesh, while some other States, especially in North Eastern Region have got storage capacities of less than 2 month's requirement.

4.4 The years from 2007-08 to 2009-10 saw highest levels of procurement of foodgrains by Government agencies ever, resulting in severe strain on the available capacities with the Government agencies for storage of foodgrains. Higher MSP, better reach and consequent higher procurement has helped ensure better and remunerative prices to farmers. However, it has caused strain on available storage capacities with FCI and the State Government agencies involved in procurement. On 1st January, 2011, the foodgrains stocks in the Central Pool reached 47.10 million tonnes, 2.7 times higher than 17.4 million tonnes as on 1st January, 2007.

- 4.5 Due to insufficiency of covered space for storage of foodgrains and due to progressively increasing government stocks, considerable amount of foodgrains had to be stored under open Cover and Plinth (CAP) storage. With the falling procurement levels between 2002-03 and 2006-07, the additional capacities hired by FCI during higher procurement levels in 2000-01 and 2001-02 had to be released to save on the storage charges and also due to adverse observations made by the Departmental Parliamentary Standing Committee and C&AG for keeping idle capacities. The released capacities were not available for hiring again while the procurement levels went up from 2007-08 onwards as these capacities were put to alternate uses in the meantime.
- 4.6 To tackle this situation arising out of sudden spurt in procurement levels which was a result of increase in MSP during last three years, Government formulated a scheme for Construction

of Godowns through private entrepreneurs under PPP mode in 2008 with a view to reduce dependence on CAP (open) storage by construction of covered godowns both in procurement as well as consumption areas through private entrepreneurs. In addition, additional hiring was done by FCI wherever possible and maximum utilization was also made of existing storage capacities.

Storage capacity augmentation and constraints

- 4.7 To further augment storage capacity for foodgrains, FCI have been endeavouring to hire more private capacities in the last 2 years. The General Managers (Region) of FCI have been given full powers for hiring of private godowns for short term usage.
- 4.8 The storage capacity available with FCI during last 4 years is as under:-

Capacity with FCI for the last three years as on 30.6.2010

POSITION AS ON	COVERED			CAP			GRAND TOTAL	%age utilization
	OWNED	HIRED	TOTAL	OWNED	HIRED	TOTAL		
30.6.2007	129.43	92.91	222.34	22.67	2.53	25.2	247.54	62%
30.6.2008	129.63	97.49	227.12	22.97	0.86	23.83	250.95	74%
30.6.2009	129.67	117.15	246.82	23.07	5.70	28.77	275.59	88%
30.6.2010	129.69	144.3	273.99	26.12	6.33	32.45	306.44	91%
31.10.10	129.91	144.3	274.21	26.15	5.65	31.8	306.01	75%
31.12.10	129.91	144.93	274.84	26.26	5.02	31.28	306.12	71%

4.9 On the basis of the recommendations of Standing Committee of Department of Food & Public Distribution, FCI de-hired 173.69 lakh tonnes in various States between the years 2002-03 to 2008-09 as follows :-

(Fig in lakh tonnes)

Year	Covered	CAP	Total
2002-03	31.04	27.67	58.71
2003-04	36.77	13.89	50.66
2004-05	11.21	10.82	22.03
2005-06	9.23	5.00	14.23
2006-07	9.55	0.48	10.03
2007-08	7.11	3.61	10.72
2008-09	6.40	0.91	7.31
Total	111.31	62.68	173.69

4.10 The de-hiring of capacities in years of low procurement to save on storage charges, contributed significantly to increase in open CAP (Cover and Plinth) storage of foodgrains. De-hired covered capacities were not always available for re-hiring as they were put to alternate usages in the meanwhile.

Construction of godowns under Guarantee Scheme of FCI

4.11 In order to create the storage capacity required for storing at least 4 months requirement of PDS in consumption States and for storing procured stocks in procurement States and with a view to substantially reduce CAP storage, the

Department of Food & Public Distribution formulated a Scheme for construction of godowns for FCI as well as for the States undertaking Decentralized Procurement of foodgrains through private entrepreneurs in 2008. Assessment of additional storage needs under the scheme is based on the overall procurement/consumption and the storage space already available. For the consuming areas, storage capacity is to be created to meet four month's requirement of PDS and other Welfare Schemes in a State. For the procurement areas, the highest stock levels in the last three years are considered to decide the storage capacity required.

4.12 A state wise mapping of existing capacities and analysis of additional requirements was undertaken based on objective criteria by State level committees and a High Level Committee of FCI. Based on this analysis and criteria laid down in the scheme, State wise capacity requirement and locations were identified. Detailed terms and conditions for bid documents and model agreements were then formulated to minimize future legal complications. Under the scheme, the Food Corporation of India would now give a guarantee of ten years for assured hiring. A capacity of about 150 lakh tonnes is to be created under the scheme through private entrepreneurs and Central and State Warehousing Corporations. The capacity allocated State-wise under the scheme is given below:

**DETAILS OF STORAGE CAPACITY APPROVED BY HLC (INCLUDING 20 LAKH TONNES
CAPACITY TRANSFERRED FROM PUNJAB)**

As on 31.12.2010

(Figures in MT)

Sl. No	STATE	Capacity approved by HLC	Nodal agency	Capacity Transferred out of Punjab(order dated 27.7.2010)	Total
1	Andhra Pradesh	227,000	CWC/SWC	329,000	556,000
2	Bihar	300,000	CWC/SWC		300,000
3	Chhatisgarh	5,000	CWC		5,000
4	Gujarat	45,000	CWC	307,000	352,000
5	Haryana	3,880,000	Hafed		3,880,000
6	Himachal Pradesh	142,550	Himfed		142,550
7	Jammu & Kashmir	361,690	FCI		361,690
8	Jharkhand	175,000	CWC/SWC		175,000
9	Karnataka	205,000	CWC/SWC	431,000	636,000
10	Madhya Pradesh	1,40,000	MPWLC	295,000	435,000
11	Kerala	15,000	CWC		15,000
12	Maharashtra***	99,500	CWC/SWC	715,000	814,500
13	Orissa (DCP)	300,000	CWC/SWC		300,000
14	Punjab*	7,125,000	Pungrain		7,125,000
15	Rajasthan		CWC/SWC	260,000	260,000
16	Tamil Nadu	345,000	FCI		345,000

* HLC had sanctioned 71.25 lakhs to Punjab. GoI vide letter dated 27.07.2010 has transferred 20 Lakh Tonnes to other states.

* HLC had sanctioned 71.25 lakhs to Punjab. GoI vide letter dated 27.07.2010 has transferred 20 Lakh Tonnes to other states.

*** A capacity of 15000 MT has not been considered for approval at Gondia (Maharashtra).

Out of this tenders have been finalized for creation of storage capacity of 16.06 lakh tonnes by the private entrepreneurs, while more capacities are likely to be finalized in the next few months. CWC and SWCs are constructing 5.31 and 10.64 lakh tonnes respectively under the Scheme, out of which a capacity of 1.13 lakh tonnes has already been

completed by CWC/SWCs while about 2.65 lakh tonnes more will be completed by March, 2011 and the balance capacity is likely to be completed by March, 2012.

4.13 To make the scheme more attractive for private entrepreneurs, the guarantee period was increased

from five years to seven years and at present to 10 years. The ceiling of rate fixed for hiring of godowns has been revised from ₹ 3.80 per quintal per month to ₹ 4.78 per quintal per month. In appropriate cases, the High Level Committee has been empowered to decide higher rates by recording reasons in writing.

4.14 To make the warehousing industry and potential entrepreneurs aware of the scheme, FCI has also been holding investor meets in various States for highlighting the scheme guidelines to the prospective investors. In addition, nodal State agencies have also been holding similar investor meets. An interaction with warehousing industry

& entrepreneurs was organized under the aegis of FICCI on 9th July, 2010 and a number of new suggestions for improvement in the Guarantee Scheme were received. Based on these feedbacks obtained from the industry, the Guarantee Scheme has been suitably modified.

4.15 For expeditious construction of godowns, it was decided that wherever CWC/SWCs have their own land and if this is within the identified locations and storage gap approved by the High Level Committee of FCI, CWC/SWCs will construct godowns on priority for which FCI would give a guarantee of 9 years for the storage charges. The progress under PEG is given in the table:

**Details of Storage Capacity approved by HLC under PEG
(including 20 lakh tonnes capacity transferred from Punjab)**

(As on 18.01.2011)

Sl. No.	STATE	Total Capacity approved by HLC	Quantity allotted to CWC	Quantity allotted to SWCs	Total quantity for which tenders invited (in MT)	Quantity for which offers received (in MT)	Quantity under evaluation (in MT)	Quantity/ tenders finalized (in Lakh MT)
1	Andhra Pradesh	556000	30000	111000	0	0	0	4.15
2	Bihar	300000	0	35000	265000	0	0	0
3	Chhattisgarh	5000	5000	0	0	0	0	0
4	Gujarat	352000	57000	0	295000	207500	110000	
5	Haryana	3880000	5000	83500	0	0	0	2.44
6	Himachal Pradesh	142550	7500	0	0	0	0	0.021
7	Jammu & Kashmir	361690	0	0	0	0	0	1.64
8	Jharkhand	175000	0	0	175000	0	0	0

9	Karnataka	636000	55000	248500	161500	0	0	0
10	Kerala	15000	0	0	0	0	0	0
11	Madhya Pradesh	435000	26400	125000	283600	0	0	0
12	Maharashtra	814500	32400	168500	613000	563000	1845500	0
13	Orissa (DCP)	300000	187500	112500	0	0	0	0
14	Punjab*	5125000	60800	94700	0	0	0	3.9647
15	Rajasthan	260000	0	40000	0	0	0	1.8
16	Tamil Nadu	345000	35000	45000	0	0	0	2.05
17	Uttarakhand	25000	0	0	25000	0	0	0
18	Uttar Pradesh	2681000	0	0	2590500	0	0	0
19	West Bengal (DCP)	156600	29600	0	122000	112000	112000	0
	Total	16565340	531200	1063700	4530600	882500	2067500	16.0657

4.16 Further, in the Eleventh Five Year Plan, the Planning Commission has sanctioned ₹ 149 crores for construction of storage godowns by FCI and the State Governments to which funds are released as grants-in-aid. This would result in the construction of about 1.88 lakh tonnes of storage capacity.

Augmentation of Capacity in North-East

4.17 This Department has prepared a proposal for augmentation of storage capacity in the North East. The North Eastern States do not have proper rail infrastructure and some of these States are not connected by rail. Most of the North Eastern States have meter gauge railway line. During

monsoon track sinkages, landslides and bridge collapses cause disruption in rail movement. The road network of North Eastern States is not adequate to supply foodgrains in case of disruption in rail network. It has also been felt that it may not be possible to attract private investors for creation of storage facilities in the North Eastern States under the guarantee scheme of FCI.

4.18 As per the directions of the Planning Commission this Department proposes to hold EFC meeting for construction of storage godowns in the NE States, capacity totaling 5.25 lakh tonnes at an estimated cost of ₹ 568 crores. The state-wise information is given in the table:

Existing capacity, requirement and gap in storage for foodgrains in North Eastern States including Sikkim

Sl. No.	Name of state	Existing capacity (in MTs)						Storage requirement for 4 months cover (in MTs)	Storage gap (in MTs)
		FCI	SWC/ State Govt./ State agencies	CWC	Private	Total hired	Grand total		
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)= (iv)+ (v)+(vi)	(viii)= (iii)+(vii)	(ix)	(x)=(ix) -(viii)
1.	Assam	2,07,277	11,000 (SWC)	18,000	37,000	66000	2,73,277	6,25,000	3,51,723
2.	Arunachal Pd.	17,500	3,000 (State Govt.)	-	-	3,000 (State)	21,000	45,004	23,836
3.	Nagaland	19,720	-	13,000	-	13,000	32,720	56,000	24,280
4.	Manipur	20,590	-	-	-	-	20,590	48,000	27,410
5.	Meghalaya	13,750	5,000 (SWC)	7,000	-	12,000	25,750	65,000	39,150
6.	Mizoram	22,150	750 (State)	-	-	750	22,900	31,000	8,100
7.	Tripura	29,180	4,700 (State)	17,500	-	22,200	51,380	1,34,000	82,620
8.	Sikkim	10,000	1,000 (S.G)	-	-	1,000	11,000	22,000	11,000
	Total	3,40,167	25,450	55,500	37,000	1,17,950	4,58,117	10,26,004	5,67,887

INTRODUCTION OF NEGOTIABLE WAREHOUSE RECEIPT SYSTEM IN THE COUNTRY

4.19 The Warehousing (Development and Regulation) Act, 2007 was enacted by the Parliament in September, 2007. The Act came into force on 25.10.2010. The Warehousing (Development and Regulation) Act, 2007 provides for negotiability

of Warehouse receipts, development and regulation of Warehouses and establishment of a Warehousing Development and Regulatory Authority (WDRA). The WDRA has been constituted with effect from 26.10.2010 and will perform the functions assigned to it by or under the Warehousing (Development & Regulation) Act, 2007.



Farmer getting warehouse receipt for his produce

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

4.21 The introduction of negotiable Warehouse receipt system in the country will not only help farmers avail better credit facilities and avoid distress sale but will also safeguard financial

institutions by mitigating risks inherent in credit extension to farmers. The pledging/collateralization of agricultural produce with a legal backing in the form of negotiable warehouse receipts will lead to increase in flow of credit to rural areas, reduce cost of credit and will spur related activities like standardization grading, packaging and insurance and in development of chain of quality warehouses.

NATIONAL POLICY ON HANDLING, STORAGE AND TRANSPORTATION OF FOOD GRAINS

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

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

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

4.23 M/s. Adani Exports Limited was selected as Developer-cum- Operator for both the Circuits through a transparent bidding process. A Service Agreement was signed between M/s. Adani

Exports Limited & FCI on 28th June 2005.

4.24 All the base depots and field depots under both the circuits have been completed.

WAREHOUSING DEVELOPMENT AND REGULATORY AUTHORITY (WDRA)

4.25 The Warehousing Development and Regulatory Authority (WDRA) has been set up by the Government of India under the provisions of the Warehousing (Development & Regulation) Act, 2007. The Chairman and two Members as provided under the provisions of the Act have been appointed and they have since joined.

4.26 The functions of the Authority include registration and accreditation of warehouses intending to issue negotiable warehouse receipts. The introduction of negotiable warehouse receipt system in the country will not only help farmers to avail better credit facilities and avoid distress sale but will also safeguard financial institutions by mitigating risks inherent in credit extension to farmers. The pledging/collateralization of agricultural produce with a legal backing in the form of negotiable warehouse receipts will lead to increase in flow of credit to rural areas, reduce cost of credit, packaging and insurance and in development of quality warehousing.

4.27 The Authority has initiated following actions:-

(i) Constitution of the Warehousing Development Advisory Committee

As per the provisions contained in Section 34, the Authority with the prior approval of Government of India, has constituted a 15 members Warehousing Advisory committee (excluding Members of the authority) to advise the Authority on matters relating to regulation under section 51 of the Act.

(ii) Approval of draft regulations by the Advisory Committee

The Advisory Committee, in its meeting held on 1st Feb. 2011 has approved three regulations i.e. (i) Warehousing Development Regulatory Authority (Negotiable Warehousing Receipt) Regulations 2011; (ii) Warehousing Development and Regulatory Authority (Warehousing accreditation) Regulations 2011; and (iii) Warehousing Development and Regulatory Authority (Registration of accreditation Agency) Regulation 2011. These regulations have been sent to M/O Law and Justice for vetting.

(iii) Appointment of Accreditation Agencies

The Authority has appointed Indian Grain Storage Management and Research Institute (IGMRI), Hapur, UP, (ii) National Institute of Agriculture Management (NIAM), Jaipur, Rajasthan and (iii) Nation Cooperation Development Corporation (NCDC), Delhi as accreditation agency for the accreditation of warehouses:-

4.28 Expression of Interest (EOI) has been issued for seeking applications from Government and private organizations for appointment of accreditation agencies.

4.29 The Authority has approved 40 Agricultural Commodities for issue of Negotiable Warehouse Receipts. Till 10th Feb, 2011 the Authority has received 314 applications from warehousemen in various States. All these applications require certification by Accreditation Agencies, process for which has already started.

Chapter-V

Sugar



GENERAL

Sugar production in India has been cyclic in nature. Due to good monsoons and increase in sugarcane area under cultivation, sugar production from sugarcane during the seasons 2006-2007 and 2007-08 increased substantially to 282 lakh tons and 263 lakh tons, respectively. However, sugar production declined to about 147 lakh tons in 2008-09 sugar season and then increased to about 188 lakh tons in 2009-10 sugar season. The Central Government took a slew of measures to augment domestic stocks of sugar as indicated below:

- I. Allowed sugar mills on 17.02.2009 to import duty-free raw sugar under Advance Authorization Scheme on 'ton-to-ton' basis upto 30.09.2009.
 - II. Allowed sugar mills on 17.04.2009 to import duty-free raw sugar under Open General License (OGL). Later on, this facility was extended to private trade on job basis. Presently, it is in force upto 31.03.2011.
 - III. Allowed STC/MMTC/PEC and NAFED on 17.04.2010 to import duty-free white / refined sugar initially with a cap of 1 million tons. Later on, duty-free import was also allowed to other Central / State Government Agencies and private trade without any cap on the quantity. Presently, this facility is in force upto 31.03.2011.
 - IV. Levy obligation has been removed in respect of all imported raw sugar and white/refined sugar. The white/refined sugar has also been allowed to be sold at the discretion of the importing organizations. Sugar processed from imported raw sugar is subject to accelerated releases.
- 5.1 During 2010-11 sugar season sugar production is provisionally estimated at about 245 lakh tons.

NUMBER OF SUGAR FACTORIES

5.2 There were 654 installed sugar factories in the country as on 31.12.2010. The sector-wise breakup is as follows: -

	Sector	Number of Factories
(i)	Cooperative	321
(ii)	Private	272
(iii)	Public	62
	TOTAL	655*

* Includes closed sugar factories.

SUGAR CANE PRICING POLICY

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

- a) cost of production of sugarcane;

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

(* inserted vide notification dated 29.12.2008.)

- g)** reasonable margins for the growers of sugarcane on account of risk and profits.

(** inserted vide notification dated 22.10.2009)

5.4. The FRP for sugarcane is the benchmark price below which no sugar factory can purchase sugarcane from a farmer subject to other provisions of the Sugarcane (Control) Order, 1966. The farmer is free to sell sugarcane to a sugar factory at a higher price as per the market economics, as has been the case throughout the 2009-10 sugar season.

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

CANE PRICE PAYMENT AND ARREARS POSITION

5.6 As reported by the State Governments and the sugar mills, the position of cane price payment and arrears for the sugar season 2009-10, as on 15.11.2010 was as under:-

(Amount in ₹ Crores)

i)	Cane price payable	39301.03
ii)	Cane price paid	39236.58
iii)	Cane price arrears	64.45
iv)	Percentage of cane price arrears on cane price payable	0.16

5.7 The cane price arrears for the sugar season 2009-10 has further declined to ₹ 55.99 crores as per the latest reports received from the State Governments and the sugar mills.

SUGAR POLICY: PARTIAL CONTROL

5.8 Sugar and sugarcane are essential commodities under the Essential Commodities Act, 1955.

5.9 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

5.10 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% with effect from January 1, 2000 and to 15% with effect from February 1, 2001. The levy obligation was further reduced to 10% with effect from March 1, 2002. In order to ensure adequate supply of levy sugar for distribution in the Public Distribution System (PDS), the Central Government increased the levy obligation on sugar factories from 10% to 20% in 2009-10 sugar season. However, the levy obligation has been reduced to 10% in 2010-11 sugar season in view of estimated higher production of sugar in the season.

REGULATED RELEASE MECHANISM

5.11 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 provides, 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.

FUTURES/ FORWARD TRADING IN SUGAR

5.12 The commodity futures trading in sugar is regulated under the provisions of the Forward Contracts (Regulation) Act, 1952. Futures contracts in sugar are traded at three national exchanges viz. National Commodity and Derivative Exchange Ltd. (NCDEX), Mumbai, Multi Commodity Exchange Ltd. (MCX), Mumbai and National Multi Commodity Exchange (NMCE), Ahmedabad. Bulk of the futures trading in sugar takes place at NCDEX. The Forward Markets Commission suspended futures trading in sugar in domestic exchanges w.e.f. 27th May, 2009 to curb any possible speculative tendency. The future trading has since been resumed, with effect from 27.12.2010.

IMPOSITION OF STOCK-HOLDING AND TURNOVER LIMITS ON SUGAR DEALERS

5.13 Besides augmenting the sugar stocks by permitting import of raw and white/refined sugar in 2008-09 and 2009-10 sugar seasons, the Central Government has imposed stock holding and turnover limits to moderate prices of sugar-

- Department of Consumer Affairs amended the Removal of (Licensing Requirements, Stock Limits and Movement Restrictions) on Specified Foodstuffs Order, 2002, (Removal Order, 2002) vide notification dated 09.03.2009 and the subsequent notifications dated 2.7.2009, 18.12.2009, 02.09.2010 and 30.12.2010.
- Department of Food and Public Distribution imposed the following stock-holding and turnover limits on sugar dealers vide

notification dated 12.03.2009 for a period of four months, and thereafter for another period of six months vide the notification dated 16.7.2009 and further upto 30.09.2010 vide notification dated 11.01.2010. Further, Khandsari sugar has been brought under the ambit of stockholding and turnover limit. Presently, these limits are in force upto 31.03.2011 as extended vide notification dated 31.12.2010.

Turn over 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 places- 2000 quintals For Khandsari sugar - 2000 quintals

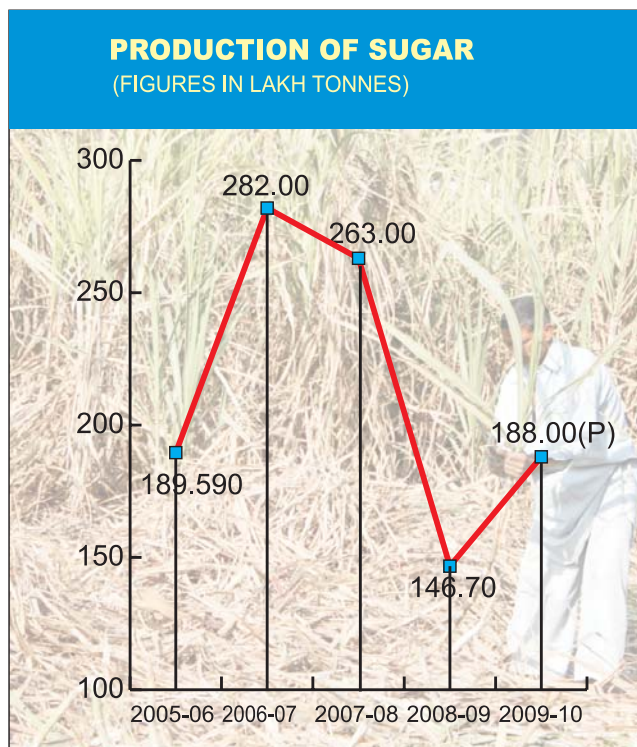
PRODUCTION, CONSUMPTION AND STOCK OF SUGAR

PRODUCTION OF SUGAR

5.14 Season-wise production of sugar from sugarcane since 2006-07 is given below:

(In lakh tons)

Sugar Season	Production of Sugar
2006-2007	282.00
2007-2008	263.00
2008-2009	146.70
2009-2010	188.00(P)



5.15 During sugar season 2010-11, production of sugar is provisionally estimated at about 245 lakh tons as against the production of 188.00 lakh tons (provisional) during the previous sugar season 2009-10. The increase in sugar production during the current sugar season is mainly due to increase in sugarcane area under cultivation.

CLOSING STOCK OF SUGAR

5.16 The estimated closing stocks of sugar at the end of each sugar season from 2006-07 to 2009-10 are given below:

(Quantity in lakh tons)

Sugar Season	Closing Stock
2006-2007	110.00
2007-2008	105.00
2008-2009	38.57
2009-2010 (Provisional)	51.25

CONSUMPTION OF SUGAR

5.17 The estimated consumption of sugar from 2006-07 is given below:-

(Quantity in lakh tons)

Sugar Season	Internal Consumption
2006-2007	191.00
2007-2008	205.00
2008-2009	220.00
2009-2010	220.00

5.18 The details of estimated carry-over stocks, production, imports, availability, estimated internal consumption, exports and estimated closing stocks in the four sugar seasons i.e. 2006-07 to 2009-10 are given below: -

(Quantity in lakh tons)

Particulars	2006-2007	2007-2008	2008-2009	2009-10 Estimated(P)
Carry-over stocks from Previous season	44.00	105.00	100.00	35.83
Production of Sugar	282.00	263.00	147.00	188.00
Imports of sugar\$	-	-	24.47**	41.08**
Total availability	326.00	368.00	271.47	265.63
Internal consumption/internal releases	191.00	215.00	230.08	208.78 + ###3.2
Exports	25.00*	58.00*	2.1*	2.4*
Closing stocks at the end of season	110.00	105.00	38.57	51.25

* As per data from DGCIS, Kolkata.

** As per Department of Revenue

Direct import consumption by bulk consumers

NB: Closing balance of one season is different from opening balance of next season to account for damaged/wet sugar and sugar sold under Court orders etc.

LEVY SUGAR SUPPLY UNDER PDS

5.19 The population base for supply of levy sugar under the Public Distribution System (PDS) was changed from 1991 census population to the projected population as on 01.03.1999 w.e.f. 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.

5.20 In order to ensure better targeting, with effect from 01.02.2001, levy sugar supply under the PDS has been restricted to the Below Poverty Line (BPL) families in all States/Union Territories except the North Eastern States, Hill States and Island Territories where universal coverage has been allowed.

5.21 The minimum per head per month quantum of levy sugar allotted under the PDS stands increased from 425 gms to 500 gms w.e.f. 01.02.2001.

5.22 The total quantity of monthly levy sugar quota under the PDS for various States/UTs w.e.f. 01.02.2001 in the country is 2.16 lakh tons.

RELEASE OF LEVY AND NON-LEVY (FREE SALE) SUGAR

5.23 A quantity of 183.44 lakh tons and 25.34 lakh tons of non-levy (free sale) and levy sugar, respectively has been released for sale in the open market during 2009-10 sugar season, which includes sugar from dismantled buffer stock, refined/white sugar produced from imported raw sugar and imported white / refined sugar.

5.24 During the current 2010-11 sugar season (upto December, 2010), a quantity of 6.71 lakh tons of levy sugar and 45.5 lakh tons of non-levy (free sale) sugar, which includes refined / white sugar produced from imported raw sugar and imported white / refined sugar, has been released.

LEVY PRICE OF SUGAR

5.25 Under Section 3 (3C) of the Essential Commodities Act, 1955, the price of levy sugar (up to sugar season 2008-09) is required to be determined by the Central Government having regard to:-

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

However, Section 3(3C) of Essential Commodities Act, 1955 has been amended vide notification dated 22.12.2009 for determination of price of levy sugar from 2009-10 sugar season having regard to:-

- (a) the fair and remunerative price, if any, determined by the Central Government as the price of sugarcane;
- (b) the manufacturing cost of sugar;
- (c) the duty or tax, if any, paid or payable thereon; and
- (d) a reasonable return on the capital employed in the business of manufacturing of sugar.

5.26 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 ₹1305.92 per quintal for the sugar season 2003-04 as against ₹ 1259.99 per quintal for the sugar season 2002-2003.

5.27 The levy sugar price of sugar seasons 2004-05, 2005-06, 2006-07 have been notified provisionally, which are the same as was notified for the sugar season 2003-04. The levy sugar price for the sugar season 2004-05 to 2006-07 is to be finalized on the basis of the report of the Cost Accounts Branch (CAB) of Ministry of Finance which is under examination of this Department.

5.28 A study into the cost structure of the sugar industry was entrusted to the Tariff Commission, which shall be applicable for the sugar season 2007-08 to 2009-10. The Tariff Commission has submitted its report to the Central Government which is under examination. However, the levy sugar price of sugar seasons 2007-08 and 2008-09 have been notified provisionally, which are the same as was notified for the sugar season 2003-04 and the levy sugar price for the sugar season 2009-10 has been notified on the provisional basis by taking into account the FRP announced by the Central Government for the sugar season 2009-10. The

levy sugar price of sugar season 2010-11 has also been worked out on provisional basis. The notification is under issue. The all-India average ex-factory levy sugar price for the sugar season 2009-10 comes to ₹1757.50 per quintal and for the 2010-11 sugar season, to ₹ 1847.05 per quintal. The levy sugar price for sugar season 2007-08 to 2009-10 will be finalized after acceptance of the report of the Tariff Commission by the Government.

RETAIL ISSUE PRICE OF LEVY SUGAR UNDER THE PDS

5.29 The retail issue price of levy sugar under the PDS has been fixed at ₹13.50 per kg with effect from March 1, 2002 and remained at the same level during 2009-10 sugar season and upto December, 2010.

EX-MILL PRICES OF NON LEVY SUGAR

5.30 The range of ex-mill prices of non-levy sugar (S-30 grade) in the major centers of the country during the sugar seasons 2006-07 to 2010-11 (up to 31.12.2010) was as under:-

(Rupees per quintal)

Sugar season (Oct-Sept)	Range of ex-mill prices of sugar
2006-07	1100-1830
2007-08	1130-1930
2008-09	1520-3300
2009-10	2500-4400
2010-11 (upto 31.12.10)	2400-3090

SOURCE:-Daily Trade Mart Enquiry, Directorate of Sugar.

RETAIL PRICES OF NON-LEVY SUGAR

5.31 The range of retail prices of non-levy (free sale) sugar (S-30 grade) during sugar seasons 2006-07 to 2010-11 (up to 31.12.2010) was as under:-

(Rupees per kg.)

Sugar season (Oct-Sept)	Range of retail prices of sugar
2006-07	13.50-22.00
2007-08	14.00-24.00
2008-09	16.00-37.50
2009-10	25.00-47.00
2010-11 (upto 31.12.2010)	28.00-33.00

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.

5.32 There was appreciable decline in the market prices of free sale sugar, which constrained the capacity of the sugar mills to pay the cane price to sugar cane 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. The period of above buffer stock was further extended for one more year i.e. up to 17.12.2004.

5.33 The position of the buffer subsidy claims settled in respect of the buffer stock created during 2002-03 sugar season is as under-

(₹ in crores)

Sl. No.	Period	No. of sugar mills in which claims settled	Amount involved
1.	18.12.2002 to 17.12.2003 [75% Advance]	357	219.72
2.	18.12.2002 to 17.12.2003 [Balance]	352	67.98
3.	18.12.2003 to 30.09.2004	305	238.01
4.	01.10.2004 to 17.12.2004	220	54.95

5.34 The year wise details of the buffer subsidy disbursed for the buffer stock created during 2002-03 sugar season is ₹ 580.66 crores (upto 31.12.2010)

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.

5.35 In order to alleviate the distress of the sugar mills to pay cane price to sugarcane farmers due to fall in prices of sugar in open market and also in the international market, the Government created a buffer stock of 20 lakh MTs 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 MTs for the period of one year from 01.08.2007 to 31.07.2008 vide order dated 01.08.2007.

5.36 Accordingly, buffer stocks 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 out of 30 lakh tons buffer stock created for the period from 01.08.2007 to 31.07.2008.

5.37 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. As per the policy adopted, the buffer subsidy is being disbursed in three installments as follows:-

- First instalment of three quarters comprising of first two quarters of 20 lakh tons and first quarter of 30 lakh tons.
- Second instalment of four quarters comprising of third and fourth quarters out of 20 lakh tons and second and third quarters out of 30 lakh tons.
- Third and final instalment of fourth quarter of 30 lakh tons.

5.38 As on 31.12.2010, the position of the buffer subsidy claims settled in respect of the buffer stock created during 2006-07 sugar season is as under-

(₹ in crores)

Sl. No.	Period	No. of sugar mills in which claims settled	Amount involved
1.	01.05.2007 to 31.10.2007	370	206.38
2.	01.11.2007 to 30.04.2008	325	297.55
3.	01.05.2008 to 31.07.2008	205	74.36

5.39 The buffer subsidy disbursed for the buffer stock created during 2006-07 sugar season is ₹ 578.29 crores (upto 31.12.2010).

EXPORT ASSISTANCE SCHEME

A. Scheme for export of sugar made between 21.06.2002 and 18.08.2004.

5.40 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 @ ₹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 @ ₹ 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.

5.41 In order to enable sugar mills to pay cane price to sugarcane farmers, the Government announced on 19.04.2007 a scheme for giving financial assistance to sugar factories for export of sugar made between 19.4.2007 and 18.04.2008, which was later extended to 30.09.2008 under Govt. Order dated 28.03.2008.

5.42 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 ₹ 1350 per tonne for sugar mills located in coastal States and ₹ 1450 per tonne for sugar mills located in non-coastal States. Number of claims settled and assistance paid to the sugar mills under the above schemes of the Central Government since 2003-04 is given below.

5.43 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 under old scheme during the financial years 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 and under new scheme of export assistance during the financial year 2007-08, 2008-09, 2009-10 and 2010-11 (upto 31st December, 2010) are given below:-

Year	Sanctioned Budget (BE) (₹ 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. (₹ in crore)	No. of claims settled	Actual Exp. (₹ in crore)	No. of claims settled	Actual Exp. (₹ in crore)	No. of claims settled	Actual Exp. (₹ 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	0.74	459	284.26	462	285.00
2009-10	285.00	---	---	2	.60	441	284.40	443	285.00
2010-11 (upto 31.12.10)	200.00	--	--	--	--	91	58.02	80	51.43
Total		918	95.17	429	52.92	1115	696.6	2451	838.10

EXPORT OF SUGAR

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

Financial Year(April-March)	Quantity (In lakh MTs)	Value (₹ in crores)
2003-2004	12.01	1216.59
2004-2005	1.09	149.52
2005-2006	3.17	557.09
2006-2007	17.52	3268.65
2007-2008	46.41	5404.18
2008-2009(P)	33.34(P)	4426.03(P)
2009-2010(P)	0.418(P)	108.84(P)
2010-2011 (Upto Sept, 2010)	2.16(P)	584.95(P)

(P) Provisional



Shri Sharad Pawar, Hon'ble Minister of A,CA,F&PD addressing the 76th Annual General Meeting of Indian Sugar Mills Association held on 15th December 2010.

- 5.45 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 tons.
- 5.46 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 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.
- 5.47 In view of expected higher production of sugar in 2006-07 sugar seasons, 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.
- 5.48 The Government further reviewed the restrictions on export of sugar, keeping in view the high level of sugar production of over 282 lakh tons during 2006-07 season and the anticipated sugar production of 280 lakh tons in the 2007-08 season, the Government vide Notification No. S.O. 1310 (E) dated 31st July, 2007 have dispensed with requirement of obtaining export release orders from the Directorate of Sugar for export of sugar except for export to the member countries of European Union and United States, for a period up to 30th September, 2008 which was

subsequently extended upto 31.12.2008 in respect of export under OGL.

5.49 The sugar production scenario changed in 2008-09 sugar season and keeping in view the estimated lower production of sugar in 2008-09 sugar season, the Central Government reintroduced the requirement of obtaining release order for export of sugar w.e.f. 01.01.2009 under Open General License and from 13.02.2009 in respect of exports under Advance Authorization Scheme.

5.50 The Sugar production during 2010-2011 is estimated to be higher than 2008-09/2009-10 sugar season. In view of this, the Central Government has allowed export of sugar to all such advance license holders who have imported raw sugar against the advance licenses/authorisation issued to them on 'ton-to-ton' basis during the period from 21.09.2004 to 15.04.2008 and 17.02.2009 to 30.09.2009.

IMPORT OF SUGAR

5.51 Import of sugar, which was placed under Open General License (OGL) with zero duty in March 1994, continued with zero duty upto 27.04.1998. The Government imposed a basic customs duty of 5% and a countervailing duty of ₹850.00 per ton on imported sugar with effect from 28.4.1998. The basic customs duty was increased from 5% to 20% w.e.f. 14.01.1999 in addition to the countervailing duty. In the Union Budget for the year 1999-2000, duty on imported sugar was further increased from 20% to 25% with surcharge of 10%. The customs duty on imports of sugar was again increased to 40% on 30.12.1999 and 60% on 09.02.2000 along with

continuance of countervailing duty of ₹ 950 per ton (w.e.f. 01.03.2008) plus 3% education cess.

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

FINANCIAL YEAR	QUANTITY (In Lakh MTs.)	CIF VALUE (₹ in crores)
2003-2004	0.74	62.70
2004-2005	9.33	976.17
2005-2006	5.59	651.80
2006-2007	0.010	3.48
2007-2008	0.005	2.29
2008-2009 (P)	3.61 (P)	548.43 (P)
2009-2010 (P)	19.697 (P)	4597.04 (P)
2010-2011 (Upto Sept,2010)	7.09 (P)	1950.18 (P)

(P) Provisional

5.53 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 further allowing such importers to fulfil 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. Such a severance of physical link between imported raw material and export product came to be known as ton-to-ton policy.

5.54 Due to 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 fulfil the export obligation on 'ton-to-ton' basis within the stipulated time. The Government has also extended the period for fulfilment of balance export obligation upto 31-03-2011 against raw sugar imported during the period from 21-09-2004 to 15-04-2008.

5.55 The Government allowed import of raw sugar at zero duty under Open General License (OGL) first by the sugar mills from 17.04.2009 and then by Private Trade also from 31.07.2009 upto 31.12.2010. The Government has also allowed duty-free import of white/refined sugar upto 31.12.2010 without any quantitative cap. Initially, 4 Central Public Sector Units/Organisations were allowed such import of white/refined sugar upto a cap of 1 million ton from 17.04.2009 and subsequently, it was opened upto other Central / State Government Agencies / Private trade from 31.07.2009. The time period for duty free import of raw and white/refined sugar has been subsequently extended upto 31.03.2011.

5.56 As per information received from the Department of Revenue, a total of 56.33 lakh tons of raw sugar and 9.94 tons of refined / white sugar was imported during the season 2008-09 and 2009-10 (Upto August, 2010). The season-wise break up is given in the table :

Sugar Year (Oct., - Sept.)	Quantity (In Lakh MTs)		
	Raw	White/refined	Total
2008-2009	22.37	2.10	24.47
2009-2010	33.96	7.84	41.80
Total	56.33	9.94	66.27

5.57 The Government also decided that there would be no levy obligation on such processed raw sugar and imported white/refined sugar. The white/refined sugar has also been allowed to be sold at the discretion of the importing organizations. Sugar processed from imported raw sugar is subject to accelerated releases.

5.58 DGFT has informed that during the period from 21.09.2004 to 15.04.2008 for import of raw sugar, a total quantity of imports made during the above period was 22,13,173 MTs and export obligation was 21,17,552 MTs. Out of this export obligation to the tune of 13,07,902 MTs has been fulfilled and the balance export obligation of 8,09,650 MTs is yet to be fulfilled. The time period to fulfill the pending export obligation has been extended upto 31.03.2011 without payment of composition fee. However, advance license holders have been given option to pay the custom duty as applicable on the date of import for the quantity of unfulfilled export obligation relating to import under such dispensation and get their pending export obligation discharged.

SUGAR DEVELOPMENT FUND

5.59 Under the Sugar Cess Act, 1982, a cess @ ₹14.00 per quintal upto 31.12.2007, @ ₹15.00 per quintal from 01.01.2008 and @ ₹ 24.00 per quintal w.e.f

from 1.3.2008 is being collected on all sugar produced and sold by any sugar factory within India.

5.60 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).

5.61 During the period from 1982-83 to 2010-11 (upto 31.12.2010) net cess amount of ₹ 6034.13 crore has been collected. Of this, upto 31.12.2010, ₹ 5556 crores has been transferred to the Sugar Development Fund.

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

- a) Making loans for facilitating the rehabilitation and modernization of any sugar factory.
- b) Making loans for the undertaking of any scheme for development of sugarcane in the area in which any sugar factory is situated.
- c) Making grants for the purpose of carrying out any research project aimed at the promotion and development of any aspect

of sugar industry.

- d) Defraying expenditure on internal transport and freight charges on export shipment of sugar.
- e) Making loans to any sugar factory to implement a project of bagasse-based co-generation of power.
- f) Making loans to a sugar factory for production of anhydrous alcohol or ethanol.
- g) Defraying expenditure for the purpose of building up and maintenance of buffer stock with a view to stabilizing price of sugar.
- h) Defraying expenditure for the purpose of financial assistance to sugar factories towards interest on loans given in terms of any scheme approved by the Central Government from time to time.
- i) Defraying any other expenditure for the purpose of the Act.

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

5.64 Upto 31.12.2010, the amount disbursed to various sugar mills for various schemes during financial year 2010-11 is as follows: -

(₹ in Crores)

Sl. No.	Name of Scheme	Amount disbursed
1.	Loans to sugar factories for modernization/ rehabilitation of plant and machinery including expansion of crushing capacity	146.70
2.	Loans to sugar factories for sugarcane development	35.00

3.	Loans to sugar factories for bagasse based cogeneration power projects	360.13
4.	Loans to sugar factories for production of ethanol from anhydrous alcohol/alcohol from molasses	62.13
5.	Reimbursement of Internal Transport & Freight to sugar Factory on export shipment and payment of other permissible claim	50.62
6.	Subsidy for maintenance of Buffer Stock of Sugar	49.82
7.	Scheme for Extending Financial Assistance to Sugar Undertaking, 2007	129.50
8.	Admn. of Sugar Development Fund	18.06
	Total	851.96

5.65 During the financial year 2010-11 (upto 31.12.2010) an amount of ₹271.10 crores has been recovered from various sugar mills from the outstanding recoverable dues of SDF loans and ₹ 524.04 crores is available as closing balance of SDF Account as on 31.12.2010.

NATIONAL SUGAR INSTITUTE, KANPUR

5.66 The National Sugar Institute, Kanpur is a premier scientific & technical institute in the country, imparting 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 post graduate 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.

5.67 During academic session 2010-11, number of students admitted in various courses conducted by the Institute is as under: -

S.N.	COURSES	NO. OF STUDENTS
1.	Associateship of National Sugar Institute (Sugar Tech.)	57
2.	Associateship of National Sugar Institute (Sugar Engg.)	12
3.	PG Diploma in Industrial Fermentation & Alcohol Tech.	25
4.	Sugar Engineering Certificate Course	04
5.	Sugar Boiling Certificate Course	49
6.	Pre-harvest Cane Maturity Survey Certificate Course	06
	TOTAL	145

RESEARCH WORK

5.68 It is also a center for advance research in sugar and allied areas, recognized by various Universities leading to Ph D. degree. Its aim is to maintain interaction with the Sugar factories, Distilleries, Central & State Governments and other Scientific & Technical Organizations. The research work carried out by various divisions of the Institute during the period is as here under:

PHYSICAL CHEMISTRY DIVISION

- a. **Conducting Sensor for Stale Cane:** In this project the Institute is developing one conductivity sensor, for the assessment of staleness of cane. This will enable the factory to assess the staleness of cane in solid state instantly & factory persons will know exactly how back the cane was cut from the field.
- b. **Fermentable Sugar from Cellulose & Hemicelluloses:** Isolation of yeasts capable of fermenting Cellulose & Pentose has been done. Cellulose producing micro-organisms (including Bacteria & Fungi) and their role in causing Cellulose hydrolysis is being ascertained.
- c. **Electrochemical Method for cane juice clarification:** In this project conducting polymer is selected as electrodic material for carrying out the electrolysis of cane juice. The selection of conducting polymer was not easy as such number of conducting polymers were tried and finally the one selected is giving the appreciable results.

ORGANIC CHEMISTRY DIVISION

- a. **Determination of phosphate in cane juice based on reaction of Vanadomolobdate phosphate with malachite green:** Determination of

phosphate in cane juice may be more selective and precise as compared to other methods. Several experiments have been carried out to determine the optimum concentration of vanadate. As the optimum composition has not been fixed till now, after fixing the optimum concentration, the method will be applied for determination of phosphate.

- b. **Studies on the clarification of cane juice by cationic aminomethylated poly-acrylamide polymer:** Freshly extracted cane juice was limed and sulphited at required temperature and pH. In the treated juice diluted polymer was added with continuous stirring for 30 minutes. The colour, RS and CaO contents etc. were analyzed in the filtered juice. Optimum dose of polymer is being ascertained.
- c. **Structural investigation of seed galactomannan from Baubinia malabarika:** Seed of leguminous plant "Babubinia Malabarika" were used for alcoholic precipitate of galactomannas. Crude gum was purified by dialysis, gel permeation chromatography and copper complex formation. Tentative structural composition was investigated by paper chromatography and TLC. It revealed presence of galactose and mannose sugars. Detailed structural investigation would be determined by methylation, periodation oxidation and partial hydrolysis and CNMR. Further work is in progress.

BIO-CHEMISTRY DIVISION

- a. **Dextran formation in sugarcane juice:** Sugarcane juice often gets contaminated by dextran as a result of infection by *Leuconostoc* & other micro-organisms causing loss of sucrose during sugar manufacturing process. It also causes

problems in clarification & other stage of sugar manufacturing process. The enzyme dextran sucrose obtained from the isolated bacterial strains has been partially purified & effect of different parameters i.e. pH, temperature, substrate concentration, inoculum size etc. on dextran production has been studied.

The immobilization of dextran sucrose onto different supports is in progress. Various fungal strains are being isolated for obtaining dextranase (dextran hydrolyzing enzyme) which shall also be partially purified before studying its properties.

- b. Role of microbes in the destruction of Sugar House Products:** The isolation of microorganism has been done from clarified / unclarified juice, unsulphited & sulphited syrup, massecuites, molasses and plantation white sugar. It has been seen that sufficient number of mesophiles present in sugar cane juice are reduced to a large extent in syrup and massecuite but further increase in crystallizer and molasses. Thermophiles have been found to be present at all the stages of sugar manufacturing process. The metabolic products of the micro-organism are by and large volatile fatty acids, effects of these on colour of sugar is in progress.
- c. Deterioration of molasses on storage:** Molasses often deteriorate on storage causing loss of sugar, decrease in total reducing sugar content and sometimes deterioration is followed by rise in temperature finally leading to auto-combustion. It has been found out that a large no. of micro-organisms are present in molasses which have been isolated and purified. These included many bacteria of all types. It has also been found out that certain amino acids, if present in molasses or modified through microbes, are also responsible

for fast deterioration of molasses. Volatile organic acids mainly two carbon acids have also been found to increase rate of deterioration of molasses. Addition of antibiotics both narrow and broad spectrum as well as chemotherapeutic agents to molasses is under way with a view to arrest the micro-flora and prevent / stop molasses deterioration.

SUGAR TECHNOLOGY DIVISION

Following research works were taken up during the period under report:

- a. The role of iron in different forms during sugar process has been taken up for its detailed study. From literature, the role of iron in different forms i.e. in ferric, ferrous and in salt form shows a dual action i.e. either colour addition or colour removal. The detailed study shall be carried out on this topic.
- b. The role of conductometric studies and its significance during cane sugar manufacture is being studied to evaluate the process values.
- c. Laboratory trials were successfully made to develop a process suitable for producing sulphurless white sugar in single stage. With the process it would be possible to produce good quality sulphurless white sugar of 70-80 IU. Patent application has also been filed for the process named as "M-2 Process" (developed by Prof. S. K. Mitra & Narendra Mohan).

BUREAU OF SUGAR STANDARDS (BSS)

This section works under Sugar Technology Division and is responsible for preparation for Indian Sugar Standards, which are mandatory for all sugar factories in India to measure (Identify)

the quality of their produce and mark them accordingly, for sale in the Indian market.

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

During this period, Sugar Standards were sold to the Sugar factories and other users in India and revenue earned was ₹ 4,80,595.00 (Rupees Four Lakhs eighty thousand five hundred & ninety five only) . The latest Sugar Standards set; comprising eight grades on the basis of Colour and Grade is as follows:

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

Besides, the division also took up the work of preparing the BIS specifications for the liquid sugar during the year and the same were approved by the concerned committee of the BIS at New Delhi. The standards for refined sugar are also under preparation.

CHEMICAL ENGINEERING DIVISION

- Studies for the designing features of evaporator to achieve steam economy and minimum colour development during the evaporation process are being carried out.
- Working of the Short Retention Time Clarifier in comparison to conventional Clarifiers is being observed for achieving the better clarification efficiency. Studies in this regard are in progress.

SUGAR ENGINEERING DIVISION

- Study on various options on co-generation of power in sugar industry.
- Water management in Sugar Plants for minimum or zero fresh water requirement.

DESIGN & DEVELOPMENT DIVISION

a.	Design Developed on CAD	05
b.	Display Charts	04
c.	No. of Prints prepared	256

EXPERIMENTAL SUGAR FACTORY

- In curriculum of various courses of Sugar Technology and Sugar Engineering discipline, there is provision to provide technical know-how to the students about the working of sugar plant. For this purpose, the Institute has 100 TCD Vacuum Sugar Plant, where in-plant training was provided to students of different courses to acquaint them with the processing of cane juice to produce white sugar. The Experimental Sugar Factory worked for about 35 days, in the crushing season 2009-10 & around 1600 quintals of sugarcane was crushed during this period.

RESEARCH PAPER PUBLISHED / COMMUNICATED

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



One day workshop on Technological Options in Sugar Industry to meet domestic and Global Requirements

Institute, eleven Research papers were published by different faculty members of Institute in the Indian & International Sugar Journals of repute; the details are as here under:

1. "Conductometric behavior of salts in sugar solution"- S.K. Mitra, Vikesh Kr., P. Sanyal, Sugar Tech 2010 (12), 2 115-119, an International Journal.
2. "Electrical conductivity of Sugar cane juice": S.K. Mitra, Vikesh Kr., P. Sanyal, Global Journal of Science Frontier Research 2010:10:4:24-27, an International Journal.
3. "Crystal to Solution - An assessment of Sugar quality"- S.K. Mitra, Vikesh Kr., P. Sanyal, Paper communicated to International Sugar Journal.
4. "Conductometric Studies of salts in sugar - Aqueous System"- S.K. Mitra, Vikesh Kr., P. Sanyal, Zucker Industries (in Press) for year 2010, an International Journal.
5. "Physical & Chemical pre-treatment of lignocelluloses for increasing digestibility" - S. Kumar, P.K. Jain and Amita Verma, published in Indian Sugar, LX, No. 4, July, 2010.
6. "Alkaline peroxide delignification of bagasse and wheat straw to enhance enzymatic saccharification"- S. Kumar, P.K.

Jain & Amita Verma, published in Cooperative Sugar, Vol. 41, June, 2010.

7. "Microbial deterioration of colour in sugar house products during processing of sugarcane juice for Plantation White Sugar" - Bimlesh Singh & S. Kumar communicated for publication in International Sugar Journal.
8. "Microbial aspects of molasses deterioration on storage" - Alka Gupta & S. Kumar published in Cooperative Sugar, Vol. 41, No. 7, 2010, 47-53.
9. Key note address delivered by Prof. S.K. Mitra, Director, NSI, Kanpur in one day National Workshop organized in collaboration with CII on "Technological option in Sugar industry to meet domestic & global requirements" at Kanpur.
10. "Flavonoids from direct consumption of white sugar"- S. Bhatt & Sarvesh Dwivedi, published in International Sugar Journal, Vol. CXII, 2010.
11. "Alternate feed stocks for Alcohol Production (2010)" Proc. International Seminar on Alcohol fuels held at Surajkund, Haryana from March 9 - 12, 2010 organised by All India Distiller's Association.

SEMINAR AND CONFERENCES

- a. Prof. S.K. Mitra, Director NSI, attended the 27th ISSCT Congress at Veracruz, Mexico from 7th-11th March, 2010.
- b. 71st Annual Convention of Sugar Technologists' Association of India held at Chennai from 19th

Aug. 2010 to 23rd Aug 2010. Director, NSI, Kanpur and senior faculty members attended the same.

- c. One day All India Seminar organized by NSI-CII on "Integrated approach towards sustainable development" on 24th July 2010 at Lucknow was attended by Prof. S.K. Mitra, Director NSI.
- d. One day National Workshop organized by NSI-CII on "Technological options in sugar industry to meet domestic and global requirements" on 12th October 2010 at Kanpur was attended by the faculty members of the Institute.

ADVISORY & EXTENSION VISITS

- 5.71 A number of sugar factories were visited by the officers of the Institute for on the spot advisory on various problems e.g. lower sugar recovery, higher losses of sugar and inferior clarification of juices etc. Besides this, number of tours were taken-up for the expansion and comprehensive study of sugar factories during the period. Five visits under Advisory Services and nine visits under Extension Services, by the team of experts of this Institute, on demand of the sugar factories were taken-up.

VISIT OF MEMBERS OF PARLIAMENTARY STANDING COMMITTEE ON CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION

- 5.72 The Parliamentary Standing Committee on Consumer Affairs, Food & Public Distribution under the Chairmanship of Hon'ble, Shri. Vilas Muttemwar, M.P. along-with the other Members of Parliament, visited the Institute on 22.10.2010 to review the working of the Institute.

VISIT OF FOREIGN DELEGATION

5.73 A delegation from Tanzania led by Mr. Henry J. Semwaza, Director for Legal & Regulatory Services and Mr. L.M. Buzingo, Senior Regulatory Service Officer visited the Institute to learn on various aspects of the Indian Sugar Industry and to explore possibilities for accessing and utilizing technical services and modernization of their existing sugar plants and also to set up new sugar plants keeping in view that Tanzania is a sugar deficit country.

REFRESHER COURSE

5.74 An all India refresher course was organized by the Institute from 2nd to 6th August 2010 in the seminar hall of the Institute. More than fifty

participants of senior level, technical officers from all major sugar producing States of the country and three Sudanese delegates attended the course. The lectures were delivered by the Institute faculty and eminent technocrats from the sugar and allied industry.

PLACEMENT

5.75 Campus interviews were organized by a number of sugar factories and distilleries for recruitment of Sugar Technologists, Sugar Engineers, Alcohol Technologists and other artisan level staff. These include M/s DSCL Sugars, M/s Triveni & Engineering Ind. Ltd., M/s Olam Agro India Ltd., M/s Uttam Sugars Ltd., M/s Rana Sugars Ltd, M/s Bajaj Hindustan Ltd. and M/s Sentini Bio Private Ltd. etc.

Chapter-VI

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

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

safflower, castor and Linseeds. Edible oils obtained through secondary source include coconut, cottonseed, rice bran and oilseed cakes. The production of nine principal oilseeds and net availability of edible oils from domestic sources (primary source and secondary source) for the years 2007-2008, 2008-09, 2009-10 and estimated production for 2010-11 are given below :-

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

(Quantity in lakh tons)

Name of Oilseed	2007-08		2008-09*		2009-10**			Oil
	Oilseed	Oil	Oilseed	Oil	Oilseed			
					Kharif	Rabi	Total	
A. PRIMARY SOURCE								
Groundnut	91.83	21.12	71.68	16.48	38.52	15.76	54.29	12.49
Rapeseed/Mustard	58.33	18.08	72.01	22.32	-	66.08	66.08	20.48
Soybean	109.68	17.55	99.05	15.85	99.65	-	99.65	15.94
Sunflower	14.63	4.83	11.58	3.82	2.14	6.36	8.51	2.81
Sesame	7.57	2.35	6.40	1.98	5.88	-	5.88	1.82
Niger Seed	1.11	0.33	1.17	0.35	1.00	-	1.00	0.30
Safflower Seed	2.25	0.68	1.89	0.57	-	1.79	1.79	0.54
Castor	10.53	4.21	11.71	4.68	10.09	-	10.09	4.04
Linseed	1.63	0.49	1.69	0.51	-	1.54	1.54	0.46
Sub Total	297.56	69.64	277.19	66.56	157.29	91.53	248.82	58.88
B. SECONDARY SOURCE								
Coconut		4.50		4.50	-	-	-	4.50
Cottonseed		8.00		7.60	-	-	-	8.00
Rice Bran		7.20		7.70	-	-	-	7.20
Solvent Extracted Oils		4.00		4.00	-	-	-	4.20
Tree & Forest Origin		1.20		1.20	-	-	-	1.20
Sub Total		24.90		25.00	-	-	-	25.10
Total (A+B)		94.54		91.56	-	-	-	83.98

C. LESS: EXPORT & INDUSTRIAL USE	8.00		7.00	-	-	-	4.52
D. NET DOMESTIC AVAILABILITY	86.54		84.56	-	-	-	79.46
E. IMPORT OF EDIBLE OILS \$	56.08		81.83	-	-	-	167.69
F. TOTAL AVAILABILITY / CONSUMPTION OF EDIBLE OILS FROM DOMESTIC AND IMPORT SOURCES	142.62		166.39	-	-	-	167.53

* Based on Final Estimate (declared by Ministry of Agriculture on 12.2.2010).

** Based on Final Estimate (declared by Ministry of Agriculture on 09.2.2011).

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

As per 2nd advance estimates of production of foodgrains, oilseeds and other commercial crops released by the Department of Agriculture and Cooperation on 9th February, 2011, the production of nine major oilseeds during 2010-11 is estimated at 278.48 lakh tons, compared to 248.82 lakh tons in 2009-10. The corresponding edible oils production during 2010-11 season is estimated at 66.34 lakh tons, compared to 58.88 lakh tons in the last season.

6.2. 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. and initiating necessary policy measures.

DIRECTORATE OF VANASPATI, VEGETABLE OILS & FATS

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

6.4 The regulatory functions such as approval limits for production of vegetable oil in the manufacture of vegetable oil products supply, import and export of vegetable oil including purchase of raw material, verification of stocks, labeling requirements, laboratory facilities and drawal of samples of vegetable oil products for checking its conformity with prescribed standards, permission to process oil bearing material for export of deoiled meal, directing any producer or registered user to maintain records of solvent extracted oils etc. 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;

The Food Safety and Standards Authority of India (FSSAI) has been established under Food Safety and Standards Act, 2006 which consolidates various acts and orders that have hitherto handled food related issues in various Ministries and Departments. FSSAI has been created for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. FSSAI has recently notified that the above three orders presently administered by the DVVO&F will be taken over by it.

Quality and Testing

- 6.5 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.
- 6.6 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.
- 6.7 A well-equipped laboratory exclusively devoted to the analytical work pertaining to oils and fats is available with DVVO&F. During the financial year 2010-11 (Upto Nov.'10), out of the 2058 samples of edible oils and fats analyzed in the laboratory of the DVVO&F, 15 samples of vanaspati did not conform to the prescribed standards of quality. In cases of failure of samples, appropriate action has been taken against the defaulting units.

Availability of Edible Oils in Packed Form

- 6.8 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.

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

R&D Programmes for Development of Vegetable Oils

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

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

Assessment of Production and Supply of Edible Oils

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

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

(In Lakh Tonnes)

Year	Production of Oilseeds (Primary Source*)	Net availability of edible oils from all domestic sources**	Imports***	Total Availability / Consumption of edible oils
2005-2006	279.79	83.16	44.17	127.33
2006-2007	242.89	73.70	47.15	120.85
2007-2008	297.55	86.54	56.08	142.62
2008-2009	277.19	84.65	81.83	166.39
2009-2010	248.82	79.46	88.23	167.69
2010-2011	278.48	86.76	20.74 Nov.2010-Jan.2011	-

Source: * Ministry of Agriculture

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

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

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

(Kg. per annum)

YEAR	INDIA	WORLD
2003-2004	11.1	20.15
2004-2005	11.4	21.10
2005-2006	11.7	22.13
2006-2007	12.2	22.84
2007-2008	12.6	23.46
2008-2009	14.0	23.89
2009-2010 (Forecast)	13.3	24.54

Import Policy on Edible Oils

6.15 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.

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

6.17 In order to harmonise the interests of farmers, processors and consumers Government reviews 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.

6.18 Import of edible oils during the year 2008-09 (Nov. to Oct.) has been 81.83 lakh tons compared to 56.08 lakh tons during the corresponding period of last year. Of the total edible oils imported in 2009-10, palm oils constitute 73%, soya oils constitute 18.88% and sunflower oil 7.14%.

6.19 **Scheme for Distribution of subsidized imported edible oils:** In order to provide relief to consumers in particular to below poverty line households, from the rising prices of edible oils, the Central Government had introduced a Scheme for Distribution of upto 10 lakh tons of imported edible oils in 2008-09 at a subsidy of ₹15/- per kg. through State Governments/UTs at the rate of one litre per ration card per month which was enhanced to ₹25/-per kg .from January 2009 to March 2009 on edible oils imported by Central PSUs. Four Central Public Sector Undertakings namely, PEC, MMTC, STC and NAFED had been entrusted the job of import, refining, packing and distribution of subsidized edible oils to the States/UTs. During 2008-09, 2.61 lakh tons of edible oil was distributed to States/UTs and subsidy distributed was about ₹ 424.25 crores. The scheme has been extended from August 2009 upto 31-03-2011 for import of 10 lakh tons of edible oils with a subsidy of ₹ 15/- per kg.. During the current year eighteen State Govts/UTs have been allocated 9.08 lakh tons of edible oils upto November 2010. As on 18.03.2011, CPSUs have contracted about 6.16 lakh tons of edible oils of which about 5.63

lakh tons of edible oils have been handed over to States / UTs for distribution. The scheme has helped to moderate the prices of edible oils in the domestic market.

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

6.20 The Indo-Nepal Treaty of Trade which was signed in 1993 allowed import, among others, of 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.

The India-Nepal Trade Treaty has been revised on 2nd March, 2002 to safeguard the interest of domestic vanaspati manufacturers. With effect from 6.3.2002, a fixed quantity of one lakh MTs of vanaspati was allowed to be imported from Nepal without payment of customs duty, through 6 designated Land Customs Stations. The fixed quota of vanaspati from Nepal was canalized through the Central Warehousing Corporation (CWC) and State Trading Corporation (STC) w.e.f. 16th May, 2002 and 6th June, 2003 respectively. With effect from 23.10.2003, State Trading Corporation was made the sole agency to make imports of Vanaspati from Nepal.

6.21. Further w.e.f. 04-10-2004, STC and the associates to be appointed by the STC have been made agencies to import the specified quantity of Vanaspati subject to the overall responsibility of STC who will ensure its distribution and

monitoring as per Government Policy. With effect from 02-3-2009, import was monitored by DGFT, Department of Commerce and not through STC as canalizing agency. The import of allocated quota was allowed into India based on production of tariff rate quota certificate (COO) 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

6.22. 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 tons of vanaspati including bakery shortening and margarine from Sri Lanka under Indo-Sri Lanka Free Trade Agreement had 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

6.23 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 indicated in the table:

(In US \$ per MT)

Name of Oil	Crude Palm Oil	RBD Palm Oil	Others-Palm Oil	Crude Palmolein	RBD Palmolein	Others-Palmolein	Crude Soyabean Oil
Tariff Value	447	476	462	481	484	483	580

Import Duty on Edible Oils

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

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

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

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

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

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

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



Palm tree plantation

Prices of Edible Oils

6.25 The prices of the major edible oils in the domestic market as well as in the international market have shown rising trend during the last one year. As on

26.11.2010, the domestic wholesale prices of all edible oils namely soyabean oil, mustard oil, groundnut oil, sunflower oil, cottonseed oil, sesame oil, coconut oil, vanaspati, RBD palmolein and rice bran oil have increased by 13.84%, 4.18%, 11.59%, 42.57%, 17.39%, 17.42%, 73.12%, 34.06%, 37.89% and 20.69% respectively during the last one year. As on 26.11.2010, the international prices of Crude

Palm Oil (CPO), soyabean oil, sunflower oil and RBD palmolein have increased by 51.41%, 28.49%, 54.39% and 48.27% respectively during the year.

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

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

(Qty.in lakh tonnes)/(Value in ₹ Crores)

Year (April- March)	Oil Seeds		Minor Oils and Fats		Oilcake/ extraction		Total	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
2005-2006	4.18	1314.50	1.84	635.97	44.57	3563.56	50.59	5213.58
2006-2007	5.23	1825.26	1.89	668.96	65.92	5502.97	73.04	7997.19
2007-2008	6.03	2756.00	1.99	914.00	54.63	7125.4	62.65	10795.4
2008-2009	4.57	2520.6	3.11	1851.4	54.26	8345.6	61.94	12717.6
2009-2010 (Provisional)	2.92	1573.01	3.47	1793.4	32.74	5224.4	39.13	8590.8

Source: Solvent Extractors' Association of India

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

(i) Export of edible oils has been banned w.e.f. 17.3.2008. The period of ban on export of edible oils has been extended with certain relaxations/exemptions upto 30.9.2011. 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 produce. 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 tons upto 31.10.2009 and further extended for a period from

01-11-2009 to 31-10-2010 with a cap of 10,000 tons. The export of edible oils in branded consumer packs of upto 5 kg has been further extended upto 31.10.2011 subject to a limit of 10,000 tons per year.

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

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

Chapter-VII

Public Sector Undertakings



(A) FOOD CORPORATION OF INDIA

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

7.1 The functions of FCI primarily relate to the purchase, storage, movement, transportation, distribution and sale of foodgrains on behalf of the



FCI Silos

Central Government. It is also engaged in the handling, storage and distribution of sugar in North Eastern States and Jammu & Kashmir.

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

ORGANISATIONAL SET-UP

7.3 The FCI coordinates its functions through a country-wide network of offices with Headquarters at New Delhi and 5 Zonal Offices, 24 Regional Offices, 168 District Offices, and one Port Office at Kandla under its control.

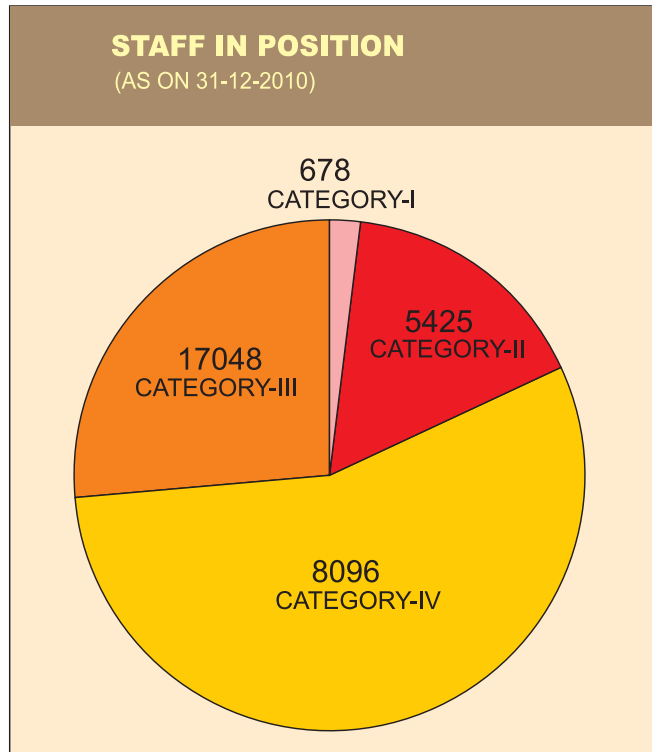
STAFF IN POSITION

7.4 The Category-wise staff position for the quarter

ending 31.12.2010 in the Corporation is as under:-

	Sanctioned Strength	Staff in position
Category I	1012	678
Category II	6292	5425
Category III	26831	17048
Category IV	2380	8096
TOTAL	36515	31247 *

* includes watch & ward and Hindi staff for which the sanction is yet to be received from the Govt.



CAPITAL STRUCTURE

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

(Figures in ₹ crores)

	As on 31.03.2008	As on 31.03.2009	As on 31.03.2010	As on 28.02.2011
Authorized Capital	2500.00	3500.00	3500.00	3500.00
Subscribed Capital				
(i) Working Capital	1484.00	1484.00	1484.00	1484.00
(ii) Cost of godowns & silos**	917.21	933.66	958.09	993.09
(iii) IISFM project**	94.64	96.74	96.74	96.74
(iv) Others	13.90	13.90	13.90	13.90
TOTAL	2509.75	2528.30	2552.73	2587.73
** Equity released for NE during the year	2.97	15.45	20.43	25.00

AUDIT & ACCOUNTS

7.6 The responsibility of Auditing of the accounts of the Food Corporation of India rests with the Comptroller and Auditor General of India (C&AG). The Accounts of the Corporation for the year 2007-08 alongwith report of C&AG and reply thereto has been laid before both the Houses of Parliament during August, 2010.

7.7 The Accounts of the Corporation for the year 2008-09 along with report of C &AG and reply thereto has been sent to the Ministry on 03.02.2011 for laying the same on the table of both houses of Parliament.

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

(Figures in ₹ crores)

Year	Purchase	Sales	TOTAL
2004-05	36932.40	24339.75	61272.15
2005-06	34679.55	22976.93	57656.48
2006-07	36649.52	18504.94	54154.46

2007-08	38595.76	18195.86	56791.63
2008-09	53178.97	17289.26	70468.23
2009-10 (Prov.)	57410.88	21953.13	79364.01

PROCUREMENT

7.9 The Government of India's policy regarding procurement of foodgrains has the broad objectives of ensuring MSP to the farmers and also ensuring availability of food grains to the weaker sections of the society at affordable prices. It also ensures effective market intervention, which keeps the prices under check and also adds to the overall food security of the country.

- Before the harvest during each Rabi / Kharif Crop season, the Govt. of India announces the minimum support prices, based on the recommendation of the Commission of Agricultural Costs and Prices (CACP), which takes into consideration the cost of various agricultural inputs and the

reasonable margin to the farmers for their produce.

- To facilitate procurement of food grains, FCI and various State Agencies in consultation with the State Government open a large number of temporary purchase centres at various mandis and key points.
- FCI, the nodal agency of GOI and State Govt. agencies undertake procurement of wheat and paddy under price support scheme and rice under statutory levy scheme. The procurement, under Price Support, is taken up mainly to ensure remunerative prices to the farmers for their produce which works as an incentive for achieving better production.
- Whatever stocks brought to the purchase centres falling within the Govt. of India's specifications are purchased at the minimum support price.
- Apart from the direct procurement, FCI takes over food grains from State Agencies for central pool on behalf of GOI; all the quantity in case of non-DCP States and surplus stocks in case of DCP States
- In the procurement of paddy/Rice, apart from FCI/State agencies, the rice millers are also involved. Whatever the rice produced out of paddy procured, a specific percentage of levy is enforced based on the levy control orders. In non-DCP States, the same is delivered into central pool. In DCP States, surplus levy rice is taken into central pool by FCI.

WHEAT PROCUREMENT

7.10 During RMS 2010-2011, total procurement of wheat for the central pool is 225.25 lakh tonnes as against, 253.82 lakh tonnes of procurement during the corresponding period of RMS 2009-10. The region wise procurement of wheat for last two marketing seasons is as under:

(Figures in Lakh tonnes)

Sl. No.	STATES/ UTs	Rabi Marketing Season (RMS)	
		2009-10	2010-11
1	Bihar	4.97	1.83
2	Gujarat	0.75	0.01
3	Haryana	69.24	63.47
4	H.P.	0.01	Neg.
5	J&K	0.01	--
6	M.P.	19.68	35.38
7	Punjab	107.25	102.09
8	Rajasthan	11.52	4.76
9	Uttrakhand	1.45	0.86
10	UP	38.82	16.45
11	Chandigarh	0.12	0.09
12	Delhi		0.1
13	West Bengal	--	0.09
14.	Jharkhand	Neg.	Neg.
15.	Maharashtra	--	
	TOTAL	253.82	225.13

Punjab, Haryana & Uttar Pradesh have accounted for 80.85% of the total procurement during RMS 2010-11.



Disinfestation work at farmer house.

PADDY PROCUREMENT (October' 09 to September'10)

7.11 The total quantity of paddy procurement during KMS 2009-10 is 310.00 lakh tonnes, as against 304.56 lakh tonnes of paddy procured during the corresponding period of KMS 2008-09.

PROCUREMENT OF LEVY RICE

7.12 **KMS 2009-10** : The procurement of Levy Rice by FCI & State Govt. for the Central Pool during 2009-10 as on 31.12.2009 was 112.64 lakh tonnes as against 136.56 lakh tonnes of levy rice received during the corresponding period of KMS 2008-09.

7.13 **KMS 2010-11** : The procurement of Levy Rice by FCI & State Govt. for the Central Pool during 2010-11 as on 31.12.2010 was 15.90 lakh tonnes as against 22.09 lakh tonnes of levy rice received during the corresponding period of KMS 2009-10.

TOTAL RICE PROCUREMENT (INCLUDING PADDY IN TERMS OF RICE)

7.14 The total procurement of Rice during KMS 2009-10 as on 31.12.2010 for Central Pool was 320.34 lakh tonnes as against 341.04 lakh tonnes

of rice (including paddy in terms of rice) received during the corresponding period of KMS 2008-09.

7.15 Similarly, procurement of rice (including paddy in terms of rice) during KMS 2010-11 as on 31.12.2010 was 142.29 lakh tonnes, as compared to 155.45 lakh tonnes of rice received during the corresponding period of KMS 2009-10. The region-wise procurement of rice for last two marketing seasons is as under:

(Quantity in Lakh tonnes)

S. No.	STATES/ UTs	2008-09	2009-10	2010-11
1	Andhra Pradesh	90.61	75.55	10.73
2	Assam	0.03	0.08	--
3	Bihar	10.83	8.90	0.13
4	Chandigarh	0.1	0.14	0.09
5	Chhattisgarh	28.48	33.57	13.19
6	Haryana	14.25	18.19	16.52
7	Jharkhand	1.35	0.23	--
8	J&K	0.06	--	0.02
9	Karnataka	1.07	0.86	0.27
10	Kerala	2.37	2.61	0.64
11	Madhya Pradesh	2.45	2.55	0.84
12	Maharashtra	2.61	2.29	0.46
13	Orissa	27.9	24.96	1.90
14	Puducherry	0.07	0.08	--
15	Punjab	85.53	92.75	86.34
16	Rajasthan	0.11	--	--
17	Tamilnadu	11.99	12.41	0.97
18	Uttar Pradesh	36.87	29.01	7.02
19	Uttarakhand	3.49	3.75	1.48
20	West Bengal	16.67	12.40	1.71
	Total	336.84	320.34	142.29

(Quantity in Lakh tonnes)

REGION	2008-2009				2009-2010 *				2010-2011**			
	Jowar	Bajra	Maize	Ragi	Jowar	Bajra	Maize	Ragi	Jowar	Bajra	Maize	Ragi
Maharashtra	51,348	860	54,812	-	638	4	5,431	-	362	-	1523	-
Chhattisgarh	-	-	8,805	-	-	-	1,042	-	-	-	-	-
M.P.	1,303	5,380	53,229	-	-	26	266	-	37	-	7363	-
A.P.	-	-	1,77,619	-	-	-	6,869	-	-	-	-	-
Karnataka	-	1,023	6,99,230	12,124	-	-	3,15,250	306	-	-	-	-
Haryana	-	3,10,478	-	-	-	76,996	-	-	-	71421	-	-
Rajasthan	-	-	-	-	-	-	-	-	-	11	-	-
Total	52,651	3,17,741	9,93,695	12,124	638	77,026	3,28,858	306	399	71432	8886	-

* As on 31.12.2009

** As on 31.12.2010

MSP of COARSE GRAIN

PROCUREMENT OF COARSE GRAINS

7.16 In the States of Haryana, Maharashtra, Karnataka, Madhya Pradesh, Chhattisgarh and Andhra Pradesh, the State Govt. and their agencies undertook the procurement of Coarse grains. The region wise procurement of coarse grain during last two marketing seasons is as under:

Coarse Grain	MSP (₹ Per Quintal) For KMS 2009-10	MSP (₹ Per Quintal) For KMS 2010-11
Paddy - Common	930/- + 50 (Bonus)	1000/-
Paddy - Grade 'A'	980/- + 50 (Bonus)	1030/-
Jowar - Hybrid	840/-	880/-
Jowar - Maldandi	860/-	900/-
Bajra	840/-	880/-
Maize	840/-	880/-
Ragi	915/-	965/-

MSP OF WHEAT, PADDY & COARSE GRAINS

MSP of Wheat for RMS 2010-11	₹ 1100/- Per Quintal
RMS 2011-2012	₹ 1120/- Per Quintal



TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

7.17 The supply of foodgrains under TPDS and other schemes to the ultimate users are made by the State/ UT Governments and their agencies against the monthly allocations of foodgrains under TPDS and various other schemes made by the Government of India. FCI ensures adequate quantity of

foodgrains stocks at all its base depots throughout the country for TPDS and other welfare schemes at all times.

7.18 The actual offtake of wheat and rice under TPDS and other welfare schemes of the Government of India during the year 2010-11 (upto December 31, 2010) were as follows:

(Figures In Million Tonnes)/(Provisional)

Name of scheme	Category	2010-2011 (upto 31.12.2010)		
		Wheat	Rice	Total
TPDS	APL	7.45	5.25	12.70
	BPL	4.59	8.96	13.55
	AAY	2.37	4.91	7.28
	TOTAL	14.41	19.12	33.53
OTHER WELFARE SCHEMES (OWS)		1.85	2.60	4.45
OMSS(D)		0.36	0.16	0.52
GRAND TOTAL		16.62	21.88	38.50

7.19 The estimated offtake of wheat and rice for the period 1st January, 2011 to 31st March 2011 are as under:

(Figures In Million Tonnes)/(Provisional)

Name of scheme	Category	(From 1.1.2011 to 31.3.2011)		
		Wheat	Rice	Total
TPDS	APL	2.56	1.78	4.34
	BPL	1.77	3.54	5.31
	AAV	0.76	1.61	2.37
	TOTAL	5.09	6.93	12.02
OTHER WELFARE SCHEMES (OWS)		0.45	0.82	1.27
OMSS(D)		0.63	0.00	0.63
GRAND TOTAL		6.17	7.75	13.92

Note:

- (1) Offtake under TPDS & OWS includes stocks utilized by the State Govt. from their stocks procured under decentralised procurement scheme.
- (2) Other Welfare Schemes include Mid Day Meal , Nutrition Programme, Welfare Institutions and Hostels, Relief/Festivals, Annapurna, WFP, Grain Bank, Emergency Feeding Programme, Defence/BSF/CRPF, and Special Adhoc Allotment.
- (3) Offtake is estimated for February, 2011 and March, 2011 based on the average lifting during the last three months, as the actual figures are awaited.

7.20 In North Eastern States difficulties are faced in maintaining adequate level of foodgrains stocks due to topographical constraints and natural calamities. The induction of stocks in the North-Eastern States is a perpetual problem which gets acute during the monsoons due to breaches in roads, landslides, cloud burst and washing away of bridges etc. FCI has been taking all possible steps to induct as much stocks as possible with a view to meet the monthly allocations in North Eastern States. Besides, the law and order problems and the constraints of the Railways to carry the required number of rakes on daily basis for the North Eastern States are also some of the other limiting factors.



Inside view of a warehouse

7.21 The State-wise issues under all the schemes during the year 2010-11 (upto December 31, 2010) and the comparative position of the corresponding period during the year 2009-10 is given in table :

(Figures In lakh tonnes)

	WHEAT				RICE			
	Actual 2009-10 (upto 31.12.09)	Actual 2010-11 (upto 31.12.10)	Estimated 2010-11 (1.1.11 to 31.03.11)	Total 2010-11 (upto 31.03.11)	Actual 2009-10 (upto 31.12.09)	Actual 2010-11 (upto 31.12.10)	Estimated 2010-11 (1.1.11 to 31.03.11)	Total 2010-11 (upto 31.03.11)
Assam	1.90	3.28	1.31	4.59	9.45	11.18	4.21	15.39
Arunachal	0.07	0.10	0.02	0.12	0.70	0.59	0.19	0.78
Tripura	0.17	0.16	0.02	0.18	2.01	2.01	0.76	2.77
Manipur	0.11	0.05	0.03	0.08	0.97	0.39	0.37	0.76
Nagaland	0.34	0.34	0.11	0.45	0.96	1.12	0.29	1.41
Mizoram	0.07	0.06	0.03	0.09	1.11	1.02	0.38	1.40
Meghalaya	0.16	0.17	0.07	0.24	1.09	1.13	0.39	1.52
Total	2.82	4.16	1.59	5.75	16.29	17.44	6.59	24.03

Offtake is estimated for February, 2011 and March, 2011 based on the average lifting during the last three months, as the actual figures are awaited

7.22 It may be seen from the table above that during the year 2010-11 (upto December 31, 2010) the total offtake of wheat has increased from 2.82 LMT to 4.16 LMT and in case of rice, it has also increased from 16.29 LMT to 17.44 LMT in the NE Region as compared to the corresponding period in the last year.

7.23 The comparative stock position of foodgrains and sugar in the North Eastern Region as on December, 31, 2009 and December, 31, 2010 is as under:

(Figures In lakh tonnes)

As on	Wheat	Rice	Sugar	Total
31.12.2009	0.43	1.92	0.13	2.48
31.12.2010	0.18	1.39	0.22	1.79

7.24 The stocks as on 31.12.2010 in respect of wheat and rice is less and in respect of sugar is more as

compared to the stock position as on 31.12.2009 in the NE Region.

7.25 Further, the estimated offtake of foodgrains in respect of NE Region for the remaining period of 2010-11 is as under:

(Figures in lakh tonnes)

Period	Wheat	Rice	Total
January, 2011	0.56	2.20	2.76
February, 2011*	0.53	2.22	2.75
March, 2011*	0.52	2.18	2.70
Total	1.61	6.60	8.21

* Offtake is estimated for the months of February and March, 2011 is based on the average offtake of last three months.

HILL TRANSPORT SUBSIDY (HTS)

7.26 The HTS Scheme is meant for the States/ UTs, which are predominantly hilly with little or no railways and poor road communications.

In such States/UTs, the Food Corporation of India (FCI) is required to open godowns at Principal Distribution Centres (PDCs) wherever possible, or reimburse the State Governments/UTs the cost of transportation of foodgrains, on actual basis, for lifting of foodgrains from base depots of FCI to the designated PDCs.

The purpose of declaring important distributing centres as PDCs is to mitigate the burden of heavy cost of road transportation to the people in the hilly areas. In predominantly hilly States with difficult and inaccessible terrain moving grains by road to the interior is heavy and such cost gets added to the Central Issue Price of the foodgrains delivered to such States. If sufficient relief is not provided the end retail price of foodgrains may become out of reach for the beneficiaries dependant on PDS.

The following minimum criteria will be required for declaration of locations as PDCs in the hilly States covered under HTS Scheme:-

- (i). For Snow Bound Areas - the place should be located at a minimum distance of 25 kms. from existing PDCs/FCI base depots,
- (ii). For Other Hilly Areas - the place should be located at a distance of more than 50 kms. from the existing PDCs/FCI base depots and should be a Sub-Divisional Headquarter.

The Scheme is at present applicable to Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Nagaland, Mizoram, Sikkim, Tripura, Andaman & Nicobar Islands and Lakshadweep.

IMPORT & EXPORT

IMPORT

7.27 There has been no import of foodgrains (wheat & rice) by FCI, on Government account during the year 2010-11 (upto 31.12.2010).

EXPORT

7.28 There has been no export of foodgrains (wheat & rice) by FCI (upto 31.12.2010).

DETAILS OF QUANTITY LIFTED BY THE WFP AGAINST DONATION OF ONE MILLION METRIC TONNES WHEAT TO AFGHANISTAN BY GOVERNMENT OF INDIA

7.29 Total lifting against the donation of 1 Million Metric Tonnes of wheat to Afghanistan by Government of India for supply of fortified biscuits are as under:-

(Quantity in Lakh MTs.)

Period	Wheat	Rice
From the year 2002-03 to 2008-09	2.74	0.18
2009-10	0.205	-
2010-11 (upto 31.12.2010)	Nil	Nil



Loading of Foodgrains

FOODGRAIN STORAGE & GENERAL WAREHOUSING

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

(Figures in Lakh MT)

As on	Owned	Hired	Total
31.3.2006	129.31	99.05	228.36
31.3.2007	129.41	93.42	222.83
31.3.2008	129.48	87.13	216.61
31.3.2009	129.67	101.24	230.91
31.3.2010	129.69	128.90	258.59
31.12.2010	129.91	144.93	274.84

7.31 CAP Storage capacity Owned/Hired by the FCI for the last 5 years is as under:-

(Figures in Lakh MT)

Year	Owned	Hired	Total
31.3.2006	22.11	5.09	27.20
31.3.2007	22.92	6.32	29.24
31.3.2008	22.06	0.27	22.33
31.3.2009	21.73	0.15	21.88
31.3.2010	25.08	4.69	29.77
31.12.2010	26.26	5.02	31.28

7.32 State-wise/Union Territory-wise storage capacity available with FCI in different States/ Union

Territories in the country as on 31.12.2010 is as under:-

(Figures in lakh MTs)

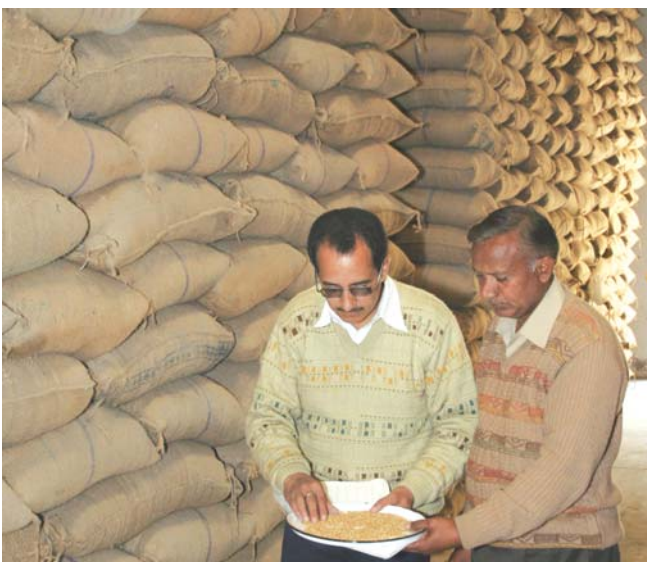
ZONE	Sl. No.	REGION/U.T.	STORAGE CAPACITY	
EAST	1	BIHAR	6.98	
	2	JHARKHAND	1.29	
	3	ORISSA	6.44	
	4	WEST BENGAL	11.01	
	5	SIKKIM	0.11	
		TOTAL	25.83	
NE	6	ASSAM	2.75	
	7	ARUNACHAL PD	0.22	
	8	MEGHALAYA	0.26	
	9	MIZORAM	0.23	
	10	TRIPURA	0.52	
	11	MANIPUR	0.20	
	12	NAGALAND	0.33	
			TOTAL	4.51
	NORTH	13	DELHI	3.67
		14	HARYANA	25.87
		15	HIMACHAL PD.	0.26
		16	J&K	1.31
17		PUNJAB	78.77	
18		CHANDIGARH	3.60	
19		RAJASTHAN	17.71	
20		UTTAR PRADESH	30.77	
21		UTTARAKHAND	2.34	
			TOTAL	164.30
SOUTH	22	ANDHRA PRADESH	42.21	
	23	ANDAMAN & NIKOBAR	0.07	
	24	KERALA	5.37	

	25	KARNATAKA	8.38
	26	TAMIL NADU	9.85
	27	PONDICHERRY	0.62
		TOTAL	66.50
WEST	28	GUJARAT	7.02
	29	MAHARASHTRA	21.19
	30	GOA	0.15
	31	MADHYA PRADESH	8.36
	32	CHATTISGARH	8.26
		TOTAL	44.98
		GRAND TOTAL	306.12

7.33 Details of Storage capacity constructed by the FCI during the XIth Five Year Plan 2007-08 to 2009-10 is given in the table below:-

(Figures in Lakh MT)

Year	Target	Achievement
2007-08	0.25	0.17
2008-09	0.32	0.02
2009-10	0.10	0.09



Checking of quality of foodgrains at warehouse.

QUALITY CONTROL DIVISION

7.34 The Quality Control wing of FCI manned by qualified and trained personnel is entrusted with the enormous task of procurement and preservation of foodgrains. The foodgrains are procured as per laid down specifications of Govt. of India and inspected regularly during storage, to monitor the quality. Representative samples of the stocks are drawn for physical and chemical analysis to ensure whether the quality standard meets the parameters of laid down specifications of Govt. of India and PFA. This is done through a network of 195 laboratories throughout the country. Many of the laboratories located at Zonal & Regional levels are well equipped to carry out physical & chemical analysis of the foodgrains and also study of insecticidal residue and the district and other laboratories generally undertake physical analysis of foodgrains.

7.35 The Senior Quality Control Officers undertake frequent visits to the procurement and storage



Staff measuring the moisture contains in wheat.

points to inspect the quality of foodgrains stocks and advice quality control 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 term/short term trainings are held for quality control staff on procurement and preservation of foodgrain management.

PRESERVATION

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

7.37 Regular inspection of stocks by trained and experienced quality control 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 measures.

7.38 The stocks of foodgrains strictly conforming to the uniform specifications of Govt. of India standards are issued to the PDS by adopting joint sampling system scrupulously.

7.39 The stock position as on 1.1.2011 is as under :-

Central Pool Stocks

(Figures in Lakh MT)

	Rice*	Wheat	Total
Total All India	255.80	215.40	471.20 **

* Includes paddy in term of rice also.

** Include stock in transit also.

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

Year	Prophylactic Treatment	Curative Treatment
2005-06	789.72	255.80
2006-07	1031.95	302.65
2007-08	1015.15	364.71
2008-09	1527.64	473.43
2009-10	1870.38	645.13
2010-11 (April,10 to Dec., 10)	1501.63	637.73

Sliding down of Stocks (Wheat and Rice)

7.41 Sliding down of wheat and rice stocks during the year 2010-11.

(Figures in Lakh MT)

1.	Higher to lower category	NIL
2.	To feed category	0.01 Lakh MT

7.42 Stock position of wheat stored in CAP with FCI and State Agencies as on 1.4.2010 and 1.1.2011 is as under:-

As on 1.4.2010

(Figures in Lakh MT)

FCI	STATE AGENCIES*
CAP	CAP
8.21	66.42

As on 1.1.2011

(Figures in Lakh MT)

FCI	STATE AGENCIES*
CAP	CAP
13.39	78.54

STOCK POSITION OF UPGRADABLE AND NON ISSUABLE STOCK

As on 1.4.2010

(Figures in Lakh MT)

FCI		STATE AGENCIES*	
Non-Issuable	Upgradable	Non-Issuable	Upgradable
0.12	0.03	0.27	2.09

As on 1.1.2011

(Figures in Lakh MT)

FCI		STATE AGENCIES*	
Non-Issuable	Upgradable	Non-Issuable	Upgradable
0.09	0.007	0.63	2.31

* Only wheat stock with State Agencies.

NON ISSUABLE FOODGRAINS AND ITS DISPOSAL

7.43 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 issue will have to be dealt with as 'Non-issuable grain'.

7.44 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 into different lots.

7.45 The issuable foodgrains classified under various categories are disposed off as per laid down procedure. Fresh allocations and sale of non-issuable foodgrains held by the FCI and State Agencies is made only to bonafide State owned Deptts./Agencies who are users of non-issuable foodgrains and other bonafide registered parties to avoid circulation of damaged foodgrain into the market. Executive Directors (Zone) & General Managers (Region) are vested with full power for disposal of non-issuable foodgrains..

7.46 A quantity of 0.02 Lakh MT has been disposed off during 2010-11(April, 10 to Dec.10). A quantity of 0.09 Lakh MT of non-issuable foodgrains was lying in various Regions/Zones in the country as

on 1.1.2011, out of which 0.08 Lakh MT is covered by tender/auction.

VIGILANCE & SECURITY

- 7.47 Food Corporation of India has a Vigilance Wing headed by CVO/Executive Director (Vig.) at Hqrs., General Manager (Vig.) at Zonal Offices and Dy. General Manger(Vig.)/Asstt. General Manager (Vig.) in the Regional Offices.
- 7.48 As on 1st January, 2010, 910 Vigilance cases under Major/Minor disciplinary proceedings were pending in the Food Corporation of India. 2159 fresh Vigilance Cases were added and 2456 Vigilance cases were disposed off during the period from 1st January, 2010 to 31st December, 2010 leaving a balance of 613 Vigilance cases at the end of 31st December, 2010.
- 7.49 In order to minimize the storage and transit losses and to ensure the quality of foodgrains, special squads in FCI conducted 3135 surprise checks and 13390 regular checks during the period 1st January, 2010 to 31st December, 2010.
- 7.50 Efforts are being made to implement the rotation policy of CVC regarding sensitive posts as identified in FCI. The policy has already been successfully implemented in Vigilance Division in all FCI Offices.
- 7.51 Security of FCI's men and material is managed through its own Watch & Ward, as well as outsourcing through Ex-Servicemen, Security Guards, Home Guards and Special Police Officers (SPOs) etc. At certain vulnerable depots, the security of food grains is manned by the State Armed Police and the Central Industrial Security Force.
- 7.52 In order to prevent occurrence of fire, the depot/offices are provided with adequate fire-fighting equipment and all the field offices have been instructed to ensure installation of adequate number of fire fighting equipment at vulnerable points, so identified, in consultation with the officers of the local Fire Station
- 7.53 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/ requirements.
- 7.54 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. 1237 inspections at various levels were conducted from 1.1.2010 to 31.12.2010. Training programmes are organized from time to time to train the field and office staff with latest techniques about Security Management.
- 7.55 The Security Division at HQrs monitors cases of theft/fire/pilferage intimated by Regions and

issue directions whenever required. Instructions to plug loop-holes to avoid any untoward incident were also issued. During Trade Union activities viz. Agitation, Dharnas and Rallies etc., proper liaison is maintained with local police and adequate security arrangements are made for safety of the personnel and property of the Corporation. 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 food grains of FCI keeping in view the prevailing law and order situation in the country and particularly during war/emergencies, flood/riots etc. Assistance of local administration is obtained to tighten the security of the godowns/offices.

LIST OF SECURITY INSPECTION CONDUCTED AT ALL INDIA LEVEL DURING 1.1.2010 TO 31.12.2010

S.No.	Name of the Region	No. of Inspection
1.	Headquarters	40
2	Zonal Office(North)	04
3.	Punjab Region	52
4.	U.P.Region	81
5	Rajasthan Region	173
6.	Uttrakhand Region	30
7.	Delhi Region	04
8.	Haryana Region	62
9.	J & K Region	04

10.	Himachal Pd. Region	07
11.	Zonal Office (South)	24
12.	Tamil Nadu Region	94
13.	Karnataka Region	72
14.	Kerala Region	73
15.	A.P. Region	279
16.	Zonal Office(West)	02
17.	Maharashtra Region	03
18.	Chhatisgarh Region	29
19.	M.P. Region	24
20.	Gujarat Region	36
21.	Zonal Office(East)	05
22.	Bihar Region	03
23.	West Bengal Region	10
24.	Orissa Region	116
25.	Jharkhand Region	05
26.	Zonal Office(NE)	02
27.	Assam Region	03
28.	Shillong Region	--
29.	N&M Region	--
	Total	1237

PLANNING AND RESEARCH DIVISION

7.56 The main role of Planning and Research Division revolves around advice-giving and consultative in nature and facilitating the Management in monitoring and decision making process by way of providing vital statistics and data relating to availability of stock, off-take, procurement position and etc.

7.57 It also coordinates and monitors the target vis-avis achievement with regard to Memorandum of Understanding agreed between Department of Food & Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution and Food Corporation of India

7.58 The matters relating to various Parliamentary Committees viz Standing Committees/Estimates Committee/Committee on Public Undertakings are coordinated by P & R Division.

7.59 Besides above, Monthly Performance Review and other meetings are also coordinated. Booklet depicting Monthly Performance Review Report is generated which is also used as the ready reckoner.

ANNUAL ACTION PLAN

7.60 During the XIth Five Year Plan (2007-2012), FCI is expected to create additional storage capacity of about 1.39 lakh tonnes subject to availability of land.

7.61 As per the Annual Plan 2010-11, FCI proposed to construct additional capacity as under:

(Figure In 000MTs)

Year	Target	Achievement
2008-2009	32.00	2.50
2009-2010	10.42	9.170
2010-2011	7.50	-

7.62 Special emphasis has been given to enhance the storage capacity in NE States and also other newly procurement States in the year 2010-11. Action has been taken for identification of new sites for construction of godowns in Nagaland, Manipur, Arunachal Pradesh, Sikkim, Orissa and Bihar. The work at Senapati and Jiribam in Manipur Region and at Kohima/Nagaland is in progress. The land at seven centres in Arunachal Pradesh has been taken over by FCI and the selection of executing agency is under finalisation. The land acquisition process at Pulwama/J&K is under process. The land at Baripada/Orissa has been taken over. Land acquisition process at different sites in NE Region as well as in the areas other than NE is in progress.

7.63 The details of targets/achievements made by the FCI during the last three years are as under:

(₹ in crores)/(Capacity in 000 Tonnes)

Year	Target			Achievements		
	Storage construction programme			Storage construction programm		
	General	NE	Total	General	NE	Total
2008-09*						
Financial	2.10	22.38	24.48	1.36	14.70	16.06
Physical	7.50	25.00	32.50	-	2.50	2.50

2009-10**						
Financial	17.675	6.75	24.425	17.74	6.75	24.49
Physical	10.42	-	10.42	9.170	-	9.170
2010-11*** (The position is as on 31.12.10)						
Financial	10.00	25.00	35.00	1.41	14.65	16.06
Physical	2.50	5.00	7.50	-	-	-

* Ministry had released an equity of ₹ 16.45 crores.

** Ministry had released an equity of ₹ 24.43 crores.

*** Ministry has released an equity of ₹ 35 crores upto December, 2010.

It is anticipated that an expenditure of ₹ 3.50 crores (₹ 2 crores in NE and ₹ 1.5 crores other than NE) will be incurred from January to March, 2011 and a capacity of 7500 MT (5000 MT at Hailakandi/Assam and 2500 MT at Lakshadweep/UT) will be achieved during this current financial year of 2010-11.

PUBLIC RELATIONS

7.64 The Public Relations Division of the Corporation has two main objectives:

- To project a positive image of the Corporation amongst opinion leaders and decision makers in the country through various public relations exercises.
- To serve as an interface between the Corporation and the general public.

7.65 The Division monitors press reports relating to the Corporation on a day to day basis by scanning major dailies and bringing out relevant clippings to the notice of the higher management for appropriate action. Rejoinders/rebuttals are sent in order to negate any kind of misconception about the role of the Corporation and its functions such as procurement, storage, movement and distribution of foodgrains under various schemes

being run by the Govt. of India. These rejoinders are also uploaded on the Corporation's website to enable wider dissemination.

7.66 The PR Division also attempts to create awareness amongst the farmers about the benefits of Minimum Support Price (MSP) through use of print and electronic media, participation in melas /exhibition/ fair. FCI showcases its system for maintaining health of stock by storing the foodgrains in scientific manner. The Division follows preset guidelines while issuing promotional and institutional advertisements. At times dedicated campaigns of different schemes are undertaken. Recently FCI undertook a campaign to invite investments under the Liberalized Private Entrepreneurship Guarantee Scheme (PEG).

7.67 For updation of the knowledge of officers and staff of the Corporation, the PR Division maintains a library containing over 15000 books in English and Hindi on diverse subjects such as economy, management, agriculture, PR, medicines, sports, fiction, law, rules and regulations etc.

TRAINING

7.68 The Food Corporation of India has its own Training Institute, the Institute of Food Security (IFS) at

Gurgaon (Haryana). The Institute imparts training to officers and officials in various disciplines relevant to FCI operations i.e. Depot Management, Quality Control, Industrial Relations, Administration, Computer, Vigilance, Financial Management, Rajbhasha Hindi etc and also conducts Management Development Programmes. IFS also imparts on the job training to newly recruited Management Trainees and also coordinates training programmes through Indian Grain Storage Management and Research Institute (IGMRI) on Scientific Storage and Quality Management of foodgrains for the farmers and officials of the State Agencies under FCI's Corporate Social Responsibility. The major achievements of IFS during the period 2010-11 (up to September, 2010) are:-

- Forty two training programmes involving 778 in-service officers/officials have been conducted so far.
- In addition, 29 programmes were conducted involving 567 officers/officials, who have been trained under the Financial Accounting Package.
- Induction training was imparted to 112 newly recruited Management Trainees at the level of manager in various cadres of FCI.
- Under FCI's Corporate Social Responsibility, 448 farmers and 206 officials of the State agencies have also been trained so far.
- Institute of Food Security also conducted commercial training programmes involving State Government officers/officials.
- Institute of Food Security has now started publishing an annual professional journal in the area of Food Security, authored by

experts drawn from academia and professionals working in area of food security and related sectors.

- 7.69 In addition to the training at IFS, officers of FCI are also nominated for various specialized/management development programmes in professional Institutes of repute viz. Indian Institute of Public Administration, New Delhi, Administrative College of India, Hyderabad, Amity Institute of Technical Development, Noida, National Productivity Council, New Delhi, Institute of Public Administration, Bangalore, National Institute of Financial Management, Faridabad, S.P.Wahi Institute of Management, New Delhi, ASSOCHAM, New Delhi, National Archives of India, New Delhi., Standing Committee of Public Enterprises, New Delhi, Indian Institute of Foreign Trade, New Delhi, ICADR, New Delhi, Asia Pacific Management Landmark Forum, ICAI, New Delhi. In all 136 officers/officials have so far been nominated in 17 specialized programmes from April, 2010 to December, 2010. These programmes include diverse subjects having direct relevance to the functioning of FCI like Financial Programme for Management Audit, International Audit and Risk Management, Reservation Policy on SC/ST/OBC, Implementing Support on Management of Foodgrains, Internal summit on Procurement-enhancing efficiency and accountability, Leadership through self discovery, RTI programme, Finance for non-finance Managers, Managerial Transformation, Workshop on Arbitration matters, International payment methods and letter of credit with implication of UCP 600, Hindi Computer Training through CDAC, Noida, and Computer Training MS Office, through NIPSTEC Institute, New Delhi etc.

7.70 In addition to the training efforts at the corporate level, training programmes are also conducted at various Zonal Training Institutes (ZTI's) located at Noida, Mumbai, Kolkata, Guwahati and Chennai. These ZTI's mostly impart in-service training to Cat.III officials within the Zone apart from conducting induction training for newly recruited Cat.III Staff. For the year 2010-11, the training achievements by various ZTI's are as follows:-

S. No.	Name of the ZTI's	Achievements	
		In-service	Induction
1.	North	403	216
2.	South	434	-
3.	West	161	27
4.	East	292	-
5.	NE	189	13
	G.Total	1479	256

7.71 Thus more than 3982 officers/officials have already been trained in the Corporation from April-December, 2010 and the projected figures for current financial year is likely to meet the MOU (2010-11) target of 5080 under various training heads.

SC/ST EMPLOYEES IN FCI

7.72 Statement showing the representation of SCs/STs in services of FCI as on 31.12.2010 is as under:-

CATEGORY	Sanctioned Strength	Total No. of Employees	No. of SC	No. of ST
Cat.I	1012	678	135	66
Cat.II	6292	5425	1083	598
Cat.III	26831	17048	3839	1338
Cat.IV (Excluding Safaiwala)	2380	8010	2592	776
Cat.IV (Safaiwala)	0	86	50	03
Grand Total	36515	31247	7697	2781

COMPUTERIZATION IN FOOD CORPORATION OF INDIA

7.73 FCI is currently implementing the following projects for computerization of various operations and for generation of MIS reports.

Integrated Information System for Foodgrains Management (IISFM):

7.74 Computerization in FCI had actually started in earnest with the sanction of Integrated Information System for Foodgrain Management (IISFM) Project

in year 2003 under 10th Five Year Plan at a total project cost of Rs 97.66 Crore. The objective of IISFM was to put in place an on-line MIS for stock position in any FCI Depot at any given point of time. The scope of the IISFM project was widened in October, 2005 to include 'Financial Accounting of FCI' and 'Computerization of State Agencies' of major procuring / distributing States. FCI has been able to set up the basic ICT infrastructure, including LAN/WAN, right from its Depot offices upto the Headquarter.

7.75 The IISFM project consists of two modules viz. District Information System for Foodgrain Management [DISFM], which is its district module and IISFM Rapid Reporting Service (IRRS), which is a Depot module. The current status of implementation is as under:

a) District Stock Information Module [DISFM] is fully functional at 166 District Offices and fortnightly Stock and Offtake MIS reports along with State / UT wise reports are available at www.iisfm.nic.in .

b) IISFM Rapid Reporting Service (IRRS) is a simplified online Depot Application launched on the 4th of August, 2010, after reviewing the various operational and other complexities arising in the implementation of the earlier depot applications. This application is being implemented in all depots across the country. Around 85% of these depots are updating stock information on daily basis. MIS reports on stock position, offtake, capacity utilization, storage/transit loss/gain etc. from 01.07.2010 onwards are available at <http://egrains.nic.in/irrs4>. IRRS generated reports are being used by the management for decision making.

7.76 As on 31.12.2010, 1380 depots out of total 1634 active depots in IRRS have reported upto date stock data through this module. Zone-wise position of upto date data entry in IRRS is as under:

Zone	Total Depots in IRRS	Status as on 31.12.2010, 17:30 hrs.		% of upto date data entry by depots (upto last working day)
		Total active depots	Updated till last working day	
(Excluding de-hired depots)				
North	804	766	588	76.76 %
East	185	178	175	98.31 %
West	308	277	253	91.34 %
South	365	340	319	93.82 %
NE	74	73	45	61.64 %
Total	1736	1634	1380	84.46 %

7.77 Efforts are on to achieve 100% stock reporting through IRRS for which workshops are being held at field offices in different parts of the country and the progress is being monitored

regularly personally by all Regional and Zonal Heads as well as by Headquarters. This software has also been started to be implemented in State Agencies of De-

centralized Procurement (DCP) States to obtain the stock position in Central Pool, as per the extended scope of the project.

Financial Accounting Package (FAP)

- 7.78 FAP has been rolled out at all FCI locations with effect from October, 2010 and data entry is in progress. Payroll Application has also been rolled out at all FCI units since October, 2010. Salary (officers and staff) is being processed using Payroll module by all units.
- 7.79 DPS labour payroll is being started by one unit in each Regional Office for the month January, 2011 and by all units from February, 2011. Customization of Payroll for Departmental Labour has been completed and implementation will start from February, 2011. In February, 2011 one unit in each Regional office will process their salary of Departmental Labour using Payroll and from March, 2011 by all units. As the data entry in FAP by units have been started w.e.f. 1st October, 2010, the Trial Balance alongwith schedules for the period 1st April, 2010 to 30th September, 2010 is required from all the units which will be uploaded in FAP for getting Trial Balance for the quarter ending December, 2010 from FAP. During the year 570 officers of FCI have been trained on FAP. Besides, two day workshop is organized at Regional Offices to familiarize the officers of FCI with FAP. Starting 1st April, 2011 FAP will be implemented with full functionalities in all 195 units of FCI.

E-procurement

- 7.80 E-procurement is a solution which is initiated with the objective of achieving transparency and efficiency in the procurement process. The solution would help reduce the procurement cycle time, unnecessary paper work, and simultaneously

maintain the transparency in the entire process.

- 7.81 The implementation of E-procurement system has been taken up as a pilot in Karnataka Region through the E-governance programme of Government of Karnataka. The Pilot Project is now extended to include one Regional Office from each Zone and Headquarters, for testing the applicability of the system under different circumstances. Accordingly, Haryana, Orissa and Maharashtra have been selected from North, East and West Zone respectively. In South Zone, pilot project in Karnataka has already commenced. For North-East Zone, the region would be identified once the MTF is finalized.

Website upgradation

- 7.82 The FCI website has been re-constructed through NICSI empanelled vendor to make it more user friendly, dynamic and to have the entire information easily accessible for all. The Zonal and the Regional websites are also being brought under the main website to maintain a single point of contact for all FCI related searches. A training programme for all users from various Zones/Regions on content uploading and maintenance has been organized in December, 2010.

Release Order creation software

- 7.83 This web based application is at the stage of development and would provide solution to generate release order in uniform format at District offices and feed issue quantity at Depots. Once implemented, the system would enhance transparency and better monitoring of offtake under various schemes.

Library management system

- 7.84 E-Granthalaya, a library automation system has been installed in the library and data entry work

of all the books and the journals in the library is complete. The user profile is now being generated for issue and receipt of books from the library. The software enables a user to search the books available in the library and to keep track of all his borrowings and due date of returns. It is an online cataloguing of books and monitoring of borrowings etc.

Legal cases monitoring system

7.85 A proposal for development of a new window based software which will be capable of giving total solutions on the litigation front such as date of receipt of summons, name of the advocates, date of filling of reply, gist of the case, the detailed position of pending arbitration and contempt cases as well as capable of generating reports age-wise, Zone, Region, District-wise, subject-wise, advocate as well as party-wise is under consideration.

Vigilance Information Management System

7.86 A proposal for Vigilance Information Management System (VIMS) is also under consideration. This would help to computerize the functioning of Vigilance related functions, for achieving smoothness, efficiency and transparency in receipt and disposal of complaints, suspension and disciplinary cases.

MARKET BORROWINGS

Cash Credit

7.87 The Corporation is enjoying a cash credit facility up to ₹ 34,495 crore w.e.f. 7.5.2007 (enhanced from ₹ 33,100 crore) extended up to 31.3.2012 from a consortium of banks led by SBI. The rate of interest on Food Credit has varied with variation in PLR of five major Banks from 11.40% w.e.f. 1.1.2009 to 10.25% w.e.f. 1.7.2009. Consequent upon implementation of Base Rate system w.e.f. 1.7.2010,

it has been decided by the Consortium in their meeting held on 11.08.2010 to reduce the effective interest rate on Cash Credit from 10.25% to 9.30% provided the amount of Short Term Loan is fully liquidated by the FCI. Accordingly, the amount of STL was liquidated on 01.09.2010 and the rate of 9.30% is being charged to cash credit account w.e.f. 01.09.2010. It is 140 bps above the average Base Rate of five largest banks in the Consortium.

Subsequently, the rates have been revised as under :

Sl.No.	Date/Period	Rate of interest
1.	01.09.2010 to 10.10.2010	09.30% p.a.
2.	11.10.2010 to 20.10.2010	09.70% p.a.
3.	21.10.2010 to 31.12.2010	09.72% p.a.
4.	01.01.2011 to 03.02.2011	10.12% p.a.
5.	04.02.2011 onwards	10.60% p.a.

Borrowing through Short Term Loan/Commercial Paper

7.88 To reduce the interest cost, the Corporation has raised ₹ 4790 crore through Short Term Loan to reduce the utilization of Cash Credit Fund. This has reduced the interest burden of the Corporation approx. by ₹ 53 crore.

7.89 An amount of ₹ 500 crore mobilized through CP on 04.05.2010 for a period of 147 days at discount rate of 4.65% p.a. has been refunded to the respective investors on maturity date i.e. 28.9.2010. The Corporation has saved ₹ 12 crore approx from this.

Issue of Bonds

7.90 To reduce the cost of funds, the Corporation has mobilized ₹ 8604.90 crore through issue of bonds in four tranches in the year 2005 against a permissible amount of ₹ 10000 crore. The Bonds

having a tenure of 5 years amounting to ₹ 758.50 crore and ₹ 2341.80 crore have been redeemed on 28.2.2010 and 31.03.2010 respectively. In the financial year 2010-11, bonds amounting to ₹ 976.50 crore have been redeemed on due date i.e. 10th June 2010. Further, Bonds amounting to ₹ 483.90 crore have been redeemed on 16th Dec., 2010 leaving balance amount of bonds of ₹ 4044.20 crore with the Corporation. The saving on this account would be ₹130 crore approx during the current year.

STUDY OF F.C.I. BY M/s Mc Kinsey & Co.

7.91 M/s. McKinsey & Co. have been engaged by Govt. of India to conduct a study on FCI to bring about substantial and sustainable efficiency improvements in FCI. The Consultants commenced their 1st stage study on 3rd January, 2005 and the 2nd stage study on 28.2.2006 and the final reports were accepted by the Steering Committee headed by Secretary (F&PD).

7.92 The major recommendations of the Consultants broadly encompass financial restructuring through multi-tiered debt structure to reduce the interest burden, initiatives to streamline and reduce the operational costs, network optimization by use of Linear Programme (LP) in rail movement to reduce rail freight, consolidation of all Handling and Transport contracts, changes in sourcing pattern of Gunny bags through open tender, reduction in gunny cost by use of once used gunny in paddy procurement, savings by selective use of HDPE bags, developing process for monitoring, analysing and improving model tender forms and tendering, exploring avenues for revenue generation by optimum utilization of assets and renting out/ de-hiring of excess storage capacity,

cost reduction by direct procurement of food grains at FCI Depots, reduction of obligatory charges such as Arthiya commission, purchase tax etc.

7.93 The consultants also recommended that original mandate of FCI still need to be honoured, rationalisation of handling norms, redistribution of labour across depots and VRS for labour, launching integrated grain mission with public-private partnership to ensure effective extension services, grain regulator to be set up to encourage large agri-business players to trade in grain, increased procurement in non-traditional States, creation of a Price Monitoring Cell for domestic and international Food Grain prices, Tapping the cost differential between operating hired Godowns to save labour costs.

7.94 Recommendations on better vigilance administration, transparency & accountability to be ensured by review of Key Performance indicators, changes in Staff Regulation, cost effective and efficient utilization of human resource through rationalization, automation and better performance management, Smart Trading approach for global trade in food grains, carrying out Import operations directly by FCI, increased utilization of IT enabled services in procurement, electronic clearance of procurement prices, warehousing, stocks, depots etc., strict quality control regime and monitoring of quality even after transfer of stocks to the State agencies and PDS shops, etc.

7.95 Some of the recommendations such as renting out excess storage capacity etc. have become out of context in view of the shortage of storage space due to heavy procurement. However many of the feasible recommendations given by the

Consultants and accepted by the Steering Committee are under various stages of implementation. Progress of implementation of various recommendations is reviewed and monitored periodically.

(B) CENTRAL WAREHOUSING CORPORATION

7.96 Central Warehousing Corporation (CWC) was set up on 2nd March, 1957 after the enactment of Agricultural Produce (Development and Warehousing) Act, 1956, which was subsequently repealed and re-enacted by the Parliament as the Warehousing Corporations Act, 1962. The main objective of the CWC is to provide scientific storage facilities for agricultural implements and produce and other notified commodities. CWC is an ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:2007 certified corporation. The functions of CWC are:

- To acquire and build godowns and warehouses at suitable places in India or abroad;
- To run warehouses for the storage of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities offered by individuals, cooperative societies and other institutions.
- To arrange facilities for transport of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities to and from warehouses.
- To subscribe to the share capital of State Warehousing Corporations
- To act as an agent of the Government for the purposes of purchase, sale, storage and distribution of agricultural produce, seeds,



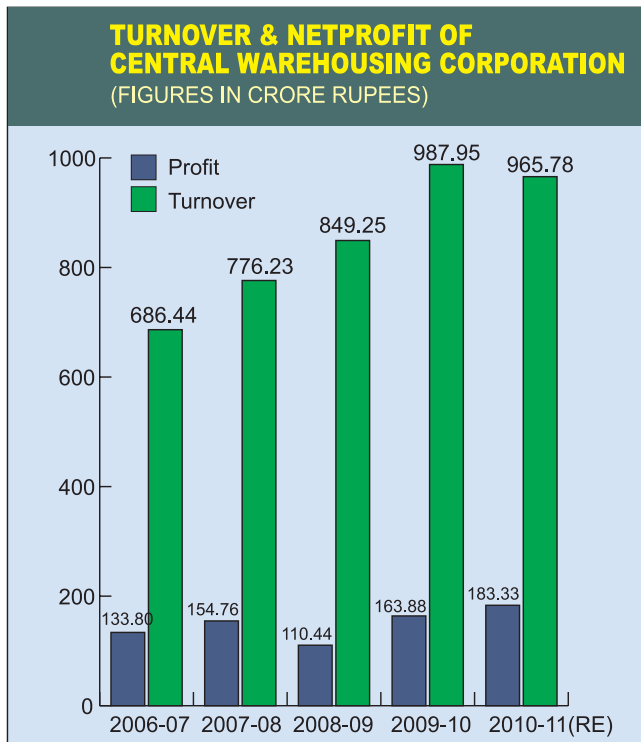
Shri Sharad Pawar, Hon'ble Minister for Agriculture, Consumer Affairs, Food & Public Distribution receiving the dividend cheque for the year 2010-11 from the Chairman alongwith Managing Director, Central Warehousing Corporation in presence of Secretary (F&PD).

manures, fertilizers, agricultural implements and notified commodities.

- To enter into, with the previous approval of the Central Government, joint ventures with any Corporation established by or under any Central Act or any State Act or with any company formed and registered under the Companies Act, 1956 including foreign company or through its subsidiary companies, for carrying out its functions as enumerated in the Warehousing Corporations Act, 1962.
- To establish subsidiary companies.
- To undertake disinfection services outside 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 on behalf of a company as defined in the Companies Act, 1956 (1 of 1956) or a body corporate established by an Act of Parliament or of a State Legislature or a Cooperative Society.

- The Corporation may, at its discretion, and at the request of the Central Government or any State Government or a Corporation established by or under a Central Provincial or State Act, or a Government Company as defined in section 617 of the Companies Act, 1956 (1 of 1956) or a Cooperative Society, prepare any project or render consultancy service for construction of warehouses or any matter connected therewith;
- The Corporation may operate warehouses, create infrastructure and arrange facilities for storage, handling and transport of agricultural produce, seeds, manures, fertilizers, agricultural implements and notified commodities, bonded cargo, air cargo, containerized cargo and liquid cargo. Further, the Corporation may also provide marketing or other warehousing related services in respect of agricultural produce or notified commodities;
- The Corporation may provide consultancy services, assistance, finance, programmes or projects related to agricultural produce or notified commodities and undertake any other activities considered incidental to its functions; and
- To carry out such other functions as may be prescribed.



CAPITAL STRUCTURE

7.97 The authorized share capital of the Corporation is ₹ 100 crore. There has been no change in CWC's

subscribed share capital and paid up share capital during 2009-10. The capital structure of CWC is as given below:

Sl. No.	Institution	Paid up Capital (Rupees in lakh)
1.	Central Government	3,742.50
2.	State Bank of India	1,474.15
3.	Other Scheduled Banks	1,091.73
4.	Insurance Companies including Life Insurance Corporation of India	477.74
5.	Cooperative Societies	15.22
6.	Recognized Associations dealing in agricultural produce	0.71
7.	Companies dealing in agricultural produce etc.	0.05
	Total	6,802.10



A view of custom bonded warehouse

GRANT OF SCHEDULE 'A' STATUS

7.98 The Corporation is a Schedule 'A' Category-I, Mini Ratna PSU w.e.f. 23rd September 2009.

GROWTH IN STORAGE CAPACITY

7.99 The warehousing capacity operated by CWC has gradually increased over the past few years while capacity utilization has shown a rapid increase:

(In lakh MT)

Storage capacity as on	Owned	Hired#	Total	% of utilization
31.03.2005	66.57	35.29	101.86	63
31.03.2006	66.61	33.77	100.38	70
31.03.2007	67.00	35.20	102.20	77
31.03.2008	67.63	31.15	98.78	73
31.03.2009	67.60	37.65	105.25	82
31.03.2010	68.46	37.52	105.98	85
31.12.2010 Provisional	68.79	33.46	102.25	85

Includes Management warehouses and open capacity.



Unloading of Container

Break-up of storage capacity as on 31.12.2010

S. No.	Category	Units (Nos.)	Capacity (lakh MT)
1.	General Warehouses	439*	82.23
2.	Bonded Warehouses	67	4.32
3.	CFS/ICDs	36	15.68
4.	Temperature Controlled Warehouses/ Cold Storages	03	0.02
	Total	478	102.25

* Some general warehouses include bonded and CFS/ICD godowns.

CAPACITY ADDITION

7.100 Details of the storage capacity constructed by CWC and the capacity expected to be constructed are as under:

(in lakh MTs)

2007-08	2008-09	2009-10	2010-11		2011-12 MoU Target
			Target*	Achievement (upto 31.12.2010)	
2.40	0.54	0.85	1.77	0.40	2.07

*including 1.15 lakh MT to be constructed for FCI on 6 years guarantee basis.

CAPACITY UTILISATION

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

Year	Owned/Covered			Hired*			Total		
	Capacity (lakh MT)	Utilization (lakh MT)	% of Utilization	Capacity (lakh MT)	Utilization (lakh MT)	% of Utilization	Capacity (lakh MT)	Utilization (lakh MT)	% of 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	55.15	82	31.93	26.21	82	99.40	81.36	82
2009-10	67.82	58.30	86	39.37	33.57	85	107.19	91.87	86
2010-11 (April to December 2010) Provisional	68.60	60.93	89	35.39	30.76	87	103.99	91.69	88

*Includes management warehouses and open storage capacity.

TURNOVER, PROFIT AND DIVIDEND

7.102 The Corporation has been consistently making profits and paying dividend to its shareholders. The

details of turnover, net profit and dividend paid during the years 1999-2000 to 2009-10 are given in the following table:

(₹ in crores)

Year	Turnover	Profit Before Tax	Dividend Paid		
			Central Govt.	Others	TOTAL
1999-2000	276.34	48.30	4.49	3.67	8.16
2000-2001	339.86	73.33	7.49	6.11	13.60
2001-2002	379.94	90.72	7.49	6.11	13.60
2002-2003	471.08	47.62	4.12	3.36	7.48
2003-2004	462.86	33.88	2.25	1.84	4.09
2004-2005	522.87	60.42	4.49	3.66	8.15
2005-2006	619.50	106.95	7.86	6.40	14.26
2006-2007	686.44	133.80	10.10	8.23	18.33
2007-2008	776.23	154.76	11.23	9.14	20.37
2008-2009	849.25	110.44	11.23	9.16	20.39
2009-2010	987.95	163.88	14.22	11.61	25.83
2010-2011 (RE)	965.78	183.33			
2011-2012 (BE)	1018.73	189.11			

PEST CONTROL SERVICES

7.103 The Corporation has been rendering state-of-the-art Pest Control Services to a varied group of clients both private and public with the aim to prevent the economic and health loss caused by pests, rodents and termites by using ISI marked / WHO approved / eco-friendly pesticides. The Corporation earned gross revenue of ₹ 12.06 crore upto December, 2010 (provisional) during the year 2010-11 from pest control services which is 12.77% higher than the corresponding period of the previous year. The Corporation has obtained accreditation of its officers under International Standard for Phyto-Sanitary Measures (ISPM -15) and Australian Fumigation Accreditation Scheme (AFAS) - India Programme of AQIS Standards. The Corporation undertakes quarantine fumigation of cargo and fumigation of export containers / shipments with MBr/Alp as per need of customers.

STATE WAREHOUSING CORPORATIONS

7.104 CWC has 17 associates in State Warehousing Corporations. The total investment of the Central Warehousing Corporation, which is 50% shareholder in the equity capital of the State Warehousing Corporations, was ₹ 60.37 crore as on 31.12.2010 and projection upto 31.03.2011 is 63.12 crore. The total number of warehouses operated are 1589 with a total capacity of 216.73 lakh MT as on 31.12.2010. The SWCs have constructed 85,290 MT additional capacity during 2009-10 and have a target of constructing 2,64,780 MT for the year 2010-11.

CENTRAL RAILSIDE WAREHOUSE COMPANY LTD.

7.105 Central Railside Warehouse Company Limited, a 100% owned subsidiary of Central Warehousing

Corporation, was formed for development of Railside Warehousing Complexes. The company was incorporated on 10th July, 2007 and received certificate for commencement of business on 24th July, 2007. The share capital of ₹ 40.56 crores as equity of the new company has been subscribed by CWC. Besides, CWC has also transferred 7 of its Railside Warehouses to CRWC.

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

7.107 Railside Warehousing Complexes are being operated in the following locations:

(Figures in MT)

Sl. No.	Location	Capacity
1.	Whitefield, Bangalore	29,700
2.	Shakur Basti	18,730
3.	Nishatpura	16,700
4.	Sanathnagar	13,225
5.	Nasik Road	09,270
6.	Badnera	17,000
7.	Ghaziabad	12,000
8.	Alam Nagar, Lucknow	15,500
9.	Roza, Shahjahanpur	18,500
10.	Kandla, Gujarat	32,000
11.	Koodal Nagar, Madurai	12,000
12.	Yamuna Bridge, Agra	14,400
13.	Korrukupet, Chennai	31,340
14.	Hatia, Ranchi	12,800 MT
15.	Saswad Road, Pune	18,700 MT

7.108 The construction of Railside Warehousing at the following locations is in progress:

(Figures in MT)

Sl. No.	Location	Capacity
1.	Dehri-on-Sone (Bihar)	11,700
2.	Dankuni (Kolkata)	13,750
3.	Mysore	12,500

7.109 Financial results of CRWC since inception are as under:



[₹ in lakh]

Period/year	Income	Expenditure	Profit before Tax	Profit after Tax
10.07.2007 to 30.09.2008	2414.75	1855.54	559.21	243.81
01.10.2008 to 31.03.2009	1550.90	1067.27	483.63	243.81
2009-10	3751.98	2385.87	1117.52	814.91
2010-11 (Target)	4900.00	3985.89#	914.11	604.89

includes interest on loan ₹ 600 lakhs, previous year ₹ 29.89 lakhs.

(C) HINDUSTAN VEGETABLE OIL CORPORATION LIMITED

7.110 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 ₹ 5.00 crore. Presently, the authorized capital is ₹ 10.00 crore and paid up capital is ₹ 7.71 crore. The Ganesh Flour Mills and Amritsar Oils Works were merged with HVOC on 23.4.1984.

7.111 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 product variants and effective marketing strategies.

7.112 HVOC had been incurring losses since 1991-92, due to which it was referred to the Disinvestment Commission in March 1997 for advice. The Commission recommended that HVOC should be classified as a non-core Sector and the company's operations in Vanaspati and packaging of refined oils be discontinued with immediate effect. The company was referred to the BIFR, which declared it a sick industrial company under SICA in 1999.

Due to the continual dismal financial performance of HVOC and in the light of the recommendations of the Disinvestment Commission, the Government of India decided that it did not consider it feasible to attempt revival/rehabilitation of the company. The Govt. of India also approved a proposal to introduce a Voluntary Separation Scheme in the company and approved the payment of a non-plan loan of Rs.75.00 crore to HVOC to meet the cost of VSS and other liabilities on account of wages etc.

PHYSICAL AND FINANCIAL PERFORMANCE

7.113 A Voluntary Separation Scheme was introduced in the company in November 2000. Consequent to the VSS only 128 regular employees were left in the company of which 122 were working in the Breakfast Food Unit (BFFU), which is the only functional unit now. At present, there are 120 regular employees in the company of which 111 are actually working in BFFU. The physical performance of BFFU of HVOC during the last two years and current year vis-à-vis installed capacity is as under:-

Product	Unit of Measurement	Installed capacity	2008-09	2009-10	2010-11 Upto December 2010	2010-11 January to March 2011 (Projected)
a. Break-fast Foods	MT	900	312	252	68	20
b. Ready to eat Foods (For Social Welfare Programs)	MT	1200	-	-	-	-

7.114 The accounts for the year 2009-2010 have already been finalized and laid on the table of both Houses of the Parliament. The financial results of the

company for the last two years and current year (projected) are as follows:

(Rupees in crore)

Particulars	2008-09 (Audited)	2009-10 (Audited)	2010-11 Upto December 2010 (Provisional)	2010-11 Upto March, 2011 (Projected)
Turnover	2.12	1.78	0.52	0.67
Losses (Cumulative)	284	306	325	331

7.115 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 (AAIFIR), 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.

7.116 The above-mentioned Order of the AAIFR was challenged by the HVOC (Breakfast Food) Employees Sangh before the Hon'ble Delhi High Court in Civil Writ Petition No.6877 of 2003. The writ petition filed by the said Union has been disposed off by the High Court of Delhi vide order dated 29.04.2009 with liberty being given to the employees to file fresh petition in case any adverse decision is given by the Government.

7.117 During its hearing in the Company Petition No.49/2002 held on 28-9-2006, the Hon'ble High Court of Delhi has permitted the Government of India to appoint a senior and responsible officer to work as Liquidator for the company in respect of its moveable assets excluding of its Breakfast Foods Unit. Accordingly Shri B.S. Mahapatra, Executive Director (Finance), Food Corporation of India has been appointed to work as liquidator, who has so far disposed off the moveable assets of two closed units of the company located at Chennai and Mumbai. The process of disposal of moveable assets at other closed units, which was stalled due to stay order of the Hon'ble Delhi Court, has now resumed.

7.118 As regards BFF Unit, the Hon'ble Court directed that the possibility of its hiving off from the company and its running or otherwise be explored. Accordingly, a proposal for running the unit in the joint venture was submitted to the Board for Reconstruction of Public Sector Enterprise (BRPSE). The BRPSE advised that the possibility of a joint venture for running of the unit might be explored where the Government should have the majority shareholding. In the meeting held on 7th August 2009, BRPSE after deliberations, endorsed the views to close BFF unit by offering VRS to the existing employees and proceed with the liquidation of the unit. The Government is in the process of taking decision on the future of the unit.

ANNEXURE-I
(Para-2.3)

STATEMENT SHOWING NUMBER OF SANCTIONED POSTS IN THE DEPARTMENT OF
FOOD AND PUBLIC DISTRIBUTION AS ON 31.12.2010

GROUPS	D/O FOOD (E-I&II)	SRA HQRS.	IGMRI HAPUR & FIELD OFFICES	QCC	PAO	DTE. OF SUGAR	DTE. OF VVOF	NSI KANPUR	TOTAL
GROUP "A"	59	09	15	21	01	13	10	53	181
GROUP "B"	238	03	13	14	21	20	14	19	342
GROUP "C"	134	21	49	56	87	16	14	123	500
GROUP "D"	137	08	43	28	24	23	07	168	438
TOTAL	568	41	120	119	133	72	45	363	1461

ANNEXURE-IA
(Para-2.3)

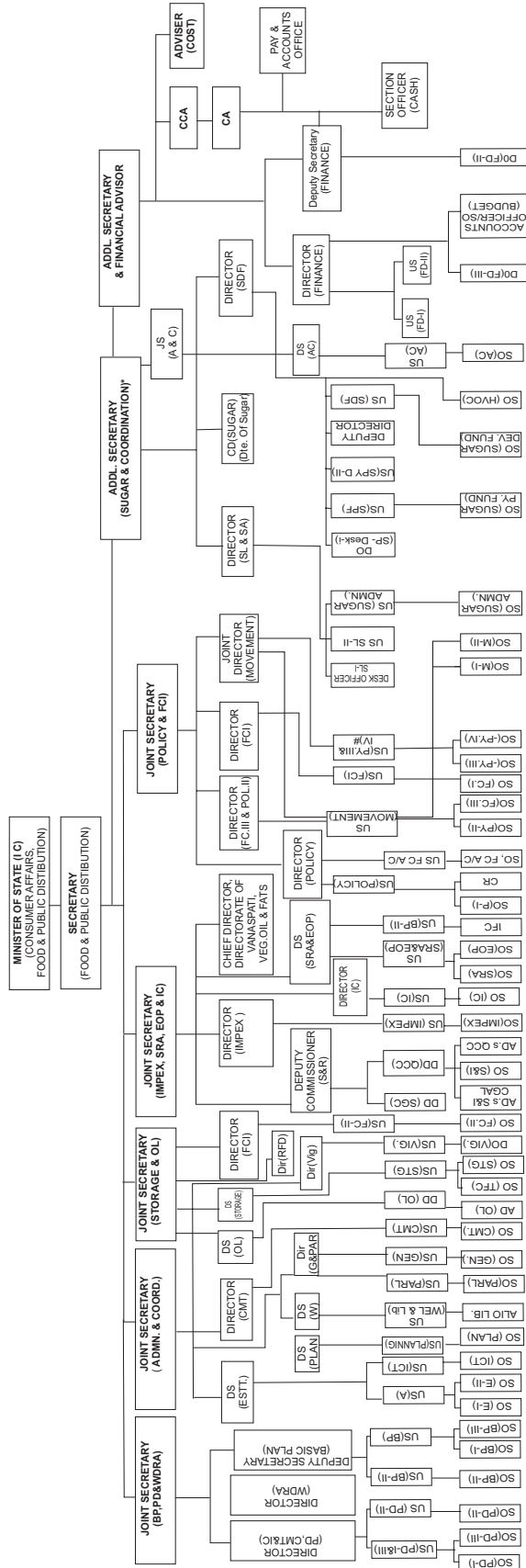
BUDGET ESTIMATES, REVISED ESTIMATES AND EXPENDITURE STATEMENT OF DEPARTMENT OF FOOD AND PD

(₹ in crore)

Year	Department	Demand No.	Budget Estimates			Revised Estimates			Actual		
			Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
2006-07	Department of F&PD	18	95.80	24899.70	24995.50	70.00	24897.20	24967.20	65.63	24592.29	24657.92
2007-08	Department of F&PD	18	85.00	26406.20	26491.20	60.00	32839.00	32899.00	52.04	32301.99	32354.03
2008-09	Department of F&PD	16	95.00	34016.00	34111.00	65.00	45621.88	45686.88	46.11	45550.46	45596.57
2009-10	Department of F&PD	17	95.00	54679.27	54774.27	70.00	58323.08	58393.08	69.11	60751.77	60820.88
2010-11	Department of F&PD	17	100.00	67524.81	67624.81	66.11	84480.61	84546.72	40.19*	64872.76*	64912.95*
2011-12	Department of F&PD	17	120.00	72211.32	72331.32						

*Expenditure upto Dec, 2010.

ANNEXURE-II
(Position as on 18.02.2011)
(Para 2.3)



A-Administration
AC-Administration Coordination
AD - Assistant Director
ALIO - Assistant Librarian & Information Officer
BP - Basic Plan
C&G-Coordination & general Accounts
CCA - Chief Controller of Accounts
C&AL - Central Grain Analysis Laboratory
CMT - Cancer Management Training
CR - Control Room
DD - Deputy Director
DO-Desk Officer
EOP - Edible Oil Policy Estt.-Establishment

FC - Food Corporation
FCI - Food Corporation of India
FCA/Cs - Food Corporation Accounts
FD - Finance Desk
GEN - General Information & Communication Technology Center
JFC - Information Technology Lib. - Library
M - Movement
OL - Official Language
PARL - Parliament
PD - Public Distribution Policy
QCC - Quality Control Cell

SA - Sugar Administration
S&I - Storage & Inspection
S&R - Storage & Research
SO - Section Officer
S&R - Storage & Research Administration
SDF - Sugar Development Fund

SP Desk - Sugar Policy Desk
STG - Storage
TFC - Task Force Cell
US - Under Secretary
W/ WEL. - Welfare

Cases relating to PYIV are submitted to Joint Director (Movt.) through Director (FC.I) & CR are submitted to Director (FC.II & Pol. II).
*Cases relating to Coordination are submitted to AS (S&C) through JS (A&C).
Files relating to IFC are submitted to JS (ImpeX, EOP & SRA) through Director (SRA, EOP & PG).
Files relating to OL are submitted to JS (Stg & OL) through Director (Estt.).
Files relating to budget are submitted through CCA.

ANNEXURE-III

(Para 3.5)

STATEMENT SHOWING FINAL ESTIMATES OF PRODUCTION OF FOODGRAINS FOR 2009-10
AND SECOND ADVANCE ESTIMATES FOR THE YEAR 2010-11 (As on 09.02.2011)

Crop	Season	2009-10		2010-11	
		2nd Advance Estimates	Final Estimates	Targets	2nd Advance Estimates
1	2	3	4	5	6
Rice	Kharif	72.87	75.92	87.00	80.16
	Rabi	14.69	13.18	15.00	13.85
	Total	87.56	89.09	102.00	94.01
Wheat	Rabi	80.28	80.80	82.00	81.47
Jowar	Kharif	2.51	2.76	4.10	3.19
	Rabi	4.26	3.94	3.90	3.60
	Total	6.77	6.70	8.00	6.79
Bajra	Kharif	6.39	6.51	10.00	9.38
Maize	Kharif	11.66	12.29	15.50	15.71
	Rabi	5.64	4.43	5.90	4.32
	Total	17.30	16.72	21.40	20.03
Ragi	Kharif	1.87	1.89	2.50	1.93
Small Millets	Kharif	0.33	0.38	0.50	0.35
Barley	Rabi	1.60	1.35	1.60	1.60
Coarse Cereals	Kharif	22.77	23.83	32.60	30.56
	Rabi	11.50	9.72	11.40	9.52
	Total	34.27	33.55	44.00	40.08
Cereals	Kharif	95.64	99.75	119.60	110.72
	Rabi	106.47	103.70	108.40	104.84
	Total	202.11	203.45	228.00	215.56
Tur	Kharif	2.50	2.46	2.74	3.18
Gram	Rabi	7.46	7.48	7.58	7.37
Urad	Kharif	0.80	0.81	-	1.14
	Rabi	0.33	0.42	-	0.31
	Total	1.13	1.23	-	1.45
Moong	Kharif	0.41	0.44	-	1.01
	Rabi	0.26	0.25	-	0.11
	Total	0.67	0.69	-	1.12
Other Kharif Pulses	Kharif	0.51	0.51	-	1.12
Other Rabi Pulses	Rabi	2.48	2.29	-	2.28
Total Pulses	Kharif	4.21	4.20	5.71	6.45
	Rabi	10.53	10.46	10.79	10.06
	Total	14.74	14.66	16.50	16.51
Total Foodgrains	Kharif	99.85	103.95	125.31	117.17
	Rabi	117.00	114.16	119.19	114.90
	Total	216.85	218.11	244.50	232.07

ANNEXURE-IV
(Para 3.6)

MONTHLY AVERAGE OF WHOLESALE PRICE INDEX OF FOOD GRAINS

Item	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Foodgrain	2004	-	-	-	96.7	97.3	97.8	98.2	100.1	100.3	100.4	106.1	100.6	
	2005	100.9	101.2	101.3	100.6	100.9	103.0	105.4	106.0	106.5	107.7	108.5	109.4	
	2006	112.6	113.4	113.1	112.1	114.9	116.6	116.6	117.8	122.2	126.2	128.8	129.4	
	2007	128.8	128.8	125.9	127.3	126.8	126.5	128.7	129.7	129.7	132.8	133.0	132.2	
	2008	132.7	134.1	137.0	139.5	139.0	139.5	141.3	143.2	143.2	147.3	148.3	148.4	
	2009	149.8	152.0	152.1	154.7	156.1	157.1	158.9	161.1	164.1	166.9	173.6	177.3	
	2010	179.0	175.3	172.2	171.8	172.2	173.4	174.2	174.4	174.0	173.4	172.3	172.7	
	Cereals	2004	-	-	-	96.0	96.9	97.4	97.7	99.5	99.6	99.9	107.3	101
		2005	101.4	102.1	102.2	101.0	101.2	103.0	104.7	105.1	105.4	106.5	106.3	106.7
		2006	110.3	111.3	110.4	109.1	110.8	111.9	111.8	112.9	115.9	117.8	121.1	122.2
2007		122.9	123.0	121.5	122.8	122.8	122.8	124.6	125.8	126.1	129.9	130.4	129.9	
2008		131.7	132.9	134.6	137.9	137.9	137.9	139.0	139.8	140.0	144.5	145.6	145.9	
2009		147.8	150.1	150.7	152.9	154.8	154.8	154.5	155.5	158.7	161.2	166.4	169.9	
2010		170.5	169.2	166.5	165.2	166.3	166.3	167.4	168.7	169.3	169.0	168.4	169.2	
Wheat		2004	-	-	-	96.9	97.8	98.7	98.9	99.7	100.3	101.1	100.7	100.8
		2005	101.2	102.0	102.1	102.5	102.5	104.3	105.7	106.7	107.0	107.6	106.6	105.0
		2006	104.9	105.0	105.0	105.6	106.4	107.0	107.3	107.8	108.9	111.7	112.0	111.9
	2007	113.3	113.9	114.5	115.7	116.2	116.6	117.8	119.3	120.6	126.1	125.4	124.8	
	2008	127.3	128.8	130.9	132.6	132.7	132.6	133.9	134.9	135.7	145.0	146.3	146.3	
	2009	147.0	149.3	151.1	150.9	151.0	151.8	151.4	153.1	157.6	160.2	162.6	164.5	
	2010	164.7	164.1	163.3	163.5	163.5	164.3	165.9	164.4	166.6	168.7	165.8	166.4	
	Rice	2004	-	-	-	94.8	95.0	95.6	95.4	98.4	98.8	99.0	121.7	101.1
		2005	100.8	101.1	100.8	95.8	96.1	98.1	100.3	100.6	101.3	103.5	104.7	107.0
		2006	116.7	119.4	116.7	111.6	114.4	116.3	115.9	119.1	125.6	127.4	134.9	137.1
2007		135.8	134.8	128.6	130.1	128.8	127.9	131.6	133.1	133.1	135.5	137.7	137.1	
2008		137.6	139.0	139.9	146.7	146.4	145.6	147.1	147.0	146.6	144.8	145.9	147.0	
2009		150.7	152.3	150.7	155.7	158.0	158.4	157.5	156.5	159.1	163.3	174.0	180.8	
2010		182.1	179.4	172.8	168.9	168.1	168.8	167.8	172.5	171.6	168.2	171.4	171.6	

Figure for the months of November & December, 2010 are provisional

ANNEXURE-V
(Para 3.10)

PERCENTAGE OF LEVY RICE TO BE DELIVERED IN STATES/UTs
UNDER LEVY ORDERS DURING KMS 2010-11

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	-
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.	PONDICHERY	MILLERS/DEALERS	50%

ANNEXURE-VI
(Para 3.53)

STATUS OF IDENTIFICATION OF HOUSEHOLDS UNDER AAY

As on 30.09.2010 (Fig. in lakh)

S. No.	States/UTs	No. of BPL families as on 1.3.2000	Estimated No. of AAY families					AAY families identified & RC issued				
			Initial	1st exp.	2nd exp.	3rd exp	Total	Initial	1st exp.	2nd exp.	3rd exp.	Total
1	Andhra Pd	40.63	6.228	3.117	2.991	3.242	15.578	6.228	3.117	2.991	3.242	15.578
2	Arunachal Pd	0.99	0.151	0.077	0.073	0.079	0.380	0.151	0.077	0.073	0.079	0.380
3	Assam	18.36	2.815	1.408	1.352	1.465	7.040	2.815	1.408	1.352	1.465	7.040
4	Bihar	65.23	10.000	5.003	4.802	5.205	25.010	10.000	5.003	4.802	5.205	25.010
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	46.531	243.474

* 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 exclusion 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
(Para 5.5)

STATEMENT SHOWING RANGE OF STATUTORY MINIMUM PRICE / FAIR AND RENUMERATIVE PRICE OF SUGARCANE NOTIFIED AND THE PRICE PAID BY THE SUGAR MILLS IN DIFFERENT STATES OF THE COUNTRY.

(IN ₹ PER QUINTAL)

STATE	2005-06(P)		2006-07(P)		2007-08(P)		2008-09(P)		2009-10(P)	
	SMP @	PRICE PAID @@	SMP \$	PRICE PAID @@@	SMP \$	PRICE PAID	SMP \$	PRICE PAID	FRP	PRICE PAID
ANDHRA PRADESH	80.25 to 101.85	80.25 to 125.00	81.18 to 103.68	81.18 to 104.58	81.18 to 103.68	115.00 to 150.00	81.18 to 103.68	115.00 to 150.00	129.84 to 150.39	170.00 to 225.00
BIHAR	82.95 to 87.45	82.95 to 108.00	81.18 to 87.48	87.50 to 96.00	81.18 to 87.48	81.18 to 120.00	81.18 to 87.48	81.18 to 120.00	129.84	200.00
GOA	82.95	82.95 to 110.00	86.58	70.00 to 80.00		105.00 to 135.00		105.00 to 135.00	129.84	150.00 to 205.00
GUJARAT*	82.95 to 103.65	82.95 to 137.30	84.78 to 106.38	93.00 to 143.00	83.88 to 106.38	86.58 to 108.89	83.88 to 106.38	86.58 to 108.89	129.84 to 155.87	107.76 to 155.19
HARYANA	80.25 to 91.05	126.00 to 138.00	81.18 to 95.58	126.00 to 138.00	81.18 to 95.58	160.00 to 170.00	81.18 to 95.58	160.00 to 170.00	129.84 to 136.69	200.00 to 275.00
KARNATAKA *	80.25 to 113.55	80.25 to 120.00	81.18 to 109.08	81.18 to 109.08	81.18 to 113.58	81.18 to 113.58	81.18 to 113.58	81.18 to 113.58	129.84 to 159.98	150.00 to 227.20
MADHYA PRADESH	80.25 to 100.95	80.25 to 132.74	81.18 to 100.08	93.72 to 108.14	81.18 to 97.38	81.18 to 118.00	81.18 to 97.38	81.18 to 118.00	129.84 to 149.02	226.10 to 253.71

ANNEXURE-VII (Contd.)
(Para 5.5)
(IN ₹ PER QUINTAL)

STATE	2005-06(P)		2006-07(P)		2007-08(P)		2008-09(P)		2009-10(P)	
	SMP @	PRICE PAID @	SMP \$	PRICE PAID @@@	SMP \$	PRICE PAID	SMP \$	PRICE PAID	FRP	PRICE PAID
MAHARASHTRA*	80.25 to 121.65	85.00 to 112.00	81.18 to 118.98	81.18 to 118.98	81.18 to 123.48	81.18 to 123.48	81.18 to 123.48	81.18 to 123.48	129.84 to 179.16	162.50 to 266.87
ORISSA*	80.25 to 88.35	88.35 to 94.50	81.18 to 96.48	90.00 to 98.00	81.18 to 91.98	90.00 to 91.98		90.00 to 91.98	129.84 to 136.69	129.84 to 136.69
PONDICHERRY	80.25	113.00	81.18	113.00	81.18	120.70	81.18	120.70		152.50
PUNJAB	80.25 to 92.85	126.00 to 132.00	81.18 to 99.18	126.00 to 132.00	81.18 to 101.88	155.00 to 165.00	81.18 to 101.88	155.00 to 165.00	129.84 to 149.02	170.00 to 265.00
UTTAR PRADESH	80.25 to 94.65	122.50 to 130.00	81.18 to 95.58	81.18 to 123.00	81.18 to 95.58	137.50 to 145.00	81.18 to 95.58	137.50 to 145.00	129.84 to 140.80	129.84 to 265.00
UTTARANCHAL	80.25 to 86.55	124.50 to 132.00	81.18 to 91.98	110.00 to 132.00	81.18 to 92.88	143.00 to 148.00	81.18 to 92.88	143.00 to 148.00	129.84 to 131.21	186.25 to 197.00
TAMIL NADU	80.25 to 97.35	80.25 to 113.30	81.18 to 97.38	102.60 to 119.60	81.18 to 97.38	110.00 to 127.00	81.18 to 97.38	110.00 to 127.00	129.84 to 154.50	153.74 to 174.08
WEST BENGAL	80.25	103.00	81.18		81.18	119.00	81.18	119.00	129.84	107.76

(P) PROVISIONAL (N.A.) NOT AVAILABLE

(@) For 357 sugar mills only (@@) Based on information received from the sugar mills for the fortnight ending 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 @ ₹ 25/- per quintal are not included in the price paid.