

Food Subsidy

Food-grains are being provided to the targeted beneficiaries at highly subsidized rates for various Central Schemes under National Food Security Act (NFSA) 2013 and Other Welfare Schemes (OWS), such as Priority Household (PHH) and Antodaya Anna Yojana (AAY), PM Poshan (Mid-Day Meal), ICDS, etc.

2. Food-grains for these schemes are arranged through two procurement modes:-

2.1 Centralized Procurement (CP) Mode:

Procurement of food grains is carried out by Food Corporation of India (FCI) and State/its agencies. The States/their agencies procure the food grains and hand over these food grains to FCI, which releases funds to States as per provisional cost sheet, issued by Department of Food and Public Distribution (DFPD). For distribution of food grains under Central Schemes, State lifts the food grains from FCI as per allocation order, issued by DFPD.

2.2 Decentralized Procurement (DCP) Mode:

The responsibility of procurement and distribution of food grains under Central Schemes lies with the State Government. If surplus food grains are procured, the same will be delivered to FCI and if deficit is there, the same will also be supplied by FCI. An MOU is signed between the State and the DFPD for the purpose.

3. DFPD releases funds, to FCI and to DCP States for maintenance of adequate buffer stock and distribution of food grains for various Central Schemes covered under National Food Security Act (NFSA) and Other Welfare Schemes (OWS).

DFPD releases funds, as provided by Ministry of Finance, to FCI and States/UTs, under the following schemes:-

3.1 Food Subsidy to FCI under Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY); and

3.2 Food Subsidy to DCP States under Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY).

4. The funds are provided to FCI, which is the main instrument of the Government of India (GoI) for procurement and distribution of wheat, rice and coarse-grains under TPDS and OWS as well as for maintaining the buffer stock of food-grains as a measure of food subsidy. This apart, 16 States, have

adopted the Decentralized Procurement (DCP) Scheme and are procuring food grains from within the State and distributing the same to the targeted beneficiaries under TPDS and OWS. Under DCP scheme, the difference between the Economic Cost and the Central Issue Price (CIP) is re-imbursed to the State as Food Subsidy.

5. FCI releases funds to the States on actual possession/ liquidation of food grains from the State based on Provisional Cost Sheet (PCS), issued by DFPD. DCP States furnish quarter-wise subsidy bills of previous/current quarter for reimbursement of funds incurred by them for distribution of food grains under Central Schemes.

6. Food Subsidy released to FCI and DCP states during FY 2022-23 is Rs. 2,72,501.70 Crore and during FY 2023-24 is Rs. 2,11,394.39 Crores.