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

Narendra Modi
Hon’ble Prime Minister of India

Ram Vilas Paswan
Hon’ble Minister for C.A, F&PD

“Ensuring food security for citizens of the country”
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 Food grains. This involves procurement of various Food grains, 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 Food grains.

The focus is on incentivizing farmers through fair value of their produce by way of Minimum Support Price mechanism, distribution of Food grains to Below Poverty Line (BPL) families and covering poor households at the risk of hunger under Antyodaya Anna Yojana (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 Food grains, sugar and edible oils.
Hon'ble Minister during Foundation Day Function of the CWC

Hon'ble Minister addressing the meeting of Hindi Salahakar Samiti
HLC submitting its report to Hon’ble Prime Minister
SIGNIFICANT ACTIVITIES AND
ACHIEVEMENTS
OF
DEPARTMENT OF FOOD & PUBLIC DISTRIBUTION

GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS,
FOOD & PUBLIC DISTRIBUTION
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Chapter - 1
SIGNIFICANT ACHIEVEMENTS

- A High Level Expert Committee under the Chairmanship of Shri Shanta Kumar, MP, was constituted to make recommendations on re-structuring of FCI. Based on the recommendations of High Level Committee on restructuring of FCI, several measures have been initiated to improve the functioning of FCI and to bring in cost efficiency in its operations.

- FCI has ensured better management of food grain stocks during 2014-15 and both storage losses and transit losses have reduced compared to previous year.

- To enhance supply of wheat during lean season and moderate the open market prices, 100 lakh tonnes of wheat was allocated for FY 2014-15 for sale under Open Market Sale Scheme (OMSS), out of which 42.37 lakh MT of wheat was sold by the end of March, 2015.

- Sufficient food grains are available in Central Pool Stocks of FCI. Stocks as on 30.04.2015 are 511.72 lakh tonnes, comprising 170.45 lakh tonnes wheat and 341.27 lakh tonnes rice.

- In order to give relief to the farmers of wheat affected by the unprecedented rains & hailstorms, Department has relaxed quality norms for procurement to the maximum possible, based on sample analysis for States of Madhya Pradesh, Gujarat, Rajasthan, Haryana, Punjab, Uttar Pradesh and for UT Chandigarh.

- The Government has decided to reimburse the amount of value cut imposed on such relaxation to the State Government/their agencies to help them make payment of full MSP to the farmers.

- Required relaxation has been given for luster loss of wheat and in percentage of shrivelled and broken grains.

- Govt. agencies procured 269.31 lakh MT Wheat during RMS 2014-15.

- Besides 12 States/UTs already under Decentralised Procurement, Telangana has become a new DCP State for procurement of rice and Andhra Pradesh & Punjab have adopted this system partially during 2014-15.

- To improve outreach of MSP operations to cover more farmers, levy of rice on millers has been limited to 25% w.e.f. 01.10.2014. In view of positive outcomes of this decision, the levy on rice is decided to be discontinued w.e.f. 01.10.2015.

- The Government has engaged States to arrange time-bound milling of paddy for timely receipt of rice from the millers – As a result, the receipt of rice of current
Kharif crop has almost been completed by April end itself in major States of Punjab, Haryana and UP.

- Adequate supply of food grains made using multi-modal transport in North Eastern States despite disruption in rail route due to gauge conversion from Lumding to Badarpur.
- 20000 MT of foodgrains have also been sent to Tripura via Bangladesh through riverine route during Mega Block.
- 1,03,636 MTs of Rice have been moved from Andhra Pradesh to Kerala for the first time through riverine/coastal movement in 2014-15.
- Adequate supplies of food grains maintained during natural calamities of Hud-Hud cyclone in Andhra Pradesh and devastating floods in J&K.
- The Government has revised the buffer norms w.e.f. January, 2015 and Nomenclature of buffer norms has been changed to “Foodgrain stocking norms for the Central Pool”.
- 718.91 lakh tonnes storage capacity is available for central pool stocks of food grains.
- RFQ for construction of steel silos at 6 locations - Changsari, Narela, Sahnewal, Kotkapura, Katihar and Whitefield on PPP model has been floated.
- 557.02 lakh MT of foodgrains have been allocated to States/UTs for distribution under TPDS and other Welfare Schemes during 2015-16 (upto 11.06.2015).
- For maintaining supplies and securing availability and distribution of essential commodity mainly foodgrains under the Targeted Public Distribution System (TPDS), in exercise of the powers conferred under Section 3 of the EC Act, 1955, the Department has notified the TPDS (Control) Order, 2015 on 20.03.2015. The Order supersedes the existing PDS (Control) Order dated 31.08.2001 and is in consonance with the National Food Security Act, 2013.
- Implementation of Component-I of the Scheme on End-to-end computerization of TPDS in States/UTs is in progress. Guidelines for FPS automation shared with all States/UTs. NIC has developed an android based ‘App’ which can be used for FPS automation using PoS/mobile terminal.
- A Conference on ‘A Leak Proof TPDS – The Way Ahead’ was held on 30.10.2014 at New Delhi. The Conference was attended by experts from reputed institutions and representatives of select State Governments. The main agenda items related to correct identification of beneficiaries under TPDS securing the supply chain, delivery at the last mile and participatory monitoring and implementation. The
recommendations of the Conference have been sent to all States / UTs for information and necessary action.

- Department Food & PD’s ‘Group’ namely “Food Security” was opened @ myGov portal i.e. www.myGov.in for engaging with citizens by inviting their comments/suggestions on various issues from time to time. Under the said Group ‘Food Security’ a discussion thread namely ‘Improving the TPDS’ was opened for a period of one month during February, 2015. Suggestions/comments received from citizens have been shared with the States/UTs as well as within the Department for sending an action taken report on the suggestions accepted and the action taken or to be taken on them for achieving the objective of an improved TPDS.

- The Government has decided to provide soft loans to the extent of Rs. 6000 crore to the sugar industry to facilitate clearance of cane price arrears of the farmers relating to FRP for the current sugar season 2014-15. One year moratorium has also been provided on this loan, and will bear the interest subvention cost to the extent of Rs. 600 crore for the said period.

- Sugar production during current season is estimated at 270 lakh MT against likely demand of 248 lakh MT.

- The Government has modified policy for procurement of ethanol under the Ethanol Blending Programme at remunerative prices, ranging from Rs. 48.50 to Rs. 49.50 per litre which has facilitated in improving liquidity position of sugar mills enabling them to pay farmers their cane price due.

- Presently blending levels of about 3% (72 crore liter) in 2014-15 has been achieved which is expected to reach the national blending target of 5% (115 crore liter) shortly.

- The Government has enhanced import duty on sugar from 25% to 40% to discourage imports.

- The fair & Remunerative Price (FRP) of sugarcane payable to the farmers in sugar season 2015-16 by sugar mills has been enhanced by 4.54% to Rs. 230 per quintal.

- A web-based platform to facilitate the sugar mills for submission of inputs has been started. Online data regarding production, cane price arrears, etc. are accessible for States.

- ‘Swachhta Shapath’ was administered to the employees of the Department on 2nd October, 2014. Drives for cleanliness and weeding out of old records were carried out. A realistic plan has been drawn up to make the Swachh Bharat Mission a great success.
Chapter - 2

FOOD GRAIN MANAGEMENT AND FOOD SECURITY

Reduction in Old Stocks of Food Grains

Food grains stocks available with FCI are now upto two years old only. This has been brought about by enhanced allocation in TPDS and disposal of surplus stocks through sale in market.

Increase in Storage Capacity

FCI has its own grid of covered godowns in all states to safely stock the Central Pool food grains. Total 718.91 lakh tonnes storage capacity is available for Central Pool stocks of food grains. Since, higher MSP coupled with better outreach has led to higher procurement in the past few years, a necessity was felt to augment the storage capacity for food grains. The Department is implementing two schemes, namely Private Entrepreneurs Guarantee (PEG) Scheme and Plan scheme, for augmenting the covered storage capacity.

Under the PEG Scheme, godowns are constructed in PPP mode and the land and construction cost is borne by the selected partners. FCI on its part guarantees 10 years usage of storage capacities to the private investors and 9 years to CWC and SWCs.

Under the scheme, about 127 lakh tonnes capacity have been completed till 30.04.2015 and 111.95 lakh tonnes capacity have been taken over by FCI. Further, construction of modern Silos has been planned through PPP mode. FCI has issued RFQ for 6 locations viz Changsari (Assam), Narela (Delhi), Sahnewal (Punjab), Kotkapura (Punjab), Kaithar (Bihar) and Whitefield (Karnataka) on 22.04.2015 for construction of silos for storage of wheat. More locations are being examined.

Government is also constructing godowns under Plan scheme with focus on the North Eastern States. The capacity created in 12th Five Year Plan till 31st March, 2015 is 68,890 MT.
Procurement of Food Grains

The Central Government extends price support to paddy, wheat and coarse grains through the Food Corporation of India (FCI) and State Agencies. All the foodgrains conforming to the prescribed specifications offered for sale at specified centers are bought by the public procurement agencies at the Minimum Support Price (MSP). The producers have the option to sell their produce to FCI/State Agencies at MSP or in the open market as is advantageous to them. Foodgrains procured by the State Governments and their agencies are ultimately taken over by the FCI for distribution throughout the country.

To improve outreach of MSP operations to cover more farmers and extend direct benefits to them, Government has decided to limit percentage of imposition of levy on millers at 25% w.e.f. 01.10.2014. In view of positive outcomes of this decision, the levy on rice has been decided to be discontinued w.e.f. 01.10.2015.

With a view to effect 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, scheme of Decentralized Procurement (DCP) of foodgrains was introduced in 1997-98. Under the DCP, the State Government itself undertakes direct purchase of paddy and wheat and procurement of levy rice on behalf of Government of India. The Central Government meets the entire expenditure incurred by the State Governments on the procurement operations as per the approved costing. Presently 12 States / UTs viz. West Bengal, Madhya Pradesh, Bihar, Chhattisgarh, Odisha, Tamil Nadu, Karnataka, Kerala, Uttarakhand, Gujarat, Telangana and A&N Islands are undertaking paddy/wheat procurement under the scheme. In addition, the States of Andhra Pradesh and Rajasthan have partially adopted the scheme for limited number of districts while the State of Punjab has adopted it for supply under the National Food Security Act, 2013.
Sufficient stock of foodgrains are available in Central Pool Stocks of FCI. Stocks as on 30.04.2015 are 511.72 lakh tonnes, comprising 170.45 lakh tonnes wheat and 341.27 lakh tonnes rice. Trend of production & procurement of Wheat and Rice during the last five years is as under:

**Movement of Food Grains**

Food Corporation of India undertakes the activities connected with the movement of foodgrains for the Public Distribution System and other welfare schemes. Movement division in the Department closely monitors the movement and co-ordinates with FCI and Railways. Optimum evacuation of foodgrains from the procuring regions and induction and stocking of foodgrains in the North Eastern States, Jammu & Kashmir and other deficit areas, identified from time to time is specially monitored.

FCI has also initiated coastal movement of foodgrains from Andhra Pradesh to Kerala and riverine movement in NE States. Despite disruption in rail route due to gauge conversion from Lumding to Badarpur in NE States and natural calamities of Hud-Hud cyclone in Andhra Pradesh and devastating floods in J&K, food supplies of food grains were maintained in the States.
Disposal of Surplus Food Grains under Open Market Sale Scheme

To enhance the supply of wheat during lean season and moderate the open market prices, Government has approved sale of 100 lakh tonnes of wheat under Open Market Sale Scheme, out of which 42.37 lakh MT of wheat has been sold by the end of March, 2015 through E-Tender/Auction. The sale of wheat has been continued in non-procuring states. The allocation for 2015-16 is in the process. The Group of Officers has anticipated 128 lakh MT of excess wheat as on 1st July, 2015.
Chapter - 3

DISTRIBUTION OF FOOD GRAINS

Government is committed to provide food grains - wheat and rice, at reasonable prices to the weaker sections of the society. Food grains are allocated to State/UT Governments for distribution under Targeted Public Distribution System (TPDS)/ National Food Security Act (NFSA) and Other Welfare Schemes (OWS).

Allocation of Food Grains under TPDS/NFSA

Under the existing Targeted Public Distribution System (TPDS) Government has been making allocation of foodgrains @ 35 kg per family per month for Antyodaya Anna Yojana (AAY) and Below Poverty Line (BPL) families and @ 15 kg to 35 kg per family per month for Above Poverty Line (APL) families at highly subsidized prices.

Government has enacted the National Food Security Act, 2013, which is deemed to have come into force w.e.f. 05.07.2013. Under the Act, eligible households are entitled to receive foodgrains at highly subsidized price of Re.1/-, Rs.2/- and Rs.3/- per kg for coarse grains, wheat and rice respectively @ 35 kg per family per month to Antyodaya Anna Yojana (AAY) families and @ 5 kg per person per month to priority households. So far implementation of the Act has started in 12 States/UTs i.e. Haryana, Rajasthan, Himachal Pradesh, Delhi, Punjab, Karnataka, Chhattisgarh, Maharashtra, Madhya Pradesh, Bihar, West Bengal and Chandigarh. In remaining States/UTs foodgrains are being allocated under existing TPDS.

For the year 2015-16, an allocation of 225.23 lakh MT of foodgrains has been made under NFSA and 262.18 lakh MT of foodgrains has been made under existing TPDS. In addition a quantity of 32.39 lakh MT has been allocated for APL and BPL families in the States/UTs where NFSA has not been implemented for six months upto 30.09.2015 or till implementation of NFSA, whichever is earlier. The Government has also allocated a quantity of 1.05 lakh MT for natural calamities, festivals and additional TPDS requirements, etc.

Allocation of Food Grains under Other Welfare Schemes

The Government also makes allocation of subsidized foodgrains for the Other Welfare Scheme (OWS) administered by various Ministries/Departments of the Central Government such as Mid Day Meal Scheme (administered by M/o Human Resources Development), Wheat Based Nutrition Programme (administered by M/o Women & Child Development), Rajiv Gandhi Scheme For Empowerment of Adolescent Girls (administered by M/o Women & Child Development), Annapurna Scheme (administered by M/o Rural Development), Welfare Institutions Scheme...
and SC/ST/OBC Hostels Scheme (both administered by D/o Food and Public Distribution). During the year 2015-16, a quantity of 36.16 lakh MT has been allocated so far under OWS.

**Status of Implementation of NFSA**

NFSA provided for a period not exceeding 365 days after the commencement of the Act for identification of eligible households for receiving subsidized foodgrains under Targeted Public Distribution System (TPDS). At the end of this one year period, i.e. 04.07.2014, implementation of the Act had started only in 11 States/UTs. Accordingly, the time period for identification of beneficiaries had to be extended thrice - latest being upto 30.09.2015. In the meanwhile, foodgrains under the Act has also been allocated to West Bengal w.e.f. June, 2015.

Implementation of the Act is regularly reviewed with States/UTs. In a conference with Food Secretaries of the States/UTs where implementation of the Act is yet to start, held on 10 December, 2014 under the chairmanship of Minister for Consumer Affairs, Food and Public Distribution, their preparedness to implement the Act was reviewed and need for early implementation of the Act was stressed.

The TPDS (Control) Order, 2015 notified by the Department regulates the implementation of TPDS as per the provisions of the NFSA in the States/UTs. It supersedes the existing PDS (Control) Order dated 31.08.2001. However, the provisions of the PDS (C) Order, 2001 shall continue to have effect as against the corresponding provisions of the TPDS(C) Order, 2015, in any State which has not implemented the NFSA or is implementing it only in part.
Hon’ble Minister briefing the media regarding the implementation of Food Security Act after reviewing it with State Food Secretaries

Status of implementation of the Act in 11 States/UTs, which are implementing it, was discussed in a conference of Food Secretaries of these States/UTs held on 3rd December, 2014. In a separate Conference with Food Secretaries of 25 States/UTs where implementation of the Act is yet to start, held on 10th December, 2014, their preparedness to implement the Act was reviewed.
Since last five sugar season, the production of sugar have been more than the domestic demand, leaving surplus for export. Production of sugar during the last 4 years is as under:

![Production of Sugar](Figure in lakh tonnes)

Excludes 6.76 lakh tonnes white sugar produced from imported raw sugar.
Excludes 1.05 lakh tonnes white sugar produced from imported raw sugar.
(P) - Provisional

The Central Government has de-controlled the sugar sector in April, 2013. The levy obligation on sugar mills has been removed. The State Governments/UT administrations have been asked to procure sugar for PDS from the open market through a transparent system. To make sugar available in the PDS the Central Government is reimbursing to the States/UTs @ Rs.18.50 per kg, limited to the quantity based on their existing allocations.

Total sugar subsidy burden on the Government exchequer is estimated to be at about Rs.5000 crore per annum for estimated supply of 27 lakh tonnes. So far, 28 States/UTs have participated in the new subsidy scheme from June 2013 onwards and Rs. 4500.00 crores has been released to these States/UTs including FCI during 2014-15.

The Cane price arrears for the sugar season 2014-15 has accumulated to Rs.21,767.00 crores out of total cane purchase of Rs.62,583.88 crores. Government has implemented two schemes namely, ‘Scheme For Extending Financial Assistance To Sugar Undertaking (SEFASU-2014)’ and ‘incentive for marketing and promotion services for raw sugar production’ to help the sugar mills to clear cane price arrears of the farmers. The Government has decided to provide soft loans to the extent of Rs. 6000 crore to the sugar industry to facilitate clearance of cane price arrears of the farmers relating to FRP for the current sugar season 2014-15. To ensure that farmers are paid their dues expeditiously, the
Government has mandated that banks pass on the financial assistance directly to the cane growers after obtaining the list from the mills. Furthermore, in order to incentivize the mills to clear their dues, the Government has also decided that the approved soft loans will be provided to those units which have cleared at least 50% of their outstanding arrears. The Government has provided one year moratorium on this loan, and will bear the interest subvention cost to the extent of Rs. 600 crore for the said period.

Hon’ble Minister during the meeting with representatives of farmers to discuss issue of sugarcane arrears
Chapter-5
DIGITAL INDIA

Department of Food & Public Distribution is in the process of computerization of its activities for efficient and effective delivery of its services. Various initiatives taken under e-governance to make Digital India Programme successful are as follows:-

- **End-to-end Computerisation of TPDS Operations** is the main Plan scheme of this Department and conforms to the vision of Digital India Programme. Some of the key citizen-centric services/features of the TPDS computerization scheme are related to the ration card requests such as application for new ration card, change of address, name change, etc. Providing these services online will minimize the frequent visit of beneficiaries to Food & Civil Supplies offices. The digitized list of beneficiaries made available in the public domain on State Governments’ TPDS portals will ensure transparency in the identification of beneficiaries and enable them to check their status. Through the State TPDS portal, beneficiaries would also be able to check status of foodgrains allocated for their Fair Price Shop (FPS) each month including quantity delivered at the FPS. Beneficiaries can also enroll for SMS alert facility to get all this information. The facility for registration of grievances and tracking their status is also available through the State TPDS portal, toll-free helpline numbers etc. States/UTs have also been requested to seed available Aadhaar number in the beneficiary database so as to weed out bogus and duplicate beneficiaries. As regards automation of FPS, this Department had shared guidelines for FPS automation with all States/UTs. The guidelines also include technical specification of Point of Sale (PoS) device and mobile terminal. In January, 2015, a MoU was signed with STQC (Directorate under DeitY) to certify the PoS devices and Mobile terminal. NIC has already developed an ‘App’ for android based device, which is also made available on Deity’s AppStore.

- In order to provide transparency in the data management of sugar mills as well as Government’s working, the Directorate of Sugar has developed a web based platform (esugar.nic.in/sugar_pll) for online submission of inputs by sugar mills on monthly basis. This has helped the Government to take prompt and informed policy decisions for better management of the sugar sector. The portal also provides window for online connectivity with the State Governments for getting inputs regarding production, stocks utilization of levy sugar for PDS, cane price arrears of sugar mills on fortnightly basis etc.

- In order to enforce punctuality, bio-metric attendance system has been installed in the Department. Movement of files/receipts is also done through File Management System (FMS). The Department has also introduced the system of opening e-files. Pay slips on monthly basis and income tax details of the officials of Department
have been made online. RTI request and Appeal Management Information System (RTI-MIS) web based software developed by NIC is installed in the central server to track the RTI requests and appeals. Public Grievance portal is available on official website of the Department.

- Food Corporation of India (FCI) is one of the first Government organizations to start the “MyGov” platform involving citizens in the governance process. Depot online project has been approved so as to manage overall operations of FCI on the depot level which would include procurement, storage and movement of foodgrains. The RFP for selection of System Integrator for the implementation of Depot Online System was published on CPP Portal on 14.05.2015 and the Technical Bids are scheduled to be opened on 16.06.2015. Pre-bid meeting of the same was conducted at FCI HQ on 21.05.2015 in which representatives from 20 companies had participated and their queries were replied in the meeting. Almost 400 queries are being addressed to by FCI. FCI has also implemented e-tendering. It has implemented Integrated Information System for Foodgrains Management (IISFM) under which information with regard to receipt and issue of foodgrains and stock position is received daily from all the depots. An Online Procurement Monitoring System (OPMS) has been launched for reporting and monitoring procurement of wheat, paddy and coarse grain in the country on daily basis.

- Central Warehousing Corporation (CWC)’s plan for computerization aims to improve services to farmers, customers, vendors, employees, and other stakeholders. CWC is exploring implementation of Integrated Business Management Solution (IBMS) project. This project envisages linking all the operations units of the Organization to facilitate faster decision both at the Corporate Office and Regional Office level.

- Warehousing Development Regulatory Authority (WDRA) has undertaken a transformation plan which envisages involvement of digital system for its major activities. It has been proposed to put in place a system of electronically Negotiable Warehouse Receipt (NWR) in electronic form only, plan includes online application and registration of warehouse. This proposal is under process in consultation with Department of Economic Affairs. WDRA has launched a website on 20.11.2014 regarding the directory of warehousing in the country.

- Continuous efforts are being made in the Department and its Organizations for exploring more services which can be made online to make the Digital India Programme successful both at the National and State/UT level.
Chapter-6

SWACHH BHARAT MISSION

To make the “Swachh Bharat Mission” a great success, Department of Food & Public Distribution has chalked out action plan upto 2019 and started action accordingly.

Action Plan for the period 25th September to 31st October, 2014:

1. Sanitation Pledge “Swachhta Shapath” was administered to the employees of D/o F & PD on 2nd October, 2014.

2. To create awareness among the employees, Banners of “Swachh Bharat Mission”, small plastic boards showing “Don’t litter” and Stickers showing “logo of Swachh Bharat” were displayed at prominent places in Krishi Bhawan. Stickers were also displayed on Departmental vehicles, hired taxis and on the vehicles of officials/officers of the Department. T-shirts and Caps with “Swachh Bharat” logo were distributed among officials of this Department. Banners/Stickers were also displayed in the offices/depots of FCI, CWC & CRWC.

3. To create healthy, hygiene and clean environment, weeding out of old records as well as cleanliness drives was carried out. Disposal of old/obsolete/mutilated books of Departmental Library has been done with renovation of the Library.

4. In order to keep the working atmosphere neat and clean, white-washing, pest control & rodent control of the corridors and rooms have been done.

5. A special drive on cleanliness was undertaken in FCI Hqrs from 25th September, 2014 to 1st October, 2014 to sensitize all employees. A programme of poems, music and debate on cleanliness was organized in FCI, Hqrs. Street Play on Safai Abhiyan was organized on 2nd October, 2014 for creating public awareness and awareness among the employees. This event got a wide media coverage which has been uploaded on (Twitter) @FCI & (Facebook) Food Corporation of India. Between 3rd October, 2014 to 31st October, 2014, all the employees of FCI, Hqrs devoted one hour from 9 AM to 10 AM to ensure that their work place and floor is absolutely clean in all respects. This was done in addition to their normal duties.
6. CRWC arranged in house lecture on significance of “Hygiene and Cleanliness in day to day life”. Employees of CRWC voluntarily carried out cleaning activities at nearby surroundings of the corporate office and other field units and made aware other personnel also about the significance of cleanliness at their home, office premises and nearby surroundings. A special drive was also launched for weeding out of all old record and ensuring cleanliness in all sections of CRWC, Corporate office/RWCs. “Swachh Bharat Swasth Bharat” headline has been scrolling on the CRWC website.

**Plan for one year**

1. In order to keep the working atmosphere neat and clean, white-washing, pest control & rodent control of some corridors and rooms is being done at regular intervals. The services of Central Warehousing Corporation (CWC) are utilized for pest/rodent control in the Department in Krishi Bhawan. CWC has an expertise in pest/rodent control. Cleaning of all fixtures & fitting is being looked after regularly. Rooms and toilets under the charge of the Department in Krishi Bhawan are inspected regularly and always found to be very well maintained. Steps have been taken for special cleanliness and modernization of record room. Floor officers have been nominated on each floor of the Department for proper supervision of cleanliness. As cleanliness is a regular process, Department will be taking appropriate action for the purpose from time to time. A week long cleanliness drive was held from 22.06.2015 to 26.06.2015 in Krishi Bhawan. A Drawing-cum-Painting Competition for the wards of the employees of Department of Food & P.D. was also held in Krishi Bhawan during the cleanliness drive.

2. Under the campaign, a detailed survey was done during FY 2014-15 by FCI. 261 existing toilets have made functional and 40 existing labour sheds have been renovated in FCI Depots and offices and the same in the process.
3. A sum of Rs. 55 Lakh has been contributed to Swachh Bharat Kosh during the year 2014-15. Toilet Block has been constructed at Attari, Amritsar & in a school in UP. CWC is using logo of Swachh Bharat Mission and its tag line at all stationery items.

4. CRWC has undertaken an Integrated Village Project in the backward district of Rajasthan’s Sawai Madhopur Village Laxmipura for renovation of toilets in school, construction of new toilets and two sanitation awareness campaigns among individuals. It has also been decided to undertake a project in a MCD school at Mangolpuri, Delhi for construction of child friendly toilet blocks with running water and hand washing facilities, up-gradation of drinking water facilities with provision of filters and garden in the school near the RWC, Shakurbasti of CRWC. An amount of Rs. 5 lakh is being contributed towards the Clean Ganga Fund directly.
Plan for rest of the period upto 2019

1. Installation of false ceiling in the corridors of Krishi Bhawan.

2. FCI would continue to maintain the facilities created and upgrade them. 226 new ladies toilets and 336 new labour sheds will be constructed in FCI Depots. Safe drinking water facility will be provided in all FCI’s Depots during FY 2015-16. In addition, it would ensure proper landscaping growing of trees and plants in all FCI depots as well as conservation of water measures throughout the country in FCI vicinity. Besides all the depots of FCI shall be converted into well maintained Model depots by the end of 2019.

3. CWC has started using logo of Swachh Bharat Mission and its tag line at all stationery items, annual reports, magazines. Thorough cleaning of offices through cleanliness drive one in three months has been started. Floor wise Nodal officer in CO/RO building of CWC has been nominated to ensure cleanliness floor wise. CWC has made a budget provision of Rs. 100 Lakh towards Swachh Bharat Mission for the year 2015-16. This effort of CSR will continue in future.

4. CRWC has undertaken an Integrated Village Project in the backward district of Rajasthan’s Sawai Madhopur Village Laxmipura for renovation of toilets in school, construction of new toilets and two sanitation awareness campaigns among individuals. Similar projects for construction of toilets and sanitation campaigns have been planned for next coming three years.
Q. What is the existing policy of food grains procurement?

A. The Central Government extends price support to paddy, coarse grains and wheat through the Food Corporation of India and the State Agencies. All the food grains conforming to the prescribed specifications i.e. Fair Average Quality norms offered for sale at specified centers are bought by the public procurement agencies. The producers have the option to sell their produce to FCI/State Agencies at support prices or in the open market as is advantageous to them.

Q. How is the Procurement of rice undertaken under levy system?

A. Rice is collected by way of statutory levy on rice millers and rice dealers. The percentage of levy rice is fixed by State Governments with the approval of Central Government taking into account requirements for the Central Pool, domestic consumption and marketable surplus. The levy percentage varies from State to State. Prices of levy rice are fixed before commencement of every Kharif Marketing Season.

Q. What is the Scheme of Decentralized Procurement (DCP) of foodgrains?

A. The scheme of Decentralized Procurement of food grains was introduced by the Government in 1997-98 with a view to enhancing the efficiency of procurement and PDS and encouraging local procurement to the maximum extent thereby extending the benefits of MSP to local farmers as well as to save on transit costs. This also enables procurement of food grains more suited to the local taste.

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 food grains 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.

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 food grains procured
under the scheme and reviews the arrangements made to ensure that the procurement operations are carried on smoothly.

Q. How is movement of food grains planned by FCI?

A. Before the start of every month, FCI analyzes availability of food grains in the deficit states, their storage capacity and their requirement under TPDS/OWS etc and availability of food grains in the surplus States. Based on these inputs and consultation with Railways, monthly movement plan in prepared by FCI. While planning the movement optimization techniques are also used to minimize the cost of movement.

Q. What is the policy of Government to sell surplus food grains in the open market? How much food grains have been allocated by the Government for sale during 2014-15.

A. Every year based on the availability of surplus food grains in the central pool food grains are allocated for sale under Open Market Sale Scheme. The purpose of the allocation is to moderate market prices and to offload surplus food grains available in the central pool. During 2014-15, Government has allocated 100 lakh tonnes of wheat for sale under OMSS out of which 42.37 lakh MT of wheat was sold by the end of March, 2015. The sale of wheat has been continued in non-procuring states. The allocation for 2015-16 is also in the process.

Q. Is it a fact that FCI is facing problem of storage space for proper maintenance of foodgrains?

A. The total storage capacity available for storage of central food stocks as on 30.04.2015 is 718.91 lakh tonnes. The total food stocks on 30.04.2015 were 511.72 lakh tonnes. Thus, the storage capacity available is more than sufficient for storing central food stocks.

The total requirement of food grains for implementing the National Food Security Act (NFSA) is estimated to be 612 lakh tonnes. The available storage capacity is sufficient to stock food grains required under the NFSA. However, augmentation of covered storage capacity is undertaken, for operational reasons through Private Entrepreneurs Guarantee (PEG) Scheme and Plan funds.

The FCI is not facing any shortage of storage space for central food stocks. Sometimes, due to increased arrivals of grains during procurement season, the Covered and Plinth (CAP) storage is resorted to as a temporary measure. In this regard, all precautions are taken to ensure that there is no wastage of food grains on account of rains.
Q. **What are the Foodgrain Stocking Norms for central pool? Why these norms are required?**

A. The main objectives of the Foodgrain Stocking Policy are to meet the prescribed Minimum Foodgrain Stocking Norms for food security, to ensure monthly releases of food grains for supply through the TPDS/Other Welfare Schemes, to meet emergency situations arising out of unexpected crop failure, natural disasters etc. and to use the food grain stock in the Central Pool for market intervention to augment supply so as to help moderate the open market prices.

Q. **What measures have been taken to improve the TPDS in the country?**

A. Strengthening and streamlining of TPDS is a continuous process. Central Government has regularly reviewed and issue instructions from time to time to States/Union Territories to strengthen functioning of Targeted Public Distribution System (TPDS) by improving monitoring mechanism and vigilance, increased transparency in functioning of TPDS, adoption of revised Model Citizen’s Charter, use of Information and Communication Technology (ICT) tools and to improve the efficiency of Fair Price Shop operations. A Nine Point Action Plan is also under implementation since July 2006 for monitoring the functioning of TPDS in States/UTs.

Moreover, NFSA, 2013 stipulates that the Central and State Governments shall endeavour to progressively undertake necessary reforms in the TPDS in consonance with the role envisaged for them in the Act. The reforms shall, inter alia, include doorstep delivery of food grains to the TPDS outlets, application of information and communication technology tools including end-to-end computerization, preference to public institutions or public bodies such as Panchayats, self help groups, co-operatives, in licensing of fair price shops and management of fair price shops by women or their collectives, diversification of commodities distributed under the Public Distribution System over a period of time etc.

Further, for maintaining supplies and securing availability and distribution of essential commodities under the PDS, in exercise of the powers conferred under Section 3 of the Essential Commodities Act, 1955, the PDS (C) Order, 2001 was notified on 31.08.2001. The order has been superseded by the TPDS (Control) Order, 2015 dated 20.03.2015 to bring it in consonance with the NFSA, 2013. However, the provisions of the PDS (C) Order, 2001 shall continue to have effect as against the corresponding provisions of the TPDS(C) Order, 2015, in any State which has not implemented the NFSA or is implementing it only in part. Both the Orders empower the State Governments to take all necessary action to ensure that the entitled foodgrains under TPDS reach the eligible beneficiaries.
Q. What is the provision for giving commission/margin to the FPS dealers/owners for distribution of food grains by them under TPDS?

A. Under the existing TPDS, the State/UT Governments have been given flexibility in the matter of fixing the margin for the Fair Price Shops (FPSs). This is, however, not to apply to distribution of food grains under Antyodaya Anna Yojana where end retail price is to be retained at Rs.2 a kg for wheat and Rs.3 a kg for rice. The issue prices of food grains at FPSs are fixed by the State/UT Governments keeping into consideration the transport and handling charges, margin to be paid to the FPS owners, etc.

Further, the NFSA, 2013 provides for entitlements of food grains for eligible households at prices specified in the Act. It also inter-alia provides that the Central Government shall provide assistance to the State Government in meeting expenditure incurred by them towards intra-State movement, handling of food grains and margins paid to FPS dealers, in accordance with such norms and manners as may be prescribed by the Central Government.

The norms and manners for the central assistance has been finalized by the Government and rules in this regard are under preparation.

Q. What is the Targeted Public Distribution System? What are the various entitlements being given under the scheme?

A. In June 1997, the Government of India launched the Targeted Public Distribution System (TPDS) with focus on the poor.

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.

Government of India has been making allocations of foodgrains to Below Poverty Line (BPL) families under Targeted Public Distribution System (TPDS) on the basis of 1993-94 poverty estimates of Planning Commission and March 2000 population estimates of Registrar General of India or the number of such families actually identified and ration cards issued to them by the State/UT Governments, whichever is less. Government of India has been making allocation of subsidized foodgrains for all the accepted number of 6.52 crore BPL families including about 2.42 crore Antyodaya Anna Yojana (AAY) families @ 35 kg per family per month.
Allocations of subsidized foodgrains are also made to Above Poverty Line (APL) families based on the availability of foodgrains in the Central pool and past offtake. Presently, the allocation of foodgrains to APL families to the States/UTs range between 15 kg. and 35 kg. per family per month. However, these allocations will change under the National Food Security Act (NFSA), 2013, details of which may be seen under the FAQs relating to NFSA, 2013.

Further, Government makes allocation of foodgrains for other welfare schemes such as Midday Meal Scheme and Wheat Based Nutrition Programme under ICDS, Nutritional Programme for Adolescent Girls, Annapurna Scheme and Emergency Feeding Programme, etc. Govt. also makes additional allocation of foodgrains from time to time depending upon the availability of foodgrains in stocks and requirements/requests received from the State/UT Governments.

Q. What is the AAY scheme? What are the estimated number of AAY families and the number of AAY families identified & ration cards issued in the States and UTs?

A. In order to make Targeted Public Distribution System (TPDS) more focused and targeted, the “Antyodaya Anna Yojana” (AYA) was launched in December, 2000 for one crore poorest of the poor families. Since then the scheme has been expanded thrice. The first expansion took place on 5th June, 2003, second expansion on 3rd August, 2004 and third expansion on 12th May 2005, increasing the number of families by 50 lakh at each expansion, thus raising the total coverage of AAY families to 2.50 crore.

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

The identification of the Antyodaya families and issue of distinctive ration cards to these families is the responsibility of the concerned State Governments. Guidelines were issued to the States/UTs for identification of the poorest of the poor families as Antyodaya families and additional Antyodaya families under the expanded AAY.

The focus on the following groups has been emphasized in the scheme guidelines:
a) 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, destitute and other similar categories in both rural and urban areas.

b) 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.

c) 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.

d) All primitive tribal households.

The above guidelines have further been amended to include all eligible BPL families of HIV positive persons in the AAY list on priority against the criteria mentioned in the guidelines for identification of families under AAY within respective ceilings on numbers of AAY families communicated by this Department.

Up to 2.50 crore families may be covered under the scheme. However, as on 31.03.2015, so far 2.42 crore families have been issued AAY cards by the States/UTs.

TPDS Control Order, 2015 has been notified on 20th March, 2015. In the Clause (3) of the TPDS Control Order, 2015, it has been provided that the State-wise number of Antyodaya households shall not exceed the accepted number of Antyodaya households in that State, as specified in column 6 of Annex-I. When an Antyodaya household becomes ineligible on account of migration outside the State, improvement in social or economic status, death, etc., no new Antyodaya household shall be identified in that State and the total number of Antyodaya households shall be reduced to that extent. Upon a reduction in the number of Antyodaya households, the States may increase the coverage of the persons to that extent in the priority category, subject to the ceilings prescribed in sub-clause (2).

Q. How much quantity of Wheat and Rice are admissible for a BPL/AAY Cardholder and at what price?

A. Allocation of foodgrains (rice and wheat) is made by Central Government under Targeted Public Distribution System (TPDS) @ 35 kg. per family per month for Below Poverty Line (BPL) families including Antyodaya Anna Yojana (AAY) families in the country. Allocations of foodgrains for Above Poverty Line (APL) families are made depending upon availability of foodgrain stocks in the Central
Pool and past offtake by the State/UT. The allocations for APL families in States/UTs range between 15 to 35 kg per family per month.

The Central Issue Price (CIP) of foodgrains being supplied under TPDS is as under:-

<table>
<thead>
<tr>
<th>Commodity</th>
<th>APL (Rs. per kg)</th>
<th>BPL (Rs. per kg)</th>
<th>AAY (Rs. per kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice (Grade ‘A’)</td>
<td>8.30</td>
<td>7.95</td>
<td>5.65</td>
</tr>
<tr>
<td>Rice (Common)</td>
<td>7.95</td>
<td>5.65</td>
<td>3.00</td>
</tr>
<tr>
<td>Wheat</td>
<td>6.10</td>
<td>4.15</td>
<td>2.00</td>
</tr>
<tr>
<td>Coarse grains</td>
<td>4.50</td>
<td>3.00</td>
<td>1.50</td>
</tr>
</tbody>
</table>

However, under NFSA 2013, the APL and BPL categories have been done away with and instead, only, eligible households i.e. priority households and the households covered under the AAY shall be entitled to receive foodgrains under TPDS i.e. rice, wheat and coarse grains @ Rs 3/-, 2/- and Rs. 1/- per kg respectively. The entitlements of priority households shall be @ 5 kg per person per month and the AAY families will get 35 kg per family per month.

Q. Whether Government of India is undertaking any programme for strengthening and upgrading the skills of personnel engaged in the functioning and implementation of TPDS.

A. Department of Food & Public Distribution, Government of India is implementing a scheme component called TPDS- Training. This aims at strengthening and upgrading the skills of personnel engaged in the functioning and implementation of TPDS by conducting training programmes and organizing lectures, seminars and workshops on policy issues with regard to TPDS and related fields for functionaries of various levels in the State Food and Civil Supplies Department and State Agencies like State Civil Supplies Corporations, etc. To make TPDS more effective & efficient, training is also provided to FPS owners, members of PRIs and Urban Local Bodies and members of Vigilance Committees at various levels, engaged in TPDS. In order to successfully implement National Food Security Act (NFSA), 2013, training programmes are also being organized under the scheme to sensitize and train key official of the State/UT Governments, FCI, Master Trainers nominated by States/UTs, etc through FCI or other agency.

Central Government provides financial assistance to the State/UT Governments for conducting training programmes @ Rs.500/- per person per day. The maximum duration of the training programme may be five working days and
the maximum assistance per training programme would be Rs.50,000/-. In the case of Seminars/Workshops the duration is two days. The financial assistance for conducting Seminars/Workshops is also Rs.500/- per person per day and the maximum assistance per Seminar/Workshop would be Rs.50,000/-.

Q. What are the entitlements for food grains under NFSA?

A. Every person belonging to identified eligible households is entitled to receive 5 Kg of food grains per person per month at subsidized prices under TPDS. The existing Antyodaya Anna Yojana (AAY) households, which constitute the poorest of the poor, will continue to receive 35 Kg of food grains per household per month.

Q. What are the prices at which food grains will be provided to the entitled beneficiaries?

A. Food grains under TPDS under the Act will be made available at subsidized prices of Rs. 3, 2 and 1 per Kg for rice, wheat and coarse grains respectively for a period of three years from the date of commencement of the Act. Thereafter prices will be suitably linked to Minimum Support Prices (MSPs).

Q. Whether the percentage coverage of 75%/50% for rural/urban population for subsidized food grains under TPDS is applicable uniformly to all States/UTs?

A. No, coverage of 75%/50% for rural/urban population is at the all India level, corresponding to which, State-wise coverage has been determined by the Central Government for each State/UT.

Q. Is there any scheme/project of Government of India on computerisation of TPDS?

A. Government has initiated implementation of Component-I of the scheme for ‘End-to-end Computerisation of TPDS Operations’, which comprises digitization of ration cards/beneficiary and other databases, computerization of supply-chain management and setting up of transparency portal and grievance redressal mechanisms.

Component-I of the Plan Scheme was approved in October 2012 by the Government for implementation in all States/UTs on cost-sharing basis under the 12th Five Year Plan (2012-17) at a total cost of Rs.884.07 crore, out of which Government of India’s share is Rs. 489.37 crore and States/UTs share is Rs. 394.70 crore. In addition to the financial support, Central Government is also providing requisite technical support through NIC to the States/UTs as per their requirements.
Q. What are the aims and objectives of the scheme 'End-to-end Computerization of TPDS Operations' in the country?

A. Computerization of TPDS operations has been taken up with the aim to improve the efficiency of the current system and to address various challenges such as leakages and diversion of foodgrains, fake and bogus ration cards, lack of transparency and weak grievance redressal mechanisms.

Q. What are the details regarding various components of the scheme?

A. Component-I of the Scheme on End-to-end Computerisation of TPDS Operations comprises following four key activities:

A) Digitisation of Beneficiary Database
   a. Availability of beneficiary information in electronic form.
   b. Ration card services like addition / deletion/ modification available online through F&CS offices, service centres, kiosks, etc.
   c. SMS alerts automatically generated for ration card related requests.
   d. Validation and de-duplication of data. Databases of Aadhaar, NPR, SECC, electoral data, etc. can also be used to compare data.

B) Digitisation of Other databases
   a. Digitized information created regarding F&CS offices, wholesalers, FPSs, Godowns, etc.
   b. Hosting of databases on State portals without restrictions on public access

C) Computerisation of Supply Chain Management
   a. Online allocation orders to be generated based on State allocation policy and beneficiary data
   b. District/ FPS wise allocation order to be put on State portal and also sent online to FCI, district F&CS offices etc.
   c. Movement from FCI - State Godowns - FPS
   d. Online generation of release order/truck challans/ delivery orders.
   e. Commodity lifting information to be put on web-site
   f. SMS alerts to all concerned upon dispatch/ receipt of foodgrains
   g. Stock position at godowns to be available online

D) Grievance Redressal mechanisms and Transparency Portal
   a. A common number ‘1967’ and 1800 series toll-free number for grievance registration & redressal to be set up in States
b. Beneficiaries to get SMS based acknowledgement of their complaint, its resolution, etc.
c. Facility to track grievances and ascertain status through online mechanism
d. Setting up Transparency Portal at State/UT and National level which have all TPDS related information in the public domain.

Component-II of the scheme, covering FPS automation, will be taken up in the next phase.

Q. What about FPS automation and its funding mechanism?
A. FPS automation involves activities namely, authentication of beneficiaries, recording of sales to beneficiaries at the FPS and uploading of transaction data into the Central server. In this context this Department has shared guidelines for FPS automation with all States/UTs. The guidelines also includes technical specification of Point of Sale (PoS) device and mobile terminal. In January, 2015, a MoU was signed with STQC (Directorate under DeitY) to certify the PoS devices and Mobile terminal NIC has already developed an ‘App’ for android based device, which is also made available on Deity’s AppStore.

As regards financial assistance, Government has approved FPS dealers’ margins (@ Rs. 87/qtl.) under NFSA which also includes reimbursement of Rs. 17/qtl. for their expenditure towards purchase and operations of the PoS/Mobile Tablet device at the FPS for automation.

Q. What is the transparency portal for TPDS?
A. All States/UTs have been asked to develop a single transparency portal which should have all TPDS related data and information available for public view without restriction on access and the same should be widely publicized. The transparency portal would host information in public domain, such as lists of beneficiaries, FPSs, Storage godowns / depots, F&CS offices / officers, monthly allocation, actual off-take, etc. The content on the portal must be in the local language of the State/UT as well as in English wherever possible. Information about availability of foodgrains will also be disseminated through SMS / email to the registered beneficiaries and other registered individuals in the local community. NIC has prepared various reporting formats, which could be adopted by States/UTs for hosting the TPDS related MIS reports/details on their portals. A copy of the same was sent to all States/UTs by the Department on 11.09.2012.

Under the scheme, States/UTs are developing their respective TPDS web portals. Besides, this Department has also launched a National PDS Portal (http://pdsportal.nic.in). The objective of the National portal is to provide TPDS related information pertaining to all States/UTs through a single platform in the
public domain. All States/UTs have been requested to maintain and update the data on the National portal through application software and also provide links to their State TPDS portals’ data using web-services.

Q. How will computerisation help in grievance redressal?

A. Toll-free helpline numbers are to be set up by each State/UT for grievance registration and redressal. This number would be widely publicized throughout the State/UT. The provision of registration, receipt of acknowledgement and tracking of public grievances would also be available on transparency portal. A dedicated call centre is to be deployed by the States/UTs for addressing the grievances of the individuals. This Department has issued guidelines on 31.01.2013 for setting up of 4-digit common toll free helpline number ‘1967’ across the country and an 1800 series toll-free number in all States/UTs.

Q. What is FRP and how it is beneficial for the farmers? What factors are considered for fixation of FRP?

A. With the amendment of the Sugarcane (Control) Order, 1966 on 22.10.2009, the concept of Statutory Minimum Price (SMP) of sugarcane was replaced with the ‘Fair and Remunerative Price (FRP)’ of sugarcane for 2009-10 and subsequent sugar seasons. It is the minimum price of sugarcane being paid to the farmers for the supplies of cane to the mills.

Under the FRP system, the farmers are not required to wait for the end of the season or for any announcement of the profits by the sugar mills or the Government. The new system also assures the margins on account of profit and risk to farmers, irrespective of the fact whether the sugar mills generate profit or not and is not dependent on the performance of any individual sugar mill.

The cane price announced by the Central Government is decided on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP) 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 (FRP) 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;
g. **reasonable margins for the growers of sugarcane on account of risk and profits**
   (* inserted vide notification dated 29.12.2008)
   (**inserted vide notification dated 22.10.2009)

   In order to ensure that higher sugar recoveries are adequately rewarded and considering variations amongst sugar mills, the FRP is linked to a basic recovery rate of sugar, with a premium payable to farmers for higher recoveries of sugar from sugarcane.

Q. **Whether Government has continued the supply of sugar under PDS after decontrol of Sugar Industry.**

A. The Central Government has decontrolled the sugar sector partially by removing the levy obligation on sugar mills and doing away with the regulated release mechanism on open market sale of sugar. Prior to it, sugar mills were mandated to supply 10% of their production to meet the Public Distribution System (PDS) demand. Sugar mills are now free to sell their entire production as per their commercial prudence. The Central Government is reimbursing the States/UT’s @ Rs.18.50 per kg, limited to the quantity based on their existing allocations. Also the State Governments/UT Administrations may either absorb the additional cost on account of handling, transportation and dealer’s commission or pass it on to the consumers by adding it to Rs.13.50 per kg under PDS in their respective territories and the State Governments/UT Administrations, implementing National Food Security Act (NFSA), may continue with the existing coverage or extend it to the beneficiaries under NFSA, within the existing allocation of sugar. Further, with a view to ease out the financial burden of the State Governments, the Government releases advance subsidy, on quarterly basis, to all State Governments who approach the Central Government for the same. In the process, total sugar subsidy burden on the Government exchequer is estimated to be at about Rs.5000 crore per annum for estimated supply of 27 lakh MT.

Q. **What is the current policy of export and import of sugar?**

A. Under current Export-Import (Exim) policy, the export of sugar is free subject to prior registration of quantity with Directorate General of Foreign Trade (DGFT) and import of sugar is permitted at import duty of 40%.

Q. **What are the schemes recently announced by the Government to help the millers to pay the cane dues to farmers?**

A. The Central Government has implemented two schemes to help the sugar mills to pay the cane arrears to the farmers. The details are given as below:
(I) Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU-2014)

The Central Government on 03.01.2014 has notified a scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU-2014) envisages interest free loans to the sugar mills equivalent to the last 3 sugar seasons excise duty, cess and surcharge on sugar paid by mills (including national equivalence for exports or availed Cenvat), which carries interest subvention upto 12% or at actual rates charged by banks whichever is lower as per normal banking practice through participation schedule banks, regional rural banks, co-operative banks for the total duration of the loan i.e. 5 years including 2 years moratorium.

The scheme envisages generating additional cash flow of around Rs. 6600.00 Crore through working capital loans for Sugar Undertakings. The interest liabilities of the Central Government would be around Rs. 2750.00 Crore.

An amount of Rs. 100.00 Crore have been released in June, 2014 and Rs. 603.72 Crore in March, 2015 to State Bank of India for onwards transmission to participating Banks during the year 2014-15. For financial year, 2015-16, budget estimate of Rs. 800 crore has been made towards interest subvention.

(II) Incentive Scheme for Marketing and Promotion of Raw Sugar Production

In order to encourage sugar factories to diversify their produce of traditional white sugar into raw sugar for export, the Government notified another scheme allowing incentives for marketing and promotion services for raw sugar production targeted for export market during the sugar season 2013-14 and 2014-15. The incentive available under the Scheme shall be utilized by the sugar mills for making payment to the farmers.

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