

9

**STANDING COMMITTEE ON
FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION
(1998-99)**

TWELFTH LOK SABHA

RC 101372-3

**MINISTRY OF FOOD AND CONSUMER AFFAIRS
(DEPARTMENT OF FOOD AND CIVIL SUPPLIES)**

Lc
3283657R
N8.9

**DEMANDS FOR GRANTS
(1999-2000)**

NINTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

April, 1999/Chaitra, 1921 (Saka)

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N 8.9;6

NINTH REPORT
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SUPPLIES AND PUBLIC DISTRIBUTION
(1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF FOOD AND CONSUMER AFFAIRS
(DEPARTMENT OF FOOD AND CIVIL SUPPLIES)

DEMANDS FOR GRANTS
(1999-2000)

Presented to Lok Sabha on 22.4.1999
Laid in Rajya Sabha on 23.4.1999



LOK SABHA SECRETARIAT
NEW DELHI

April, 1999/Chaitra, 1921 (Saka)

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Page	Para	Line		
24	2.11	1 (from bottom)	<u>For</u> 'board'	<u>Read</u> 'broad'
55	2.33	13 (from top)	<u>For</u> 'There'	<u>Read</u> 'These'
55	2.34	8 (from top)	<u>For</u> 'proposed,'	<u>Read</u> 'proposals'
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93	2.61	14 (from bottom)	<u>For</u> 'to that'	<u>Read</u> 'so that'

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(iii)
INTRODUCTION	(v)

PART-I

REPORT

CHAPTER I	Introductory	1
CHAPTER II	(i) Production and Procurement.....	5
	(ii) Storage and Warehousing	24
	(iii) Construction of Godowns	31
	(iv) Public Distribution System (PDS)	56
	(v) Targeted Public Distribution System (TPDS)	59
	(vi) Scheme of Financial Assistance to States for Purchase of Mobile Vans/Trucks	78
	(vii) Open Market Sale Scheme.....	81
	(viii) Food Subsidy.....	84
	(ix) Import/Export of Foodgrains.....	93
CHAPTER III	(i) Save Grain Campaign	98
	(ii) Research & Development and Institutional Training on Storage.....	101
CHAPTER IV	Central Warehousing Corporation (CWC).....	106

PART II

I.	Minutes of sitting held on 30.3.1999.....	114
II.	Minutes of sitting held on 8.4.1999.....	116

COMPOSITION OF THE STANDING COMMITTEE ON FOOD,
CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1998-99)

Shri Raghuvansh Prasad Singh — *Chairman*

MEMBERS

Lok Sabha

- **2. Shri Vidyasagar Rao
3. Shri Kariya Munda
4. Shri Prabhas Chandra Tiwari
5. Shri Ramchandra Veerappa
6. Shri Gangaram Koli
7. Shri Shyam Bihari Misra
8. Shri Aditya Nath
9. Shri Bhanu Pratap Singh Verma
10. Shri Ramesh Chandra Dwivedi
11. Shri Abhaysing S. Bhonsle
12. Shri Sadashivrao Dadoba Mandlik
- *13. Shri Ghasi Ram Yadav
- ***14. Shri Ram Raghunath Chaudhary
15. Shri H.G. Ramulu
16. Shri Madhab Rajbangshi
17. Shri C.P. Mudala Giriyappa
18. Shri P. Sankaran
19. Shri Rama Chandra Mallick
20. Shri Baju Ban Riyan
21. Smt. A.K. Premajam
22. Shri Daroga Prasad Saroj
23. Shri R. Muthiah
24. Shri Akbar Ahmad Dumpy
25. Shri Ranen Barman

* Ceased to be Member of the Committee w.e.f. 8.6.1998.

** Ceased to be Member of the Committee w.e.f. 9.8.1998

*** Nominated to the Committee w.e.f. 8.6.1998.

26. Shri Prakash Yashwant Ambedkar
27. Shri Bhim Prasad Dahal
****28. Shri S.K. Bwiswmuthiari
29. Shri Satnam Singh Kainth
\$30. Shri Syed Hussain
\$\$31. Shri Tarlochan Singh Tur

Rajya Sabha

32. Shrimati Urmilaben Chimanbhai Patel
@33. Shri Shivajirao Giridhar Patil
34. Shri Onward L. Nongtdu
@35. Shri Mohindar Singh Kalyan
36. Shri Manohar Kant Dhyani
37. Shri Lajpat Rai
@38. Dr. Ishwar Chand Gupta
39. Shri Khagen Das
40. Shri Yerra Narayanaswamy
@41. Shri Wasim Ahmad
42. Shri Kushok Thiksey
43. Sardar Balwinder Singh Bhundar
@44. Shri Mohd. Masud Khan
@@45. Shri M.J. Varkey Mattathil
@@@46. Shri B.P. Singhal
\$\$\$47. Shri D.P. Yadav
\$\$\$48. Shri Sukhdev Singh Libra

SECRETARIAT

- | | | |
|-------------------------|---|-----------------------------|
| 1. Shri G.C. Malhotra | — | <i>Additional Secretary</i> |
| 2. Shri John Joseph | — | <i>Joint Secretary</i> |
| 3. Shri Krishan Lal | — | <i>Deputy Secretary</i> |
| 4. Shri P.D. Malvalia | — | <i>Under Secretary</i> |
| 5. Smt. Manju Choudhary | — | <i>Committee Officer</i> |

**** Ceased to be Member of the Committee w.e.f. 25.6.1998.

@ Ceased to be Member of the Committee w.e.f. 4.7.1998

@@ Ceased to be Member of the Committee w.e.f. 18.6.1998.

@@@ Nominated to the Committee w.e.f. 31.7.1998 and ceased to be Members w.e.f. 15.9.1998.

\$ Nominated to the Committee w.e.f. 17.7.1998.

\$\$ Nominated to the Committee w.e.f. 16.7.1998

\$\$\$ Nominated to the Committee w.e.f. 11.8.1998.

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (1998-99) having been authorised by the Committee to submit the Report on their behalf, present this Ninth Report on Demands for Grants (1999-2000) relating to the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies).

2. The Committee examined/scrutinised the detailed Demands for Grants (1999-2000) of the Ministry which were laid on the Table of the House on 16th March, 1999.

3. The Committee took evidence of the representatives of the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies) on 30th March, 1999.

4. The Committee wish to express their thanks to the Officers of the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies) for placing before them detailed written notes on the subject and for furnishing the information to the Committee, desired in connection with the examination of the subject.

5. The Report was considered and adopted by the Committee at their sitting held on 8th April, 1999.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;
15 April, 1999

25 Chaitra, 1921 (Saka)

RAGHUVANSH PRASAD SINGH,
Chairman,
Standing Committee on Food,
Civil Supplies and Public Distribution.

PART I
CHAPTER I
REPORT

Introductory

1.1 The Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies) is charged with the primary responsibility of the management of the food economy of the country. Government safeguard the interest of the producers (farmers) and consumers by fixing the procurement/support price and issue price. The foodgrains from Central Pool are supplied at subsidised rate so that no consumer in any part of the country may feel hungry.

1.2 The Department is concerned with the formulation of policies concerning the foodgrains sector and is also responsible for the development aspects of the foodgrains, its storage, acquisition and the construction of godowns for foodgrains. The Department is also concerned with International Conferences, Associations and other Bodies concerning food and for entering into treaties and agreements with foreign countries and implementing treaties, agreements and conventions with foreign countries relating to trade and commerce in foodgrains and other foodstuffs.

1.3 The Department of Food and Civil Supplies is responsible for implementation of the scheme of minimum support price to the producers of wheat, paddy and coarse grains and the distribution of foodgrains from the Central Pool. With a view to ensuring food security, activities such as procurement of foodgrains, building up and maintenance of food stocks, their quality, storage, movement and delivery to the distributing agencies are undertaken. A close watch is kept on the stock and price levels of foodgrains and efforts are made to ensure their adequate availability at reasonable prices in different parts of the country.

1.4 In carrying out its various functions, the Department is assisted by two public sector undertakings, *viz.*, (i) Food Corporation of India (FCI), and (ii) Central Warehousing Corporation (CWC).

1.6 The details of the Budget Estimates and Revised Estimates for (1998-99) as well as Budget Estimates for (1999-2000) are as under:—

Major Head	1998-99 Budget				1998-99 Revised			1999-2000 Budget		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
	1	2	3	4	5	6	7	8	9	10
Revenue Section										
Secretariat-Economic Services	3451	-	9.51	9.51	-	8.89	8.89	1.63	8.75	10.38
Food, Storage and Warehousing	2408	3.75	9006.99	9010.74	2.92	8706.84	8706.84	3.37	8206.96	8210.33
Civil Supplies	3456	0.50	-	0.50	0.50	-	0.50	0.50	-	0.50
Grant-in-Aid State Governments	3601	11.45	-	11.45	10.93	-	10.93	11.25	-	11.25
Total Revenue Section		15.70	9016.50	9010.72	14.35	8715.73	8730.08	16.75	8215.71	8232.46

	1	2	3	4	5	6	7	8	9	10
Capital Section										
Capital Outlay on Food, Storage and Warehousing	4408	20.00	-	20.00	20.00	-	20.00	20.00	-	20.00
Loan and Advances to State Governments	7601	11.25	-	11.25	11.25	-	11.25	11.25	-	11.25
Total—Capital		31.25	-	31.25	31.25	-	31.25	31.25	-	31.25
Grand Total		46.95	9016.50	9063.45	45.60	8715.73	8761.33	48.00	8215.71	8263.71

The details of recoveries adjusted on account in reduction of expenditure for revenue and capital section are as under:—

Revenue	15.70	9016.50	9032.20	14.35	8715.73	8730.08	16.75	8215.71	8232.46
Capital	31.25	-	31.25	31.25	-	31.25	31.25	-	31.25
Total	46.95	9016.50	9063.45	45.60	8715.73	8761.33	48.00	8215.17	8263.71

1.7 The Head-wise demands have been discussed in the succeeding paragraphs.

CHAPTER II

(i) Production and Procurement

2.1 The total Statewise production of foodgrains and estimates of area since 1995-96 are given below:—

ESTIMATES OF AREA AND PRODUCTION OF WHEAT—1997-98

State	Area (Thousand Hectares)				Production (Thousand Tonnes)				Yield (Kgs/Hectares)			
	1995-96	1996-97	1997-98	1998-99 (ADV.)	1995-96	1996-97	1997-98	1998-99 (ADV.)	1995-96	1996-97	1997-98	1998-99 (ADV.)
	1	2	3	4	5	6	7	8	9	10	11	12
Andhra Pradesh	10.7	12.5	8.7		7.8	9.0	6.7					
Assam	85.8	87.9	84.7		95.1	117.1	110.1		1108	1332	1300	
Bihar	2134.3	2088.9	2080.8		4238.9	4560.7	4159.3		1986	2183	1999	

	1	2	3	4	5	6	7	8	9	10	11	12
Gujarat	506.1	581.0	694.1		1123.5	1336.0	1647.0		2220	2299	2373	
Haryana	1972.0	2017.0	2064.0		7291.0	7826.0	7554.0		3697	3880	3660	
Himachal Pradesh	380.6	357.2	357.2		537.1	531.0	531.0		1410	1487	1487	
Jammu & Kashmir	213.8	246.9	258.4		399.2	412.6	431.8		1637	1671	1671	
Karnataka	218.7	248.4	250.8		145.6	190.3	114.7		666	766	458	
Madhya Pradesh	4019.8	4327.2	4519.5		6666.6	7346.1	7793.2		1668	1801	1625	
Maharashtra	701.7	799.1	747.0		897.7	1167.0	675.0		1279	1460	904	
Meghalaya	4.2	4.3	4.3		4.7	6.9	6.9					
Nagaland	0.5	2.0	1.8		1.5	2.5	30					
Orissa	4.9	5.0	5.0		6.1	6.6	66		1245	1320	1320	
Punjab	3223.0	3229.0	3331.0		12518.0	13672.0	12719.0		3884	4234	3853	

	1	2	3	4	5	6	7	8	9	10	11	12
Rajasthan	2196.2	2474.3	2679.7		5493.3	6782.0	6700.1		2501	2741	2500	
Sikkim	8.4	8.5	8.1		15.3	14.8	14.2					
Tamilnadu	0.1	0.1	0.2		Neg.	Neg.	0.1					
Tripura	2.6	2.0	2.0		5.2	3.9	3.9					
Uttar Pradesh	8924.1	9014.3	9221.2		21815.6	24049.6	23037.0		2445	2668	2498	
West Bengal	337.8	351.1	367.1		725.3	839.0	810.5		2147	2390	2209	
D&N Haveli	0.5	Neg.	Neg.		0.3	Neg.	Neg.					
Delhi	30.4	26.1	26.1		102.3	23.9	23.9					
Others												57.6
All India	25011.0	25887.1	26685.6		62097.4	69350.2	65906.6		2483	2679	2470	

ESTIMATES OF AREA AND PRODUCTION OF RICE—1998-99

State	Area (Thousand Hectares)				Production (Thousand Tonnes)				Yield (Kgs./Hectares)			
	1995-96	1996-97	1997-98	1998-99 (ADV.)	1995-96	1996-97	1997-98	1998-99 (ADV.)	1995-96	1996-97	1997-98	1998-99 (ADV.)
	1	2	3	4	5	6	7	8	9	10	11	12
Andhra Pradesh												
Kharif	2590.5	2808.0	2382.8		5997.9	6745.0	5218.0		2315	2402	2190	
Rabi	1101.6	1301.0	1118.0		3016.3	3941.0	3292.0		2738	3029	2945	
Total	3692.1	4109.0	3500.8		9014.2	10686.0	8510.0		2441	2601	2431	
Arunachal Pradesh												
Kharif	118.7	115.8	120.0		124.5	129.4	129.5		1049	1117	1079	
Autumn	614.8	609.7	597.6		516.0	520.2	597.5		839	853	1000	
Winter	1733.4	1710.2	1717.2		2622.7	2515.8	2471.0		1513	1471	1439	
Kharif	2348.2	2319.9	2314.8		3138.7	3036.0	3068.5		1337	1309	1326	
Summer	155.2	171.8	175.0		251.3	292.2	314.4		1619	1701	1797	
Total	2503.4	2491.7	2489.8		3390.0	3328.2	3382.9		1354	1336	1359	

	1	2	3	4	5	6	7	8	9	10	11	12
Bihar												
Autumn	696.2	722.1	708.05		762.8	828.3	814.9		1096	1147	1150	
Winter	4232.0	4223.3	4129.8		5678.8	6213.4	5698.3		1342	1471	1380	
Kharif	4928.2	4945.4	4838.3		6441.6	7041.7	6513.2		1307	1424	1346	
Summer	108.6	122.5	137.2		198.4	239.0	261.7		1827	1951	1907	
Total	5036.8	5067.9	4975.5		6640.0	7280.7	6774.9		1318	1437	1362	
Goa												
Autumn	41.0	41.1	41.0		94.3	109.8	104.8		2300	2672	2556	
Winter	12.5	12.5	14.5		33.8	38.2	42.7		2704	3056	2915	
Kharif	53.5	53.6	55.5		128.1	148.0	147.5		2394	2761	2658	
Gujarat												
Kharif	570.0	642.0	672.5		826.6	946.0	1042.3		1450	1474	1550	
Haryana												
Kharif	830.0	831.0	910.0		1847.0	2463.0	2545.0		2225	2964	2797	

	1	2	3	4	5	6	7	8	9	10	11	12
Himachal Pradesh												
Khariif	82.6	81.7	86.2	86.2	111.2	108.6	120.4		1346	1329	1397	
Jammu & Kashmir												
Khariif	273.0	275.3	275.7	275.7	508.5	431.4	549.3		1863	1567	1992	
Karnataka												
Khariif	1008.7	1050.7	1051.5	1051.5	2317.9	2368.0	2457.7		2298	2254	2337	
Rabi	58.0	58.7	58.7	58.7	116.1	116.1	116.1		2002	1978	1978	
Summer	198.5	249.1	268.0	268.0	589.9	727.5	760.5		2972	2921	2838	
Rabi/Sum	256.5	307.8	326.7	326.7	706.0	843.6	876.6		2752	2741	2683	
Total	1265.2	1358.5	1378.2	1378.2	3023.9	3211.6	334.3		2390	2364	2419	
Kerala												
Autumn	186.7	186.9	154.1	154.1	344.2	332.6	238.0		1844	2029	1544	
Winter	224.6	205.1	181.8	181.8	458.1	375.5	274.2		2040	1831	1508	
Khariif	411.3	369.0	335.9	335.9	802.3	708.1	612.2		1951	1919	1525	
Summer	59.8	55.8	68.2	68.2	150.7	123.5	148.8		2520	2213	2192	
Total	471.1	424.8	404.1	404.1	953.0	831.6	661.0		2023	1958	1638	

	1	2	3	4	5	6	7	8	9	10	11	12
Madhya Pradesh												
Kharif	5344.4	5396.4	5403.4	5839.1	5939.1	4488.0	1093	1101	831			
Maharashtra												
Kharif	1484.8	1448.5	1444.0	2498.4	2552/2	2330.0	1683	1762	1614			
Rabi	32.3	29.0	32.9	64.4	62.2	64.6	1994	2145	1964			
Total	1517.1	1477.5	1476.9	2562.8	2614.4	2394.6	1689	1769	1621			
Manipur												
Kharif	154.4	166.1	157.9	331.8	367.3	351.7	2149	2211	2227			
Meghalaya												
Kharif	104.0	104.0	105.2	111.8	141.1	150.1	1075	1340	1427			
Mizoram												
Kharif	65.3	63.6	67.0	100.5	108.4	107.8	1539	1704	1809			
Rabi	0.5	1.1	1.1	1.0	2.8	2.8	2000	2545	2545			
Total	65.8	64.7	68.1	101.5	111.2	110.6	1543	1719	1624			
Nagaland												
Kharif	140.0	140.0	145.0	185.0	-	187.0	1321	1093	1290			
Orissa												
Autumn	854.0	822.0	827.0	812.0	449.0	813.0	951	546	983			

	1	2	3	4	5	6	7	8	9	10	11	12
Winter	3400.0	3378.0	3434.0	3434.0	4836.0	3379.0	4938.0	1422	1000	1436		
Kharif	4254.0	4200.0	4261.0	4261.0	5648.0	3828.0	5751.0	1328	911	1350		
Summer	275.0	269.3	235.8	235.8	578.2	610.4	453.6	2103	2267	1924		
Total	4529.0	4469.3	4496.8	4496.8	6226.2	4438.4	6204.6	1375	993	1380		
Punjab	2161.0	2159.0	2279.0	2279.0	6768.0	7334.0	7897.0	3132	3397	3465		
Rajasthan	139.5	147.1	163.4	163.4	117.6	174.2	190.2	843	1184	1164		
Sikkim	15.9	16.0	15.7	15.7	21.9	22.1	21.4	1377	1381	1383		
Tamil Nadu	285.4	256.7	243.0	243.0	1093.5	983.8	864.0	3831	3832	3556		
Winter	1480.6	1652.7	1615.0	1615.0	3628.8	3974.4	4591.0	2451	2405	2343		
Kharif	1766.0	1909.4	1858.0	1858.0	4722.3	4958.2	5455.0	2674	2597	2936		

	1	2	3	4	5	6	7	8	9	10	11	12
Summer	184.6	264.3	503.0		567.7	847.1	1597.0		3075	3205	3175	
Total	1950.8	2173.7	2361.0		5290.0	5805.3	7052.0		2712	2671	2937	
Tripura												
Autumn	44.2	62/5	62/6		65/1	107.2	104.8		1473	1715	1674	
Winter	133.6	140.0	138.4		278.1	308.6	316.5		2082	2204	2287	
Kharif	177.8	202.5	201.0		334.2	415.8	421.3		1930	2053	2098	
Summer	53.7	56.4	56.8		122.3	129.0	114.5		2277	2287	2016	
Total	231.5	258.9	257.8		465.5	544.8	535.8		2011	2104	2078	
Uttar Pradesh												
Kharif	5561.0	5544.9	5657.3		10354.0	11759.3	12148.6		1862	2121	2147	
Summer	3.5	4.3	6.2		8.5	11.4	16.8		2429	2651	2710	
Total	5564.5	5549.2	5663.5		10362.5	117707	12165.4		1862	2121	2146	

	1	2	3	4	5	6	7	8	9	10	11	12
West Bengal												
Autumn	510.5	461.7	423.1		854.5	775.5	751.9		1674	1680	1777	
Winter	4282.8	4282.5	4270.3		7615.2	8566.4	8915.1		1778	2000	2086	
Kharif	4793.3	4744.2	4693.4		8469.7	9341.9	9667.0		1667	1969	2060	
Summer	1160.1	1056.4	1206.8		3417.3	3294.9	3569.5		2046	3119	2959	
Total	5953.4	5800.6	5900.2		11887.0	12636.8	13236.5		1997	2179	2243	
A & N Islands												
Kharif	12.6	12.5	12.2		33.0	33.2	30.0		2619	2656	2459	
D & N Haveli												
Kharif	13.5	13.4	13.4		24.1	20.1	20.1		1785	1500	1500	
Delhi												
Kharif	15.2	3.9	3.9		13.0	3.1	3.1		855	795	795	
Daman & Diu												
Kharif	2.0	2.0	2.0		2.9	2.9	2.9		1450	1450	1450	
Pondicherry												
Autumn	5.5	5.2	5.4		14.1	13.5	14.9		2564	2596	2769	
Winter	15.1	15.2	15.0		36.1	30.0	29.8		2391	1974	1987	

	1	2	3	4	5	6	7	8	9	10	11	12
Kharif	20.8	20.4	20.4	20.4	50.2	43.5	44.7	2437	2132	2191		
Summer	5.3	6.2	6.1	6.1	14.4	17.0	18.9	2717	2742	2770		
Total	25.9	26.6	26.5	26.5	64.6	60.5	61.8	2494	2274	2325		
All India												
Autumn	23925.4	24167.6	24030.4	24030.4	42691.2	45921.3	44293.9	1784	1900	1843		
Winter	15514.6	15619.5	15516.0	15516.0	25187.6	25401.3	27276.6	1623	1626	1758		
Kharif	39440.0	39787.1	39546.4	39546.4	67878.8	71322.6	71570.5	1721	1793	1810		
Rabi/Sum	3396.7	3645.9	3873.8	3873.8	9096.5	10414.1	10729.2	2678	2856	2770		
Total	42836.7	43433.0	43420.2	43420.2	76975.3	81736.7	82299.7	1797	1882	1895		
Others												
Kharif			903.5	903.5			1617.1					
Rabi			57.9	57.9			587.8					
Total			961.4	961.4			2204.9					

ESTIMATES OF AREA AND PRODUCTION OF TOTAL COARSE CEREALS—1997-98

State	Area (Thousand Hectares)				Production (Thousand Tonnes)				Yield (Kg/Hec)			
	1995-96	1996-97	1997-98	1998-99 (ADV)	1995-96	1996-97	1997-98	1998-99 (ADV)	1995-96	1996-97	1997-98	1998-99 (ADV)
	1	2	3	4	5	6	7	8	9	10	11	12
Andhra Pradesh	1579.1	1549.7	1413.6		1873.4	2142.2	1847.9		1186	1382	1307	
Arunachal Pradesh	53.7	49.6	53.0		66.6	63.6	68.0		1229	1277	1283	
Assam	30.6	29.5	29.7		19.0	18.4	20.1		621	624	677	
Bihar	900.5	960.8	860.3		1513.8	1830.8	1318.8		1681	1905	1532	
Goa	2.9	3.0	3.0		3.0	3.9	3.1					
Gujarat	1834.7	1854.1	1815.7		1696.4	2262.8	2407.1		925	1220	1326	

	1	2	3	4	5	6	7	8	9	10	11	12
Haryana	767.0	762.0	778.0		587.0	814.0	861.0		765	1068	1107	
Himachal Pradesh	349.5	350.8	354.1		703.4	637.5	866.9		2013	1817	1883	
Jammu & Kashmir	331.4	337.1	342.6		549.8	470.3	456.8		1659	1395	1333	
Karnataka	3852.6	3988.2	3786.9		4788.0	5088.7	4868.9		1243	1276	1286	
Kerala	9.6	8.7	8.7		6.0	5.8	5.7					
Madhya Pradesh	2970.0	2916.9	2871.9		2469.4	2211.5	2322.4		831	758	809	
Maharashtra	7751.0	8200.0	7670.8		6304.6	8784.2	5395.0		839	1071	703	
Manipur	2.6	6.4	3.6		7.1	23.4	13.1					
Meghalaya	19.8	19.8	20.0		23.9	27.8	27.1		1207	1404	1355	
Mizoram	7.8	8.5	8.2		15.2	15.8	16.5					

	1	2	3	4	5	6	7	8	9	10	11	12
Nagaland	41.0	46.0	42.0		40.5	43.2	36.7		988	939	874	
Orissa	198.8	218.0	193.0		138.8	160.5	142.1		697	736	736	
Punjab	219.6	207.6	211.6		436.2	467.2	473.4		1986	2250	2237	
Rajasthan	5992.7	6469.2	6507.7		2500.4	4020.5	4507.8		417	621	693	
Sikkim	46.0	45.8	45.7		63.0	62.9	61.9		1370	1373	1354	
Tamil Nadu	811.2	802.9	1068.5		882.2	891.9	1165.3		1088	1111	1091	
Tripura	2.0	2.0	2.0		1.8	1.8	1.8					
Uttar Pradesh	3023.2	2905.5	2944.8		4000.1	3939.4	4308.6		1323	1356	1463	
West Bengal	71.2	60.6	68.3		131.4	109.0	154.5		1846	1799	2262	
D & N Haveli	2.6	2.6	2.6		3.0	3.0	3.0					
Delhi	12.3	8.2	8.2		8.3	3.9	3.9					
Pondichery	0.4	0.5	0.5		0.9	0.9	0.8					
All India	30863.8	31814.2	31114.8		29032.4	34104.9	31157.0		940	1072	1001	

Procurement of Foodgrains

2.2 In keeping with the national policy of providing price support to the major foodgrains of the country viz. wheat, paddy and coarsegrains, the Government continued to procure foodgrains conforming to prescribed specifications offered by the farmers at the notified Minimum Support Prices (MSP). The Price support operations for wheat and paddy are undertaken by the Food Corporation of India in association with the State agencies. For the 1998-99 Kharif Marketing Season, MSP of paddy was raised by Rs. 25/- per quintal for the common variety and Grade 'A' as compared to the MSP of previous season. Similarly the MSP for wheat was raised by Rs. 40/- per quintal for the 1998-99 Rabi Marketing Season. The Comparative Minimum Support Prices of wheat and paddy for the 1997-98 and 1998-99 seasons are given below:—

	Wheat	(Price in Rs. Per quintal)	
		Paddy	
		Common	Grade 'A'
1997-98	415	415	445
1998-99	455	440	470

2.3 Rabi Marketing Season commenced from 1.4.1998. The production of wheat during 1997-98 crop (Marketing in 1998-99 Rabi Season) expected to be about 66.05 million tonnes, which is more than that of previous year. Arrangements were made to procure wheat by FCI as well as State Agencies in advance and Price Support Purchases of wheat were organised in about 7980 wheat procurement centres as against 7615 centres operated during 1997-98. The procurement of wheat by FCI/Govt. Agencies was 126.53 lakh MTs. (Upto 30.11.98) during Rabi Season 1998-99, compared to 92.98 lakh MTs. Procured during corresponding period of last year.

2.4 The current Kharif Marketing Season 1998-99 commenced w.e.f. 15.9.1998 in Punjab/Haryana/A.P./West Bengal/Tamil Nadu and from 1.10.1998 in other States. FCI/State Agencies have operated 5585 no. of centres for procurement of paddy/coarsegrains during kharif 1998-99.

Paddy Procurement in 1998-99 Kharif Season:

2.5 The quantum of arrivals of paddy in Punjab during the current kharif 1998-99 were of the order of 92.66 lakh MTs. (Position as on 30.11.1998), as against 96.76 lakh Mts. In the corresponding period last year. FCI/State Agencies have made arrangements to procure paddy and procured about 61.09 lakh MTs. of paddy in Punjab (as on 30.11.1998) as against 79.01 lakh MTs. procured during corresponding period of last year. In Punjab at the instance of the State Govt., FCI was allotted 40% share of paddy procurement in current Kharif like previous year. FCI purchased 23.72 lakh MTs. of paddy in Punjab out of the total procurement of 59.28 lakh MTs., representing a share of 40%. Similarly in Haryana also, FCI/Agencies have procured 1.16 lakh MTs. of paddy out of total arrival of 19.28 MTs. (as on 30.11.1998) as against 1.53 lakh MTs. of paddy procured during the corresponding period last year. Procurement by FCI alone is 0.47 lakh MTs. out of the total procurement of 1.16 lakh MTs. in Haryana.

Rice Procurement:

2.6 The procurement of levy rice by FCI/Agencies for central pool during current Kharif 1998-99 is 3.99 lakhs MTs. against 15.72 lakh MTs. procured during corresponding period last year (Position as on 1.12.1998).

The total procurement of rice including paddy in Kharif Season 1998-99 (as per report upto 1.12.1998) for Central Pool was 44.43 lakh MTs. as against 63.48 lakh MTs. procured during corresponding period last year.

In the State of Haryana, Rajasthan, Gujarat, Maharashtra, Karnataka, Orissa and Madhya Pradesh, FCI has engaged State Government/Agencies as sub-agents of FCI to procure coarsegrains to make use of the infrastructure available with the State Agencies. No procurement of coarsegrain has been made till 31.10.98 now during Kharif 1998-99 as in last year apparently because of higher prices in the open market.

2.7 The Committee asked about the level of the procurement of rice and wheat for the Central Pool, the Ministry in their reply said:—

The following table indicates the level of procurement of rice (including paddy in terms of rice) and wheat for the Central Pool since 1994-95 marketing season:—

(Lakh tonnes)		
Marketing Year	Rice	Wheat
1994-95	134.03	118.69
1995-96	99.50	123.27
1996-97	122.23	81.57
1997-98	143.08	92.98
1998-99	44.43*	126.53

*Current Marketing Season — as on 1.12.98.

2.8 When the Committee asked about the steps taken to procure the maximum amount of foodgrains, the Ministry stated as under:—

“FCI and State Governments establish a large number of purchase centres at various mandis and key points. The number of centres and their locations are decided by the State Governments in consultation with FCI. The FCI/State agencies endeavour to open centres within a radius of 10 kms. From the farmers’ villages. BICP conducted a study of FCI in 1991 and recommended that procurement centres should not be opened at places where procurement in a season is less than 1000 MTs. However, this could not be strictly followed in view of the policy regarding price support operations and its social objectives. At the same time, with its limited resources and manpower it is not feasible for FCI to open its own purchase centres at all places. The State Governments are asked to open centres wherever there are reports of distress sale.

In addition to MSP, Government sometimes gives a bonus to the farmers after considering aspects like market prices,

requirement for Central Pool, etc. In 1997-98, Government provided Rs. 60/- per quintal as incentive bonus for wheat and again in 1998-99 an incentive bonus of Rs. 55/- per quintal for wheat has been given in addition to MSP of wheat.

To mitigate the sufferings of farmers, the Government also grants relaxations in the prescribed specifications of foodgrains to enable the farmers to offer their produce to the public procuring agencies in order to neutralise the losses due to natural calamities.

Adequate number of purchase centres are opened to procure all the foodgrains conforming to prescribed specifications offered for sale by farmers at procurement prices fixed by the Government. Control Rooms are set up to monitor the procurement operations. Any report of distress sale is promptly referred to concerned State Governments and FCI for taking remedial steps. It has been experienced that most of the reports of distress sale pertain to stocks not conforming to prescribed specifications.

Procurement of foodgrains under price support scheme is largely concentrated in a few States. The open market prices of foodgrains in States which are deficit in foodgrains production invariably tend to be higher than the MSP and, consequently, not much procurement takes place in these States. Such a large concentration of procurement of foodgrains in a few States has led to problems like levy of taxes at higher percentage/rates, high cost of transportation to distant States, losses during transit and storage, pilferage etc."

2.9 When the Committee asked about the decentralised procurement, the Ministry in their reply stated:—

"A proposal to decentralise the procurement of foodgrains has been under consideration of this Ministry which has been approved by Government. Under this scheme, the designated agencies in deficit and marginally surplus States may procure, store and issue foodgrains under PDS as per allotments made by the Central Government. The subsidy is worked out on the basis of differential between the economic cost of foodgrains

and CIP and is released to the concerned State Government. The economic cost of procurement is settled with the State Governments in advance through Memorandum of Understanding.

The State Government of West Bengal has already started procurement of paddy/rice under the said scheme from Kharif Marketing Season 1997-98.

The State Governments of Madhya Pradesh and Uttar Pradesh have also been approved for procurement of foodgrains under the decentralised procurement scheme. These States are expected to start procurement with effect from Rabi Marketing Season 1999-2000 subject to their signing the Memorandum of Understandings. The State Governments of Bihar and Orissa have not responded to the proposal for starting decentralised procurement.

Under the scheme of decentralised procurement of foodgrains, subsidy is worked out on the basis of differential between the economic cost of foodgrains of the State Government and CIP. The economic cost of procurement is settled with the State Government in advance. The subsidy so worked out is released to the concerned State Government. The economic cost of procurement settled with the State Governments is less than the economic cost of FCI, so the subsidy outgo will be less.

Procurement of foodgrains for the Central Pool are normally conducted by FCI/State Agencies in the States which have marketable surplus of foodgrains at Minimum Support Prices. It is found that in the case of deficit States there is little or no marketable surplus and, also, the open market prices are usually higher than the minimum support prices announced by the Government.

To encourage marginal/deficit States to step up their production Government had formulated a scheme of decentralised procurement in which State Governments of West Bengal, Uttar Pradesh, Madhya Pradesh, Bihar and Orissa were requested to consider procurement for utilising the foodgrains in their Public Distribution System at a negotiated economic cost. Of these five States, decentralised procurement operations have begun in West

Bengal so far. Madhya Pradesh and Uttar Pradesh are expected to only commence decentralised procurement operations with effect from Rabi 1999, after signing MOU with Government of India in this regard."

2.10 Food Corporation of India (FCI) along with State Governments through their agencies undertake procurement of wheat, paddy and coarse grains under price support schemes to maintain food security and to ensure remunerative price to the farmers. But sometimes it is noticed that due to shortage of sufficient number of purchase centres, the farmers are compelled for distress sale of their product. Though the Minimum Support Price (MSP) and bonus is announced well in advance there is need to give mass publicity to the announcement made by the Government in this regard. The traders and middlemen purchase the foodgrains at a rate lower than MSP and sell it on higher prices by creating artificial scarcity. Special efforts for ensuring proper price in regard to coarse grains must also be taken. The Committee strongly recommend that keeping in view the bumper crop of foodgrains, sufficient number of procurement centres must be opened and mass publicity be given to benefit the farmers. The Committee further recommend that decentralised procurement should also be encouraged.

The Committee also recommend that arrangements should be made for the availability of sufficient quantity and specified quality/standard of jute bags so that the mission of procurement may not suffer for want of jute bags.

(ii) Storage and Warehousing

B.E.	R.E.	B.E.
1998-99	1998-99	1999-2000
20 crore	20 crore	20 crore

Need and Approach

2.11 The storage plan of the Ministry aims at providing the capacity required for (i) buffer and operational stock of foodgrains to maintain the public distribution system and (ii) general warehousing. The board

approach is to provide scientific storage capacity and reduce dependence on the capacity under cover and plinth. The Ministry has also been making efforts to improve the traditional storage practices in vogue at the farm level.

Foodgrain Storage and General Warehousing

Addition to Storage Capacity

2.12 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 16 State Warehousing Corporations (SWCs). Over a period of time, sizeable scientific storage/warehousing capacity has been developed by these public agencies and they are implementing plans to increase it further. While the capacity available with FCI is used mainly for storage of foodgrains that with CWC and SWCs is used for storage of foodgrains as also certain other items. The following table will show the position of covered storage/warehousing capacity available with the public agencies during the last few years.

TABLE I

(In Lakh MT)

Agencies	Owned	Hired	Total	Owned	Hired	Total
	As on 31.3.1996			As on 31.3.1997		
FCI	124.14	82.52	206.66	124.23	50.53	194.76
CWC	51.30	18.45	69.75	51.93	19.26	71.19
SWCs	79.06	33.00	112.06	80.37	29.13	109.50
	As on 31.3.1998			As on 31.12.1998		
FCI	124.34	67.26	191.60	125.03	65.02	190.05
CWC	52.29	19.99	72.28	53.17	19.96	73.13
SWCs	81.60	26.20	107.80	78.97	30.27	109.24

2.13 The hired capacity of the Food Corporation of India includes the capacity taken on hire from the Central Warehousing Corporation and the State Warehousing Corporations. This hired capacity is also part of the capacity shown against Central Warehousing Corporation and State Warehousing Corporations in the preceding table.

2.14 The total covered capacity available with the Food Corporation of India for storage of foodgrains including the capacity hired from Central Warehousing Corporation and State Warehousing Corporations was 190.05 lakh tonnes as on 31.12.1998. The hired capacity with the Food Corporation of India was 65.02 lakh tonnes as on 31.12.1998. The break-up of the hired capacity available with the FCI as on 31.12.1998 was as follows:

TABLE II

(Capacity in lakh tonnes)

(i) Private godowns built under Agricultural Refinance Development Corpn. (ARDC) assisted Scheme	19.52
(ii) Central Warehousing Corporation	14.05
(iii) State Warehousing Corps.	16.59
(iv) State Governments	7.81
(v) Others	7.05
Total	65.02

2.15 In the Ninth Five Year Plan (1997-2002) FCI proposes to construct additional storage capacity of 4.55 lakh MT and CWC proposes to construct additional storage capacity of 8.20 lakh MT which takes the total proposed capacity to 12.75 lakh MT.

2.16 The FCI constructed a storage capacity of 0.71 lakh tonnes for foodgrains during 1997-98 to take care of the regional imbalances and the need to create adequate capacity in the remote, hilly and other inaccessible areas. Additional storage capacity expected to be released by FCI during the year 1998-99 is 0.83 lakh tonnes.

2.17 Details of the storage capacity constructed by FCI, CWC and SWCs during 1997-98 and expected to be constructed by these agencies during 1998-99 are given in the table below:

TABLE III

(in lakh tonnes)

Agency	Year	
	1997-98	1998-99
F.C.I.	0.71	0.83
C.W.C.	1.54	1.64
S.W.C.	1.23	1.42
Total	3.48	3.89

2.18 Out of the total capacity of 190.05 lakh tonnes with FCI as on 31.12.1998, a capacity of 4.85 lakh tonnes is in the form of silos/flat bulk warehouses.

2.19 The Department of Food & Civil Supplies constituted a "Steering Committee" in August, 1997 to consider the introduction of modern technology, *i.e.*, automation in handling and transportation of foodgrains with emphasis on bulk storage. The Committee submitted its report to the Government in February, 1998 and the recommendations made by the Committee have been accepted by the Government. The Government has constituted a Task Force under the chairmanship of the Secretary (F&CS) for implementing the recommendations of the "Steering Committee". The first meeting of the Task Force was held on 18.8.98.

2.20 A 5-Member Study Team has also visited Australia, China and Philippines to study and evaluate/assess the Integrated Grain Management Systems, including Bulk Storage of food grains in these countries and to examine the possibility and extent and manner in which modern and scientific methods of handling of foodgrains can be introduced in India. The study was organised by the *Aus Aid* under the India-Australia Training and Capacity Building Project.

2.21 The Committee asked the Ministry whether any study has been undertaken on enhancing the storage facility, the Ministry in their reply said:

“The Planning Commission had set up a Working Group on strengthening of agriculture, infrastructure, warehousing, marketing, packaging, rural godowns, rural markets etc. for the 9th Five Year Plan (1997-2002). In their report it has been stated that the storage capacity at the macro-level is quite adequate. However, there is a need to increase this capacity at the micro-level particularly in deficient areas, hilly areas and the erstwhile RPDS (now TPDS) blocks. Accordingly, the Working Group recommended creation of micro-level additional storage capacity to the tune of 7 lakh tonnes during the Ninth Five Year Plan period as under:—

- (i) Hilly/Remote/Inaccessible Areas—4 lakh tonnes
(3 lakh tonnes to be created by FCI and 1 lakh tonnes to be created by CWC)
- (ii) RPDS Areas—1 lakh tonnes
- (iii) Bulk Handling capacity—2 lakh tonnes
(at micro-level in heavy procurement areas)

An amount of Rs. 184.00 crores would be required to create 7 lakh metric tonnes of storage capacity at the micro-level during the IXth Five Year Plan period.”

2.22 As against the above recommendations, FCI proposes to construct additional storage capacity of 4.55 lakh tonnes and CWC proposes to construct additional storage capacity of 8.20 lakh MTs. (total 12.75 lakh MTs.) during the Ninth Plan period which is more than the capacity recommended by the working group of the Planning Commission.

In the first year of the Ninth Five Year Plan *i.e.* 1997-98, FCI created capacity of 0.71 lakh MTs. with an outlay of Rs. 19.95 crores. In the

second year, 1998-99, FCI has plan for construction of storage capacity of 0.83 lakh MT and till January, 1999 it has created a capacity of 0.22 lakh MT. As regards CWC, in the first year of the Ninth Five Year Plan *i.e.* 1997-98, a capacity of 1.54 lakh MTs. with an outlay of Rs. 40.69 crores was created. During the second year of the Plan *i.e.* 1998-99, it is proposed to construct storage capacity of 1.64 lakh MTs. with an outlay of Rs. 32.00 crores. Upto January, 1999 a capacity of 0.82 lakh MTs. has been created.

2.23 When asked about the physical and financial target in respect of storage capacity, the Ministry stated as under:

The table below indicates the physical and financial targets as well as achievement in respect of storage capacity during 1997-98 and 1998-99 as well as targets for 1999-2000.

	F.C.I.		C.W.C.		S.W.Cs
	Physical (in lakh tonnes)	Financial (in crores of Rs.)	Physical (in lakh tonnes)	Financial (in crores of Rs.)	Financial (in crores of Rs.)**
1997-98					
Target	0.81	19.00	1.40	32.00	2.20
Achievement (Actual)	0.71	19.95	1.54	40.69	1.35
1998-99					
Target	0.83	20.00	1.64	32.00	2.20
Achievement (likely)	0.43	17.00	1.66	60.93	1.50
1999-2000					
Target			189	62.94	1.50

2.24 The Committee asked whether Government have any Plan for enhancing storage during 1999-2000. In this regard, the Ministry stated:

“As regards 1999-2000, FCI has reported that they have prepared an Annual Plan with an overall outlay of Rs. 24 crores and a capacity realisation of 1.43 lakh tonnes which is higher by 40,000 tonnes.

(V) The progress of construction of godowns and expenditure incurred thereof is periodically reviewed by the FCI/CWC Management at headquarters and by the Ministry. Monthly Progress Reports indicating the physical and financial achievements are also received from FCI/CWC.”

STORAGE PROGRAMME UNDER PLAN SCHEMES ALONGWITH ALLOCATION

Name of the Scheme(s)	Plan Allocation (Rs. in Crores)		
	1997-98	1998-99	1999-2000 (Proposed)
I. Construction of Godowns by Food Corporation of India	19.00	20.00	20.00
II. Construction of Godowns by Central Warehousing Corporation (I.E.B.R.)	32.00	32.00	62.94
III. Construction of Godowns by States/UTs under Public Distribution System.	11.88	12.50	12.50

**(III) PHYSICAL AND FINANCIAL TARGETS FOR CONSTRUCTION OF STORAGE GODOWNS
UNDER PLAN SCHEMES FOR 1997-98 AND 1998-99**

Name of the Scheme	Physical (LMTs)				Financial (Rs. in Crs.)			
	Targets		Achievements		Targets		Achievements	
	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99	1997-98	1998-99
I. Construction of Godowns by Food Corporation of India	0.81	0.83	0.71	0.43 (likely)	19.00	20.00	21.75	17.00 (likely)
II. Construction of Godowns by Central Warehousing Corporation (I.E.B.R.)	1.40	1.64	1.54	1.66 (likely)	32.00	32.00	40.69	46.62 (Upto 2/99)
III. Centrally Sponsored Schemes for strengthening of Public Distribution System:—	Targets get fixed depending on the proposals received from the States and projects approved in terms of the number and capacity of godowns. The cost of construction varies from place to place according to terrain and hence there is not co-relation in the physical and financial targets.							
(f) Constructions of Godowns					11.88	12.50	11.88	9.85 (Upto 2/99)

ANNEXURE 1

STATEMENT SHOWING STATE-WISE STORAGE CAPACITY WITH
FOOD CORPORATION OF INDIA AND ITS PERCENTAGE OF
UTILISATION AS ON 01.02.1999

(In lakh tonnes)

Sl.No.	State/U.Ts.	Covered Capacity		CAP Capacity		Total	%age Utilisation
		Owned	Hired	Owned	Hired		
1	2	3	4	5	6	7	8
1.	Arunachal Pradesh	0.17	—	—	—	0.17	03.00
2.	Andhra Pradesh	11.82	6.54	1.21	1.20	20.77	73.00
3.	Assam	1.87	0.89	—	—	2.76	54.00
4.	Bihar	4.33	1.33	—	—	5.66	54.00
5.	Goa	0.15	—	—	—	0.15	48.00
6.	Gujarat	4.91	2.43	1.07	0.27	8.68	54.00
7.	Haryana	7.71	2.72	2.88	0.03	13.34	44.00
8.	Himachal Pradesh	0.11	0.15	—	—	0.26	79.00
9.	Jammu & Kashmir	0.77	0.79	—	—	1.56	63.00
10.	Karnataka	2.76	1.98	0.49	—	5.23	77.00
11.	Kerala	5.29	0.13	—	—	5.42	71.00
12.	Madhya Pradesh	8.31	3.67	0.03	0.35	12.36	68.00
13.	Maharashtra	11.77	3.01	0.68	—	15.46	51.00

1	2	3	4	5	6	7	8
14.	Manipur	0.12	0.01	—	—	0.13	46.00
15.	Meghalaya	0.10	0.07	—	—	0.17	31.00
16.	Mizoram	0.17	0.05	—	—	0.22	52.00
17.	Nagaland	0.08	0.13	—	—	0.21	08.00
18.	Orissa	2.54	1.19	—	—	3.73	52.00
19.	Punjab	21.04	24.33	4.49	21.65	71.51	79.00
20.	Rajasthan	7.07	2.08	1.54	1.12	11.81	73.00
21.	Sikkim	0.07	0.07	—	—	0.14	72.00
22.	Tamil Nadu	5.87	2.41	—	—	8.28	70.00
23.	Tripura	0.18	0.17	—	—	0.35	49.00
24.	Uttar Pradesh	15.17	10.10	3.37	2.97	31.61	66.00
25.	West Bengal	8.62	2.94	—	—	11.56	53.00
26.	Chandigarh	0.40	0.25	0.03	0.19	0.87	72.00
27.	Delhi	3.22	0.05	0.08	—	3.35	58.00
28.	Pondicherry	0.41	0.04	—	—	0.45	15.00
Total :		125.03	67.53*	15.87	27.78	236.21	67.00%

*Includes a capacity of 32.70 lakh tonnes hired from CWC and SWC.

2.25 The Committee was concerned about the foodgrains lying in storage of FCI. The Ministry in their reply told the Committee that:

“(iii) A quantity of 11.60 lakh M.T. of Foodgrains is lying in the stocks of FCI which are more than 2 years old. The state-wise details are given in Annexure-II.”

The Foodgrains stocks for Public Distribution System from FCI depots are issued on the principle of First-in-First out. However, stocks of old rice get accumulated mainly because the state Governments are reluctant to lift these stocks under PDS and other welfare schemes because the old rice does not have presentable appearance due to shredding of bran and presence of small brokens. Sometimes labour unrest and non-availability of covered storage space also leads to deterioration of stocks and hence their accumulation. Besides, the stocks of rice purchased under relaxed specifications during crop year 1997-98 was to be issued on over riding priority which has retarded the issue of old stocks.

FCI has been directed that category A, B and C of old stock may be allotted to those consuming states who are given additional allocations beyond TPDS at APL rates. In case, this attempt does not meet with the required success, the stocks may be offered to the trade through Public tender with floor price fixed at current APL issue price on 'As is where is' basis.

FCI is empowered to dispose of category 'D' stock of rice which meet PFA standard provided the reserve price of such stock is not below the APL issue price. The High Level Committee of Food Corporation of India meets from time to time to review the progress of disposal of old stock of wheat and rice and also decides the mode of disposal of such stocks.

So far as sugar is concerned, FCI is normally being allocated a quantity of 1.01 lakh tonnes of sugar for lifting from the mills every month. These stocks are moved to various States which are taking sugar stocks against the levy quota allotted by this Ministry. As on 1.3.99 FCI has stock of indigenous sugar to the tune of 1.14 lakh tonnes against the monthly quota of 1.01 lakh tonnes. Some remanent stocks of 0.06 lakh tonnes of imported sugar are lying in few godowns of FCI as they could not be issued on account of various operational bottlenecks. The Regional Offices of FCI have been authorised to call for tenders and liquidated these remanent stocks of imported sugar. FCI also has 0.10 lakh tonnes of wet and sweet sugar which has accumulated because of sugar stocks getting damaged in transit and or in storage due to unavoidable operational reasons.

2.26 Statement showing region-wise position of wheat, rice and paddy lying in the stocks of FCI.

Figures in MTS.

S.No.	Region	2-3 Yrs.		3-4 Yrs.		4-5 Yrs.		More than 5 Yrs.		Total						
		Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice							
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
EAST ZONE																
1.	Bihar	16387	1611	230	0	43	650	0	4239	0	7831	0	16387	13724	880	
2.	Orissa	0	648	0	0	0	0	0	0	0	100	0	0	748	0	
3.	West Bengal	0	1364	0	0	1934	0	0	1813	0	3355	0	0	8466	0	
4.	JM(PO), Calcutta	0	5427	0	0	8047	0	0	3318	0	1561	0	0	18353	0	
Zone Total		16387	9050	230	0	10024	650	0	9370	0	12847	0	16387	41291	880	

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
NEF ZONE																	
5. Assam			0	1797	0	0	1232	0	0	988	0	0	6	0	0	4023	0
6. WEF States			0	78	0	0	373	0	0	0	0	0	24	0	0	475	0
Zone Total			0	1875	0	0	1605	0	0	988	0	0	30	0	0	4498	0

86

NORTH ZONE																	
7. Delhi			0	3391	0	0	2448	0	0	540	0	3315	2024	0	3315	8403	0
8. Haryana			436	9038	8697	0	8002	8832	0	4093	1170	0	0	0	436	21133	18699
9. Himachal Pradesh			714	0	0	0	0	0	0	0	0	0	0	0	714	0	0
10. Jammu & Kashmir			0	1076	0	11	1098	0	0	0	0	0	0	0	11	2174	0
11. Punjab			418	371891	3974	409	8598	17	0	6075	5	0	17511	4	827	404075	4000

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
12. Rajasthan	25665	958	5159	0	1031	640	0	18834	0	1110	147400	0	26775	168223	5799		
13. Uttar Pradesh	0	15283	1766	530	23344	0	1	67510	56	7094	53772	10	7645	159909	1832		
Zone Total	27233	401637	19596	970	44521	9489	1	97052	1231	11519	220707	14	39723	763917	30330		

SOUTH ZONE

14. Andhra Pradesh	0	0	0	0	0	6154	0	0	0	0	0	0	0	0	0	0	6154
15. Kerala	0	22809	0	0	17951	0	0	0	0	0	131	0	0	0	40991	0	
16. Karnataka	0	2573	0	0	0	0	0	0	0	0	0	0	0	0	2573	0	
17. Tamil Nadu	0	27984	0	0	7798	0	0	23191	0	0	4998	0	0	0	63961	0	
18. JM(PO), Madras	0	4	0	0	0	0	0	0	0	0	0	0	4	0	4	0	
19. JM(PO), Vizag	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Zone Total	0	53370	0	0	25749	6154	0	23191	0	0	5119	0	0	157429	6154		

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
WEST ZONE																
20.	Gujarat	2041	3654	0	13	7629	0	0	3317	0	0	837	0	2054	13437	0
21.	Maharashtra	4225	11469	0	1786	2400	0	28133	6529	0	40085	2165	0	74229	22563	0
22.	Madhya Pradesh	325	11384	0	15	5538	0	0	18101	0	0	0	0	340	39923	0
23.	JM(PO), Kandla	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Zone Total		6591	26507	0	1814	15567	0	28133	27947	0	40085	3002	0	76623	73823	0
Country Total		50211	492439	19826	2784	47466	16293	28134	158548	1231	51604	241705	14	132733	990158	37344

2.27 The Committee drew the attention of the Ministry towards the storage shortage due to the bumper crop of paddy. The Ministry in their reply stated that:

“During the current kharif marketing season 1998-99, as on 22.3.99, 59.44 lakh tonnes of paddy has been procured in Punjab as against 70.60 lakh tonnes procured during 1997-98. Procurement of paddy in Punjab has not been affected for want of storage space. However, the Government of India has been monitoring the availability of storage space and evacuation from Punjab from time-to-time. The FCI has also hired additional space to the extent of 5.66 lakh tonnes. Evacuation of rice from Punjab has also been increased and 30.27 lakh tonnes of rice was moved during the period August’98—February’99 as compared to 21-61 lakh tonnes during the August ’97—February ’98.”

The likely expenditure for maintenance of FCI godowns is Rs. 18 crores during 1998-99.

The physical and financial targets and achievement in construction of godown by FCI for the year 1998-99 are as under:—

Year	Physical (in Lakh MT)		Financial Rs. in Crores)	
	Targets	Achieved	Targets	Achieved
1998-99	0.83	0.43 (likely)	20.00	17.00 (likely)

2.28 when the Committee asked about the transit/storage losses and steps taken to contain these losses, the Ministry in their reply said that:

“There has been a change in the pattern of procurement in the recent past. Heavy procurement of foodgrains is noted in Orissa and Madhya Pradesh. With the introduction of TPDS scheme, the offtake under different schemes was also to be re-assessed. In view of the changed scenario, it was felt, that a comprehensive review of the storage capacity available as well as future requirements of the FCI has to be re-assessed. Thus a zero based review was undertaken in the current year. The specific storage needs of the FCI region-wise with reference to the current

scenario was thus re-assessed. This also necessitated in calling for complete details from the field offices before the proposal was firmed up and the perspective storage plan was got approved from the Board of Directors in January, 1999. In view of this, a number of centres which had earlier been approved for construction purpose were dropped and new plan of construction for the subsequent 3 years by the FCI as well as capacity that could be got constructed through CWC/Private agencies was also finalised.

The above process has resulted in certain delays in sanction of the projects. This has indirectly affected the capacity realisation as well as the expenditure incurred by the FCI during 1998-99. During 1999-2000 capacity realisation has been planned by FCI at a level of 1.43 lakh tonnes higher by 40,000 tonnes."

2.29 The position of foodgrains shortages on account of transit and storage from 1995-96 to 1997-98 (Prov) is indicated below:—

Year	Qty. Lakh Tonnes Value Rs. Crores					
	Transit Shortages		Storage Shortages		Total Shortages	
	Qty.	Value	Qty.	Value	Qty.	Value
1995-96	2.91	161.51	2.68	173.30	5.59	334.81
1996-97	3.47	215.13	2.49	169.80	5.96	384.93
1997-98 (Est.)	2.78	192.05	1.81	137.84	4.59	329.89

FCI has taken/been taking following steps to contain these shortages:—

- (i) Ensuring strict quality control measures during procurement.
- (ii) Improving size and quality of gunnies.

- (iii) Double line machine stitching of bags.
- (iv) Reducing open wagon movement to the extent possible.
- (v) Installation of weigh bridges.
- (vi) Inspection of weigh bridges.
- (vii) Escorts on foodgrain rakes.
- (viii) Special Squad checking at selected rail-head transshipment and destination points.
- (ix) Reducing CAP shortages.
- (x) Augmentation of rodents and damp proof covered storage capacity.
- (xi) Maintenance of depot records on day-to-day basis.
- (xii) Training staff in depot procedure and maintenance of records.
- (xiii) Filling up of posts of District Managers on priority basis in areas where high losses have been reported.
- (xiv) Identification of vulnerable points.
- (xv) Not to place the godowns under the charge of officials with doubtful antecedents and integrity.
- (xvi) Posting of C.I.S.F.
- (xvii) Inspection of depots and records by Senior Regional Manager/ DMs.
- (xviii) Speeding up of write-off cases and fixation of responsibility wherever called for.

2.29A. Regularisation of shortages is an on-going process. Upto 31st March, 1998, following amount of losses (out of the losses of 1995-96 to 1997-98) have been regularised.

(Rs. in crores)

1995-96	250.48
1996-97 (Prov.)	199.00
1997-98 (Prov.)	64.38

- Suitable targets for regularisation are fixed and the progress is monitored regularly.

STORAGE CONSTRUCTION PROGRAMME

ANNUAL PLAN 1994-95

Sl. No.	Programme	Total Capacity (in lakh tonnes)	Target	
			Physical (in lakh tonnes)	Financial (Rs. in crores)
1.	VII PLAN			
	(a) Spill over works	0.05	0.05	1.83
2.	VIII PLAN			
	(a) Spill over works from 1992-93	0.15	0.15	2.60
	(b) Spill over works from 1993-94	0.10	0.10 0.30	0.95 5.38
	(c) New Starts during 1994-95			
	(i) Godowns	2.14	0.74	8.20
	(ii) Office accommodation/ Residential Quarters	—	—	2.00
3.	Railway sidings	—	—	4.90
4.	Minor Capital Works			
	(a) Ancillary facilities	—	—	5.00
	(b) Weighbridges	—	—	0.75
5.	Mechanisation of existing bins	—	—	1.00
		2.44	1.04	27.23
			Say 27.00 crores	
	Tribal sub-plan component (Forming part of the construction programme)		0.25	2.25

STORAGE CONSTRUCTION PROGRAMME

ANNUAL PLAN 1994-95

(Revised)

Sl. No.	Programme	Total Capacity (in lakh tonnes)	Target	
			Physical (in lakh tonnes)	Financial (Rs. in crores)
1.	VII PLAN			
	(a) Spill over works	0.05	0.05	} 10.33
2.	VIII PLAN			
	(a) Spill over works from 1992-93	0.15	0.15	
	(b) Spill over works from 1993-94	0.15	0.15	
	(c) New Starts during 1994-95			
	(i) Godowns	0.32	0.32	
3.	Railway sidings	—	—	4.90
4.	Minor Capital Works			
	(a) Ancillary facilities	—	—	} 6.00
	(b) Weighbridges	—	—	
		0.67	0.67	21.23
				Say 21.00 crores
	Tribal sub-plan component (Forming part of the construction programme)	0.18	0.18	1.50

STORAGE CONSTRUCTION PROGRAMME

ANNUAL PLAN 1995-96

Sl. No.	Programme	Target	
		Physical (in lakh tonnes)	Financial (Rs. in crores)
1.	(a) Spill over works from previous year	0.10	4.43
	(b) Expenditure on finalisation of accounts of works already completed		
2.	Balance approved works of Annual Plan of 1994-95	0.07	2.05
3.	New Starts during 1995-96		
	(i) Conventional Godowns	1.20	10.35
	(ii) Convertible plinths	0.60	1.20
	(iii) Conversion of convertible plinths into godowns	1.11	5.00
	(iv) Office accommodation/ residential quarters	—	2.00
4.	Railway sidings	—	3.28
5.	Minor Capital Works		
	(a) Ancillary structures	—	5.00
	(b) Weighbridges	—	1.00
6.	(a) Mechanisation of the existing bins	—	0.50
	(b) Partial mechanisation of godowns operations	—	0.50
		2.48 (0.60) or	35.31 Say Rs. 35 crores
	Tribal sub-plan component (Forming part of the construction programme)	0.15	1.82

ANNUAL PLAN 1995-96

	<u>(Revised)</u> (Rs. in crores)
1. (a) Spillover works	4.43
(b) Finalisation of accounts	
2. Balance approved works of Annual Plan 1994-95	2.05
3. (i) New centres proposed for 95-96—(a) hilly areas, (b) heavy procurement areas	1.00
(ii) Conversion of convertible plinths into godowns	5.00
(iii) Office accommodation/residential quarters	1.00
4. Railway sidings	3.28
(a) Ancillary structures	0.50
(b) Weigh bridges	1.00
	<hr/> <u>18.26</u> <hr/>

STORAGE CONSTRUCTION PROGRAMME

ANNUAL PLAN 1996-97

Sl. No.	Programme	Total capacity (in lakh tonnes)	Target	
			Physical (in lakh tonnes)	Financial (Rs. in crores)
1.	(a) Spillover works	—	—	2.05
	(b) Centres approved in the Annual Plan 1995-96	1.63	0.24	5.65
	(c) New Starts during 1996-97			
	(i) Conventional godowns	6.72	1.25	14.55
	(ii) Conversion of convertible plinths into godowns	0.75	0.75	4.60
2.	Railway Sidings	—	—	3.80
3.	Minor Capital Works			
	(a) Ancillary Structures	—	—	5.00
	(b) Weigh bridges	—	—	0.75
		9.10	2.24	36.40
			Say Rs. 36 crores	
	Tribal sub-plan component (Forming part of the construction programme)	0.62	0.15	1.90

STORAGE CONSTRUCTION PROGRAMME
REVISED ANNUAL PLAN 1997-98—PHYSICAL

(Capacity in '000 tonnes)

Sl. No.	Centre/State/Capacity	Physical Target
1	2	3
1.	Spillover works as on 1.4.97 (beginning of the IX Five Year Plan)	
	(a) RPDS AREAS	
	(i) Plain Areas	
1.	Tumkur/Karnataka/5.00	5.00
2.	Gumla/Bihar/5.0 (TSP)	5.00
3.	Udupi/Karnataka/10.00 (TSP)	10.00
		20.00
	(ii) Hilly & Remote Areas	
1.	Baramulla/J&K/5.00	3.34
2.	Srinagar/J&K/3.33	3.33
3.	Kushalnagar (Coorg)/ Karnataka/2.50 (TSP)	2.50
		9.17

1	2	3
(b) Non RPDS Areas		
(i) Plain Areas		
1.	Dhamora/U.P./25.00 (Railfed)	25.00
2.	Roza/U.P./10.00	10.00
3.	Dhamtari/M.P./10.00	10.00
4.	Sholapur/Maharashtra/15.00	15.00
		<hr/> 55.00 <hr/>
(ii) Hilly & Remote Areas		
1.	Kullu/.H.P./1.67	1.67
<hr/> Grand Total		80.84 <hr/>
Say 0.81 Lakh Tonnes		
RPDS areas		0.29
Non-RPDS areas		0.52 lakh tonnes
Tribal sub-plan components (TSP)		0.18 lakh tonnes <hr/>

STORAGE CONSTRUCTION PROGRAMME

ANNUAL PLAN 1998-99—PHYSICAL

Capacity in '000 tonnes

Sl. No.	Centre/State/Capacity	Physical target
I WORKS SANCTIONED/IN PROGRESS		
(a) Plain Areas		
1.	Dhanora/U.P./35.00 (Railfed)	5.00
2.	Sholapur/Maharashtra/15.00	10.00
3.	Gumla/Bihar/5.00 (TSP)	5.00
4.	Jharsuguda/Orissa/15.00 (TSP) (Balijori)	10.00
		30.00
(b) Hilly & Remote Areas		
1.	Meenangadi/Kerala/5.00 (TSP) (Wynad)	5.00
2.	Arakulam/Kerala/5.00 (TSP) (Idukki)	5.00
3.	Port Blair/A&N/2.50	2.50
		12.50
II. NEW WORKS		
a) Plain Areas		
Conversion of existing convertible plinths into godowns		
1.	Sahnewal/Punjab/40.00	20.00
2.	Rajpura/Punjab/15.00	10.00
3.	Tanda Urmur/Punjab/18.36	10.00
		40.00
Grand Total		82.50
Say 0.83 lakh tonnes		
Tribal sub-plan component (MT)—0.25 lakh tonnes		

STORAGE CONSTRUCTION PROGRAMME

ANNUAL PLAN 1998-99—FINANCIAL

Sl. No.	Centre/State/Capacity (in '000 tonnes)	Financial Target (Rs. in lakhs)
1	2	3
I. Centres where godown capacity been fully completed, but works on ancillaries/ services are in progress or final bill payment is due.		
	Kullu	5.00
	Aizawl	30.00
	Roza	10.00
	Tumkur	25.00
	Udupi	5.00
	Dhamtari	15.00
	Srinagar	10.00
	NPCC Works	25.00
		125.00
II. Works Sanctioned/in Progress		
(a) Plain Areas		
	1. Padrauna/U.P./2.50	35.00
	2. Dhamora/U.P./35.00 (Railfed)	80.00

1	2	3
3.	Sholapur/Maharashtra/15.00	100.00
4.	Gumla/Bihar/5.00 (TSP)	55.00
5.	Parlekemundi/Orissa/10.00 (TSP)	40.00
6.	Jharsuguda/Orissa/15.00 (TSP) (Balijori)	100.00
		410.00
(b) Hill & Remote Areas		
1.	Pithoragarh/U.P./2.50	40.00
2.	Baramullah/J&K/5.00	25.00
3.	Meenangadi/Kerala/5.00 (TSP) (Wynad)	40.00
4.	Arakulam/Kerala/5.00 (TSP) (Idukki)	90.00
5.	Port Blair/A&N/2.50	55.00
		250.00
(c) N.E. Areas		
1.	Lawngtalei/Mizoram/3.34	20.00
2.	Bhairabi/Mizoram/5.00	30.00
3.	Dimapur/Nagaland/10.00 (Railfed)	55.00
		105.00

1	2	3
III. NEW WORKS		
(a) Plain Areas		
1.	Bhadoi/U.P./2.50	10.00
2.	Sahnewal/Punjab/40.00	225.00
3.	Rajpura/Punjab/15.00	100.00
4.	Tanda Urmur/Punjab/18.36	100.00
5.	Vilangudi/Tamilnadu/5.00	30.00
6.	Payyanur/Kerala/25.00 (Railfed)	10.00
7.	Thirunavayya/Kerala/25.00 (Railfed)	10.00
8.	Dichapally/AP/10.00	20.00
9.	Nellore/AP/30.00	20.00
10.	Kapa/MP/25.00	50.00
11.	Katni/MP/20.00	30.00
12.	Rajkot/Gujarat/20.00	35.00
13.	Deogarh/Orissa/2.50 (TSP)	5.00
14.	Katihar/Bihar/25.00 (Railfed)	20.00
		665.00

1	2	3
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(b) *Hill & Remote Areas*

1.	Hilly/UP/2.50	20.00
2.	Kupvara/J&K/5.00	10.00
3.	Pulwama/J&K/2.50	10.00
4.	Badgaon/J&K/2.50	10.00
5.	Kishtwar/J&K/2.50	10.00
		60.00

(c) *N.E. Areas*

1.	Jowai/Meghalaya/3.75	60.00
2.	Jiribam/Manipur/2.50	40.00
3.	Agartalla/Tripura/5.00	35.00
		135.00

	Grand Total	1750.00
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	Weighbridge	100.00
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	Railway siding at Dhamora	150.00
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	2000.00
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- Say Rs. 20 crores

Regarding Plan expenditure the Ministry in their reply stated as under:

Plan expenditure—construction of godowns

Year	Budget estimate	Revised estimate	Actual expenditure	
1992-93	27.49	27.49	30.99	
1993-94	22.00	19.00	12.05	
1994-95	21.00	21.00	22.79	
1995-96	18.26	18.26	25.34	
1996-97	17.86	17.86	22.35	(18.51 out of equity) (4.04 out of depreciation reserve)
1997-98	20.00	19.00	21.75	(19.95 out of equity) (1.80 out of depreciation reserve)
1998-99	20.00	Not finalised	6.50	(upto Dec. 98)
1999-2000	Not finalised			

2.30 Storage is a necessary adjunct in agricultural marketing for Public Distribution System (PDS) and keeping buffer stock. Though storage capacity at the macro level is considered quite adequate, there is a great need to increase this capacity at micro level, especially in the deficient areas, hilly, rural farflung areas and RPDS blocks. The Committee recommend that storage capacity generation at micro/farm level should be encouraged to prevent the distress sale.

2.31 The Committee also recommend that Central and State Agencies like FCI, CWC, SWC, Research Institutes, etc. Involved in storage and warehousing should work in close cooperation and coordination in developing modern storage infrastructure, including introduction of mechanisation, bulk handling systems, etc. Modern Scientific storage of foodgrains is the immediate need of the country.

For this norms may be adopted in consultation with the IGMRI for the construction of godowns whether in the private sector or public sector. The available storage capacity should be optimally used so that the maximum profit is obtained.

2.32 Authentic data regarding storage losses of foodgrains at National Level is not maintained by Government. The Committee recommend that a National level Project on assessment of storage losses in foodgrains should be initiated, which will be helpful in planning further strategies for safe storage there by minimising the grain losses.

2.33 The Committee is constrained to note that a quantity of 11.60 lakh MT of foodgrains and about lakh of tonnes of sugar are lying in FCI godowns for more than two years. The foodgrains thus lying become unfit for human consumption and besides creating scarcity in storage capacity for fresh crop. The Committee have been time and again emphasising the Government to clear old accumulated stock of foodgrains and sugar but the Government have not so far come forward with any action in this regard. The Committee, therefore, again strongly recommend that every effort should be made to clear the old stock and the principle of FIFO (First in-First Out) should be strictly adhered to promptly. There should be a clear policy regarding the disposal of stocks which are older than two years. There should preferably be disposed of through auction.

2.34 Storage facilities at block micro level are found to be inadequate. The dependency of hired godowns is in vogue in spite of liberal financial assistance by the increase in subsidy component from 25% to 50%. The Committee is constrained to note that when there is an acute shortage throughout the country, the allocation under this head has not been enhanced in BE for the year 1999-2000. The Committee feel serious concern and strongly recommend that provision to construct more godowns should be made and proposed, received from remote/hilly/non-traditional States be promptly attended to and the matter of submitting of utilisation certificate and surrender of funds, not utilised for the purpose, should be taken up with the concerned State Governments. They should be asked to utilise the funds meant for the construction of godowns to avoid storage shortages for foodgrains in future; if need be strict guidelines be issued to State Governments in this regard.

(iv) Public Distribution System (PDS)

2.35 Rationing was first introduced in India in 1939 in Bombay. In 1943 the First Foodgrain Policy Committee recommended continuation of rationing due to the fall of Burma, which was a major supplier of rice, and the Great Bengal Famine in the preceding year. Immediately after Independence, rationing was abolished, only to be reintroduced in 1950, as shortages led to high prices. The rationing system introduced due to scarcity of food during this period evolved into the present day Public Distribution System (PDS) in the mid 1960s characterised by near self sufficiency in foodgrains production, holding of huge buffer stocks of foodgrains by the Government and rapid expansion of the network of distribution outlets deep into the rural areas of the country. The Public Distribution System (PDS) has, over the years, become an important instrument of Government's policy of ensuring availability of foodgrains to the public at affordable price regulating the open market prices of essential commodities and enhancing food security at the household level.

2.36 Under the PDS the Central Government has assumed responsibility for procurement and supply of essential commodities, *viz.* wheat, rice, levy sugar, imported edible oil and kerosene to the State Governments and the Union Territories for distribution at almost uniform and affordable prices to the public. These commodities are made available to the States/UTs at fixed Central Issue Prices (CIPs) which are determined by the Central Government and generally involve subsidies borne by the Central Government. Some States/UTs also distribute additional items of mass consumption through the PDS outlets, *i.e.* the Fair Price Shops (FPSs).

As per the present policy, coarsegrains procured in any State/UT are allotted to the same State/UT for utilisation under Public Distribution System. During 1997-98 Kharif Marketing Season, a total quantity of 1957 tonnes of Maize in Andhra Pradesh; 3997 tonnes of Maize, 1162 tonnes of Bajra and 288 tonnes of Jowar in Madhya Pradesh; 824 tonnes of Maize and 4808 tonnes of Jowar in Maharashtra and 2809 tonnes of Maize and 4711 tonnes of Jowar in Gujarat was procured. The coarsegrains procured have been allotted to respective States for distribution under TPDS. In view of difficulties in distribution of coarsegrains in Andhra Pradesh and Madhya Pradesh, permission has been granted to FCI to dispose of unutilised stocks by tenders.

2.37 Besides PDS, foodgrains are also issued under following Schemes:

(a) Jawahar Rojgar Yojna (JRY)/Employment Assurance Schemes (EAS)

As in the past years, a quantity of 12.00 lakh MTs. of foodgrains, 5.5 lakh MT Rice and 6.5 lakh MT wheat was placed at the disposal of M/o Rural Areas & Employment for utilisation under JRY/EAS during 1998-99 at Economic Cost. The lifting has been as under:

(In lakh tonnes)

Year	Rice	Wheat
1995-96	0.50	0.84
1996-97	0.42	0.65
1997-98	0.03	0.01

No offtake has been reported during 1998-99 till October 1998.

(b) Wheat Based Nutrition Programmes (NP)

Against a quantity of 1.00 lakh MT wheat allotted annually for NP, a quantity of 1.50 lakh MT wheat was placed at the disposal of M/o Social Justice and Empowerment under the scheme during 1996-97 and 1997-98. The same quantity has been allotted for 1998-99 also at Economic Cost. The quantity of wheat lifted under the scheme during 1996-97 was 1.47 lakh MT. For 1997-98, a quantity of 1.5 lakh MT of wheat was allotted under this scheme at Economic Cost and a quantity of 0.53 lakh MT wheat has been lifted. During 1998-99 till October 1998, 0.13 lakh MT of wheat has been reported to have been lifted.

(c) Supply of Foodgrains at Concessional Rates to SC/ST/OBC Hostels

The scheme was commenced in October, 1994. The foodgrains were supplied to the States/UTs by FCI at the then RPDS rates. The actual requirement has been assessed by the erstwhile M/o Welfare at 2.45 lakh MT (wheat & rice). During 1995-96, about 2.12 lakh MT rice and 0.04 lakh MT wheat was lifted under the scheme. The lifting has been only about 1.18 lakh MT rice and 0.05 lakh MT wheat during 1996-97.

From 1997-98, foodgrains are issued by FCI at Economic Cost. An offtake of 0.23 lakh MT rice and 0.01 lakh MT wheat has been reported during 1997-98. No offtake has been reported during 1998-99 upto October 1998.

(d) Employment Generation Scheme in Rural Areas

Commencing from October 1994, the foodgrains (rice & wheat) were to be issued to States/UTs at Rs. 1000 per MT less than the CIP for PDS for Employment Generation for manufacturing food products by BPL families in the Rural Areas & Urban Areas, for a period of five years. Out of a quantity of 5.0 lakh MTs. of foodgrains (rice & wheat) earmarked per annum for this scheme, 3.5 lakh MT was meant for rural areas and 1.5 lakh MT for Urban areas. The scheme for urban areas has since been dropped.

The lifting has been as under:—

(In lakh tonnes)		
Year	Rice	Wheat
1995-96	0.08	0.08
1996-97	0.00	0.00
1997-98	0.00	0.00

From 1997-98 the foodgrains are issued at Economic Cost as per the decision of Ministry of Finance. No offtake was reported during 1997-98. No offtake has been reported during 1998-99 also upto October 1998.

(e) Mid-Day Meals Scheme

This scheme was launched by the M/o HRD (D/o Education) during 1995-96 from 15.8.95 for the benefit of the students in the primary schools in RPDS/EAS blocks (2368). Foodgrains (rice & wheat) are supplied by FCI free of cost to the States/UTs. However, FCI charges the economic cost of the foodgrains supplied under the scheme from the M/o HRD, D/o Education. A quantity of 3.74 lakh MT rice and 1.91 lakh MT wheat was lifted under the scheme during 1995-96. The scheme had been extended to all other Low Female Literacy (LFL) blocks (2005) during 1996-97 and to all primary schools in the country

(828 blocks) & 3000 odd Nagar Palikas during 1997-98. A quantity of 27.07 lakh MT of foodgrains (17.46 lakh MT rice and 9.61 lakh MT wheat) has been allotted under the scheme during 1998-99. A quantity of about 5.79 lakh MT rice and 4.01 lakh MT wheat is reported to have been lifted under this scheme during 1996-97. During 1997-98 a quantity of 12.42 lakh MT rice and 5.55 lakh MT wheat is reported to have been lifted under this scheme. A quantity of 3.69 lakh tonnes of rice and 1.08 lakh tonnes of wheat has been lifted during 1998-99 upto October 1998.

(v) Targeted Public Distribution System (TPDS)

2.38 The importance of an effective PDS that ensures availability of food at affordable prices at household level for the poor can hardly be over emphasised. A scheme for distribution of foodgrains at specially subsidised prices in ITDP areas was introduced in December, 1985. These tribal areas became the part of the Revamped Public Distribution System (RPDS) which was launched by the Prime Minister in 1992 with the objective of improving the reach of PDS to the vulnerable sections living not only in these areas but also in other poor areas, such as drought prone, deserts and hill areas. Under RPDS foodgrains were supplied for about 1775 identified blocks to the States/Union Territories at 50 paise per kg. less than the Central Issue Price.

2.39 However, the PDS, as it stood earlier, was widely criticised for its failure to serve the population below the poverty line, its urban bias, negligible coverage in the States with the highest concentration of the rural poor and lack of transparent and accountable arrangements for delivery. Realising this, the Government streamlined the PDS by issuing special cards to families Below Poverty Line (BPL) and selling foodgrains under PDS to them at specially subsidised prices, with effect from June, 1997.

Under the new system, viz., Targeted Public Distribution System (TPDS) the States are required to formulate and implement fool-proof arrangements for identification of poor, for delivery of foodgrains to Fair Price Shops and for its distribution in a transparent and accountable manner at the FPS level. The thrust is to include only the really poor and vulnerable sections of the society such as landless agricultural labourers, marginal farmers, rural artisans/craftsmen such as potters, tappers, weavers, blacksmiths, carpenters, etc. In the rural areas and slum dwellers and persons earning their livelihood on a

daily basis in the informal sector like porters, rickshaw pullers and hand-cart pullers, fruit and flower sellers on the pavements, etc. in urban areas.

Each poor family is entitled to 10 kg. of foodgrains per month at specially subsidised prices. The scheme is intended to benefit about 6 crore poor families for whom a quantity of about 72 lakh tonnes of foodgrains is earmarked annually. The identification of the poor is done by the States as per State-wise poverty estimates of Planning Commission based on the methodology of the "Expert Group on estimation of proportion and number of poor" chaired by Late Prof. Lakdawala. The allocation of foodgrains to the States/UTs is made on the basis of average consumption in the past, *i.e.*, average annual offtake of foodgrains under PDS during the past ten year. The quantum of foodgrains in excess of the requirement of BPL families @ 10 kg. per family per month is provided to the States as 'transitory allocation' for which a quantum of 103 lakh tonnes of foodgrains is earmarked annually. This transitory allocation is intended for continuation of benefit of subsidised foodgrains to population above poverty line (APL) as any sudden withdrawal of APL population from the existing PDS was not considered desirable. The transitory allocation is issued at prices which are subsidised but are higher than the prices for BPL quota of foodgrains. 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 TPDS the States are required to issue foodgrains at a margin of not more than 50 paise per kg. over and above the CIP for BPL families. For APL families the States can fix the margin keeping in view the actual expenses incurred. The State-wise allocation under TPDS are given in Table-III.

The TPDS has been launched with effect from 1st June, 1997 in all States/UTs except Delhi and Lakshadweep as the identification of the poor and issue of special cards is still to be completed in these two territories.

A Conference of Chief Ministers was held on 30.9.1997 to review the implementation of TPDS. The general consensus was that the allocations under TPDS may be reviewed, the additional allocations may be issued at APL prices, the allocation at APL prices may not be

reduced and the margin admissible to Fair Price Shop dealers may be reviewed.

In view of the difficulties expressed by several States following reduction of allocations under TPDS it was decided to make additional allocations to such States at economic cost of FCI w.e.f. June, 1997. However, following the deliberations in the Conference of the Chief Ministers it has been decided to issue the additional allocations at APL prices subject to availability of foodgrains in the Central Pool and the constraints of subsidy. The additional allocations made to the States/UTs during 1998-99 may be seen at Table-IV.

The huge PDS network can play a more meaningful role only if the system translates the macro level self-sufficiency in the foodgrains production achieved by the country, into micro level, *i.e.* by ensuring availability of food for the poor households with the objective of reducing the number of the undernourished. Targeted Public Distribution System with its focus on the poor is the first step towards this end.

The thrust is only 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-smiths, carpenters, etc. In the rural areas and slum dwellers and persons earning their livelihood on a daily basis in the informal sector like porters, rickshaw pullers and handcart pullers, fruit and flower sellers on the pavements, etc. in urban areas.

The allocation of foodgrains to the States is made on the basis of the average consumption in the past—that is—average annual off-take under PDS during the past ten year (1986-87 to 1995-96). The quantum of foodgrains out of this average lifting which is in excess of the requirements of BPL population @ 10 kg. per family per month is provided to the States as 'transitory allocation' for which a quantity of 103 lakh tonnes of foodgrains is earmarked annually. This transitory allocation is intended for continuation of benefit of subsidised foodgrains to the population above poverty line (APL) as a sudden withdrawal of APL population from PDS was not considered desirable. The transitory allocation is issued at prices which are subsidised but are higher than the prices fixed for issue of BPL quota of foodgrains. The allocations fixed under TPDS may be seen at Annexure-I.

Implementation of TPDS

2.40 TPDS is now in operation in all States and Union Territories except the State of National Capital Territory of Delhi and the Union Territory of Lakshadweep where the identification of BPL families and issued of special cards is yet to be done.

The Central Issue Prices (CIP) at which foodgrains are made available from the Central Pool to the States/UTs under TPDS are as follows with effect from 29.1.1999.

(Figures in Rs. per kg.)

Category	Wheat	Rice	
		Common	Grade 'A'
BPL	2.50	3.50	3.50
APL	6.50	7.00*	9.05

(*for APL families, applicable only to Jammu & Kashmir, Himachal Pradesh and hilly areas of North Eastern States including Sikkim and Uttar Pradesh).

Additional Allocations

Following the introduction of TPDS representations were received from several States/UTs that the allocation fixed under TPDS was at much reduced level compared to the level of allocations earlier and especially compared to the allocation made during 1996-97. Keeping in view these representations and as provided in the guidelines for implementation of TPDS the additional allocations over and above TPDS quota were made to the States/UTs at economic cost from June, 1997 to November, 1997. In the Conference of Chief Ministers held on 30.9.1997 to review the implementation of TPDS the States demanded that the additional allocations may be made at APL rates. The additional allocations are being made at APL rates from December, 1997 subject to availability of foodgrains in the Central Pool and the constraints of food subsidy. During 1998-99 an additional quantity of 25.17 lakh tonnes of rice and 27.40 lakh tonnes of wheat has been allotted to States/UTs including a quantity of 50,000 tonnes of rice to Andhra Pradesh and 5,000 tonnes of rice to Kerala allotted at economic cost for the month of January, 1999 at the request of the State Governments.

STATEMENT SHOWING ALLOCATION OF FOODGRAINS UNDER IPDS

S.No.	States/UTs	Average lifting of Wheat & Rice (1986-87 to 1995-96)	No. of Households (1995) (in lakhs)	% BPL	No. of BPL Households (in lakhs)	Allocation for BPL families per annum (in '000 Mts)	Allocation for APL families per annum (in '000 Mts)	Total allocation per annum (in '000 Mts)
1	2	3	4	5	6	7	8	9
1	Andhra Pradesh	1708.34	147.13	25.88	37.78	453.40	1943.00	23.96.40
2	Arunachal Pradesh	85.98	1.89	40.86	0.71	9.27	76.71	85.98
3.	Assam	663.57	46.64	40.86	19.98	228.69	434.88	863.57
4	Bihar	527.32	158.30	54.98	85.90	1030.83	237.50	1268.33
5	Goa	67.11	2.52	14.92	0.38	4.51	63.20	67.11

1	2	3	4	5	6	7	8	9
6	Gujarat	801.14	82.41	24.21	19.95	240.00	570.00	810.00
7	Haryana	96.59	29.26	25.05	1.33	87.98	8.63	96.59
8	Himachal Pradesh	152.29	10.42	40.86	4.26	51.09	101.20	152.29
9	Jammu & Kashmir	312.52	15.09	40.86	6.17	73.99	238.51	312.52
10	Karnataka	900.28	86.70	22.16	28.75	345.00	555.28	900.28
11	Kerala	1776.47	60.37	25.43	15.35	184.23	1592.24	1776.47
12	Madhya Pradesh	480.59	126.44	42.52	53.34	640.05	278.24	916.29
13	Maharashtra	1489.20	184.00	36.86	60.45	725.40	763.80	1489.20
14	Manipur	70.44	3.19	40.86	1.30	15.84	54.80	70.44

1	2	3	4	5	6	7	8	9
15	Meghalaya	143.47	3.52	40.86	1.44	17.26	126.21	143.47
16	Mizoram	100.18	1.30	40.86	0.53	6.37	93.81	100.18
17	Nagaland	133.58	2.33	40.86	0.95	11.42	122.16	133.58
18	Orissa	425.45	65.52	48.56	31.82	381.80	44.65	426.46
19	Punjab	24.36	36.37	11.11	4.30	51.65	21.49	73.14
20	Rajasthan	661.66	79.04	27.41	21.66	259.98	401.24	661.86
21	Sikkim	40.95	0.82	41.43	0.34	4.08	36.87	40.95
22	Tamilnadu	1010.73	130.72	35.03	46.79	549.49	461.24	1010.73
23	Tripura	152.51	5.66	40.86	2.31	27.75	124.75	152.51

1	2	3	4	5	6	7	8	9
24	Uttar Pradesh	661.41	233.14	40.85	95.48	1145.17	391.37	1537.14
25	West Bengal	1453.88	130.66	35.66	46.59	559.12	694.56	1453.88
26	A & N Haveli	12.12	0.84	34.47	0.22	2.64	25.31	27.95
27	Chandigarh	15.61	1.58	11.35	0.18	2.15	13.66	15.81
28	D & N Haveli	1.35	0.28	50.84	0.14	1.80	2.76	4.56
29	Daman & Diu	2.13	0.20	15.80	0.03	0.30	1.80	2.16
30	Delhi	639.45	20.18	14.89	2.96	35.52	603.93	639.45
31	Lakshadweep	4.19	0.09	25.04	0.02	0.27	4.52	4.19
32	Pondicherry	5.82	1.75	37.40	0.65	7.85	3.64	11.49
TOTAL		14822.89	1645.76	596.20	1155.34	10290.43	17445.77	

STATEMENT SHOWING ALLOTMENT & OFFTAKE OF RICE FROM APRIL '98 TO JAN '99 UNDER TPDS

(In '000 Tonnes)

Sl. No.	States/UJIs	Allotment			Offtake		
		BPL	APL Incl. ADDL.	Total	BPL	APL Incl. ADDL.	Total
1	2	3	4	5	6	7	8
1	Andhra Pradesh	367.23	1599.77	1967.00	358.78	1370.19	1725.97
2	Arunachal Pradesh	7.00	84.00	91.00	8.00	66.98	74.08
3	Assam	190.60	354.40	545.00	167.35	289.92	457.27
4	Bihar	343.60	79.20	422.80	184.36	3.38	187.74
5	Delhi	4.32	134.58	138.90	0.00	102.31	102.31
6	Goa	2.60	60.70	63.30	0.49	50.32	50.81

1	2	3	4	5	6	7	8
7	Gujarat	100.00	200.00	300.00	87.12	120.58	207.70
8	Haryana	0.00	0.00	0.00	0.00	0.00	0.00
9	Himachal Pradesh	0.00	120.41	120.41	1.76	88.43	90.18
10	Jammu & Kashmir	47.01	275.10	322.11	47.00	221.28	268.28
11	Karnataka	230.00	560.00	790.00	229.64	521.85	751.30
12	Kerala	153.50	1344.70	1498.20	182.15	1210.35	1392.50
13	Madhya Pradesh	240.00	108.50	348.50	182.17	74.48	256.66
14	Maharashtra	211.60	383.80	595.40	194.01	350.93	644.94
15	Manipur	13.00	89.52	102.52	11.10	26.89	37.99

1	2	3	4	5	6	7	8
16	Meghalaya	14.30	160.68	174.98	11.02	136.83	147.86
17	Mizoram	5.30	98.92	104.22	6.05	89.16	94.21
18	Nagaland	7.10	97.30	105.00	7.13	88.03	95.16
19	Orissa	318.20	216.70	534.90	314.69	168.28	482.97
20	Punjab	6.80	2.80	9.60	0.69	0.00	0.69
21	Rajasthan	2.50	39.02	41.52	1.21	3.62	4.83
22	Sikkim	3.40	69.70	73.10	2.72	48.19	50.90
23	Tamil Nadu	457.90	634.40	1092.30	404.18	665.92	1070.09
24	Tripura	23.10	141.40	164.60	21.77	129.59	151.36

1	2	3	4	5	6	7	8
25	Uttar Pradesh	315.00	202.00	517.00	270.26	116.41	386.67
26	West Bengal	244.35	237.30	481.65	84.00	148.51	232.51
27	A & N Islands	1.20	23.80	25.00	0.00	0.00	0.00
28	Chandigarh	0.20	2.80	3.00	0.02	1.64	1.66
29	D & N Haveli	1.20	4.30	5.50	1.34	2.07	3.41
30	Daman & Diu	0.20	5.80	6.00	0.12	1.25	1.36
31	Lakshadweep	0.08	2.03	2.11	0.00	2.37	2.37
32	Pondicherry	6.50	15.50	22.00	0.00	1.22	1.22
Total		3318.39	7349.14	10667.52	2775.14	6100.76	8875.90

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STATEMENT SHOWING ALLOTMENT & OFFTAKE OF WHEAT FROM APRIL '98 TO JAN '99 UNDER TPDS

(In '000 Tonnes)

Sl. No.	States /UTs	Allotment			Offtake		
		BPL	APL Incl. ADDL.	Total	BPL	APL Incl. ADDL.	Total
1	2	3	4	5	6	7	8
1	Andhra Pradesh	0.00	111.00	111.00	0.00	101.22	101.22
2.	Arunachal Pradesh	0.70	5.30	6.00	0.00	4.49	4.49
3	Assam	0.00	303.00	303.00	8.20	250.46	258.66
4	Bihar	515.40	188.80	704.20	460.87	129.23	590.11
5	Delhi	13.44	560.56	574.00	0.00	492.96	492.96
6	Goa	1.20	26.00	28.10	0.00	27.60	27.60

1	2	3	4	5	6	7	8
7	Gujarat	100.00	295.00	395.00	109.99	319.55	319.53
8	Haryana	73.30	57.20	130.50	36.19	30.44	66.63
9	Himachal Pradesh	42.37	73.59	115.95	21.53	84.38	105.91
10	Jammu & Kashmir	14.79	289.00	303.79	14.80	113.99	128.79
11	Karnataka	57.50	187.50	245.00	57.41	181.69	239.09
12	Kerala	0.00	377.20	377.20	0.00	368.06	368.06
13	Madhya Pradesh	293.40	126.50	419.90	171.71	85.22	256.93
14	Maharashtra	393.00	583.80	976.80	326.15	582.86	909.01
15	Manipur	0.00	27.20	27.20	0.00	25.74	25.74

1	2	3	4	5	6	7	8
16	Meghalaya	0.00	24.60	24.60	0.03	24.78	24.80
17	Mizoram	0.00	20.14	20.14	0.62	18.91	19.53
18	Nagaland	1.90	30.70	32.60	1.62	28.16	29.78
19	Orissa	0.00	355.00	355.00	0.00	354.45	354.45
20	Punjab	36.20	15.10	51.30	6.59	0.00	6.59
21	Rajasthan	214.50	481.80	696.30	115.19	290.74	405.93
22	Sikkim	0.00	8.90	8.90	0.00	7.11	7.11
23	Tamil Nadu	0.00	300.00	300.00	2.27	181.53	183.79
24	Tripura	0.00	18.00	18.00	0.00	16.01	16.01

1	2	3	4	5	6	7	8
25	Uttar Pradesh	640.00	426.70	1066.70	609.58	236.65	846.24
26	West Bengal	212.85	656.00	868.85	195.82	613.23	809.05
27	A & N Islands	0.56	5.44	6.00	0.00	0.02	0.02
28	Chandigarh	1.60	16.40	18.00	0.00	4.54	4.54
29	D & N Haveli	0.30	2.20	2.50	0.23	1.56	1.79
30	Daman & Diu	0.10	1.90	2.00	0.15	0.35	0.50
31	Lakshadweep	0.00	0.17	0.17	0.00	0.17	0.17
32	Pondicherry	0.00	7.50	7.50	0.00	0.13	0.13
Total		2613.11	5583.10	8196.20	2138.93	4466.22	6605.16

2.41 The TPDS has been implemented in all States/UTs except State of Delhi and UT of Lakshadweep. The allotment/lifting of Wheat/Rice under PDS including CRPF/BSF, Defence & Bhutan from the year 1992-93 till date is as under:—

Statement Indicating Allotment (A) and Offtake (O) for Rice and Wheat from the Central Pool During 1992-93 to 1997-98 and 1998-99 (Upto January, 1999) (provisional)

(In Million Tonnes)

Year	Wheat		Rice		Total	
	A	O	A	O	A	O
1992-93	9.27	7.47	11.48	9.55	20.75	17.02
1993-94	9.56	5.91	12.41	8.87	21.97	14.78
1994-95	10.80	4.83	13.32	8.03	24.12	12.86
1995-96	11.31	5.29	14.62	9.46	25.93	14.75
1996-97	10.71	8.52	15.10	11.14	25.81	19.66
1997-98	10.11	7.08	12.83	9.90	22.94	16.98
1998-99						
April	0.77	0.53	0.95	0.72	1.72	1.25
May	0.75	0.52	1.02	0.84	1.77	1.36
June	0.79	0.53	1.08	0.83	1.87	1.36
July	0.79	0.64	1.05	0.88	1.84	1.52
August	0.83	0.69	1.08	0.94	1.91	1.63
September	0.88	0.71	1.11	0.97	1.99	1.68
October	0.87	0.71	1.12	0.93	1.99	1.64
November	0.93	0.81	1.15	0.95	2.08	1.76
December	0.90	0.80	1.12	1.01	2.02	1.81
January	0.86	0.77	1.13	0.89	1.99	1.66

Pricing

The Government of India, Ministry of Food, has been fixing Central Issue Prices of Wheat and Rice from time to time which is uniform throughout the country. The present Central Issue Prices of wheat and rice which have been revised with effect from 1.12.1997 and 29.1.1999* respectively are as under:

Central Issue Prices for TPDS

(Rate : Rs./Per Qtl.)

	Rice		Wheat
	Common	Grade 'A'	
FOR APL FAMILIES *	700/-*	905/-	650/-
FOR BPL FAMILIES \$	350/-*	350/-	250/-

(*) : These rates are applicable only in J&K, Himachal Pradesh, Hilly areas of UP, Sikkim and NE States.

State/UTs Governments were issued additional quantity of foodgrains on monthly basis, over and above TPDS allocations at Economic Cost upto November '97 and from December, 1997 at the Central Issue Prices applicable for families Above Poverty Line (APL). The current Economic cost of wheat and rice is as under:—

Commodity	Rate: Rs./Quintal
Wheat	819.85
Rice (Common)	1033.39
Rice (Grade-A)	1085.32

Validity

The monthly allocation of foodgrains under TPDS are received from the Ministry of Food & Consumer Affairs well in advance to enable State Government to lift the foodgrains stocks i.e. from the first of the preceding month and the last day of the month to which the allocation pertains. In case, the cost of foodgrains has been deposited within the validity period (i.e. last date of the month of allocation),

the validity shall stand extended automatically upto 15 days of the next month for lifting of the foodgrains already paid for and no formal sanction for extension of validity period will be required to be issued. In case of NE States, Zonal Manager/Sr. Regional Managers can extend the validity period for further 45 days as per the powers delegated to the F.C.I. In all other cases FCI/State Governments will continue to refer the matters to the Union Government for extension of validity period.

2.42 The Committee asked the Ministry about the quality confirmation of the PDS stocks and in their reply the Ministry said:—

“The foodgrains stocks are lifted by the State Government/their nominees. Before issue of the stocks, they are allowed to verify the stocks and get themselves satisfied about the quality. Two representative samples are drawn and sealed from the stocks issued. One is given to the recipient for displaying at the issue/sale point and the other retained by the F.C.I.”

2.43 The key stone in the PDS is the Fair Price Shop and the kingpins of the system is the Fair Price Shop dealers. The Committee recommend that desirable level of transparency should be maintained. The Committee are constrained to note that inferior quality of foodgrains is distributed under PDS and sometimes it is found that it is not even fit for human consumption. The Committee strongly recommend that quality specification for the foodgrains under PDS/TPDS should be maintained so that the very purpose of PDS, i.e. to cater to the needs of poor is not defeated.

2.44 Under TPDS 10 Kg. of rice or wheat is to be issued at specially subsidised prices to the population Below Poverty Line. The Committee feel that the 10 Kg. of foodgrains per month per family is inadequate to cater to the monthly need of BPL families. In this regard the Committee are of the view that as the production of foodgrains is sufficient and financial implication can be met by reducing the transit storage losses, the monthly allocation for TPDS must be increased to 15 Kg. if 20 Kg. is not possible.

2.45 Targeted Public Distribution System is meant to cover the entire population falling below the poverty line. However, in many States offtake is very low and sufficient quantity is not reaching the targeted beneficiaries. Whereas in the States where distribution is done, the quality of foodgrains is not upto the mark and sometimes not even fit for human consumption as recently reported from the

State of Kerala. The Committee strongly recommend that strict monitoring be adopted to maintain the quality and quantity of foodgrains under Public Distribution System (PDS) so that the purpose of this scheme i.e. to cater to the poor masses is not defeated.

2.46 The Committee feel that there are chances that the subsidised stock of foodgrains which is meant for BPL population is diverted. In this regard, the Committee recommend that a proper system of monitoring should be introduced. Issue and circulation of model citizen's charter should be made mandatory for every State. It is also recommended that Vigilance Committees at FPS level, taluka level and district level should be constituted. The Committee should have social workers and representatives of local MPs/MLAs/Panchayats as Members. Consumers should be informed through visual/print media about the allocation and distribution of PDS items.

2.47 There were different estimates of the population below poverty line (BPL) given by various Agencies. The Committee constituted by the Planning Commission under the Chairmanship of Prof. Lakdawala worked out the number and percentage of BPL population for 1993-94 as 14.98 crores and 16.82% respectively. As per the expert group methodology this works out to be 32.02 crores and 35.99%. There are complaints that sizeable number of actual population below poverty line has not been included in the list. In this regard the Committee recommend that all precautionary measures should be taken so that none of the eligible persons is deprived of the benefit of TPDS.

(vi) Scheme of Financial Assistance to States for Purchase of Mobile Vans/Trucks

2.48 An amount of Rs. 5.94 crores was actually spent in 1997-98. In BE and RE 1998-99 there was provision for 6.25 crores. In BE 1999-2000 there is a provision of Rs. 6.25 crores for this purpose.

The scheme is intended to provide financial assistance to State Governments/UT Administrations for purchase of mobile vans/trucks for distributing essential commodities in rural/hilly/remote and other disadvantaged areas where static/regular fair price shops are not found viable/feasible. Initially an assistance of Rs. 2.50 lakhs was being provided for a delivery van/truck with 75% loan and 25% subsidy. With the liberalization of the scheme during 1992-93 the subsidy component of the assistance was enhanced from 25% to 50% and the

financial assistance per van/truck was also raised to Rs. 4 lakhs in the case of delivery van (for 4 tonner) and Rs. 8 lakhs for big trucks ranging from 8.10 tonnes and above subject to the ceiling of actual cost whichever is lower. Under this scheme vehicles can be used not only as mobile fair price shops but can also be used for effecting door delivery of PDS commodities to fair price shops. On the recommendation of working group set up for formulation of 9th plan for PDS, the scope of the scheme has further been extended to replacement of existing vehicles under the scheme from 1998-99. The scheme is supplementary in nature as the running costs including maintenance are borne by the respective State Governments from their own budget.

Since the inception of the scheme in 1985-86 upto 30.11.1998 a total financial assistance of Rs. 56.54 crores has been provided to 26 States and UTs for purchase of 1431 vans/trucks. The outlay for 1998-99 is Rs. 1000 lakhs. Funds under the scheme are released on the basis of utilization of the past assistance by the State Government.

State-wise number of applications/requests received from States/UTs for purchase of mobile vans during the year 1997-98 and 1998-99 are as under:-

State/UT	(Rs. In lakhs)			
	1997-98		1998-99	
	Number of Vehicles	Amount	Number of Vehicles	Amount
1	2	3	4	5
Assam	50	300.00	7	26.96
Himachal Pradesh	—	—	10	80.00
Jammu & Kashmir	41*	328.00	—	—
Kerala	—	—	24	128.28
Madhya Pradesh	40	200.00	15	74.00
Maharashtra	50	200.00	80	455.00
Nagaland	—	—	20	156.73
Orissa	32	256.00	—	—
Punjab	—	—	6	40.50

1	2	3	4	5
Tamil Nadu	6*	33.243	—	—
Tripura	—	—	11	60.00
Uttar Pradesh	—	—	35	221.20
D & N Haveli	—	—	1	4.00
Total	219	1317.243	209	1246.67

* Proposals received in 1996-97.

State-wise number of applications/mobile vans/trucks sanctioned during the years 1997-98 and 1998-99 are as under:—

State/UT	(Rs. in lakhs)			
	1997-98		1998-99	
	Number of Vehicles	Amount	Number of Vehicles	Amount
Assam	19	97.66	7	**43.295\$
Himachal Pradesh	—	—	10	80.00
Jammu & Kashmir	25*	200.00	—	—
Kerala	—	—	24	128.28
Madhya Pradesh	40	160.00	—	—
Maharashtra	35	203.09@	65	**367.225#
Orissa	32	256.00	—	—
Tamil Nadu	6*	33.24	—	—
Tripura	—	—	11	60.00
Uttar Pradesh	—	—	35	221.20
Total	157	949.99	152	900.00

\$ This includes balance of funds sanctioned during 1997-98.

* Proposals received in 1996-97.

@ This includes balance of funds sanctioned during 1996-97.

The balance amount will be released during 1999-2000.

** Sanction order are under issue.

At the end of financial years 1997-98 and 1998-99 no valid proposals were pending with the Government of India.

Funds under the Scheme are sanctioned only after utilisation certificates of past assistance released to respective States/UTs are received. Delay in utilisation of funds, if any, is taken up with the State Government concerned.

Upto 1997-98, there was no provision for replacement of old and obsolete vehicles. However on the recommendation of the Working Group set up by Planning Commission for formulation of the 9th Five Year Plan and in consultation with the Planning Commission, the scope of the scheme has been extended to cover replacement of the old and obsolete vehicles w.e.f. June, 1998.

The local Audit Inspection Report 1997-98 had pointed out that utilisation certificate amounting to Rs. 1151.30 lakhs for the period 1992-93 to 1996-97 were awaited from 18 States/UTs at the time of Audit. As on date Utilisation Certificate have been received from 8 States/UTs reducing the pendency of Utilisation Certificate for the period 1992-93 to 1996-97 to Rs. 531.35 lakhs.

2.49 Under this scheme the Centre provides financial assistance to the extent of 50% loan and 50% subsidy. The element of grant is inadequate for special category States which receive Central assistance as 90% grant and 10% loan. The Committee recommend that for special category States the funding should invariably be increased to the tune of 90% grant and 10% as loan. The Committee also recommend that scope of funding under the scheme for purchase of mobile vans/trucks should be extended to cover the replacement of obsolete vehicles under certain specified guidelines.

(vii) Open Market Sale Scheme (Domestic)

2.50 Open sale of wheat and rice is undertaken by the Government through Food Corporation of India as and when considered necessary in order to exert moderating influence on the open market prices of wheat and rice without jeopardising the Public Distribution System.

Food Corporation of India was authorised to sell wheat in the open market in October 1993 and rice in January, 1994 with the following objectives:

- (i) to release much needed storage space for ensuing procurement season for paddy/rice/wheat;
- (ii) to reduce the carrying cost of stocks held by Food Corporation of India;
- (iii) to exercise as a measure of market intervention, a sobering influence on the open market prices of wheat in the coming lean season; and
- (iv) to reduce to some extent the food subsidy bill.

A quantity of 183.88 lakh tonnes of wheat and 13.61 lakh tonnes of rice was sold by Food Corporation of India in the open market upto March, 1997. The year-wise break-up of the quantity of wheat and rice sold in the open market is as under:

(Qty. in lakh tonnes)

Year	Wheat	Rice
1993-94	28.56	0.17
1994-95	50.29	4.54
1995-96	63.38	6.36
1996-97	41.65	2.54

Keeping in view the tight stock position of wheat and rice in the Central Pool, sale of wheat by Food Corporation of India in the open market was discontinued w.e.f. 1.4.1997.

2.51 Subsequently, when there was shortage of wheat and market prices showed an increasing trend, it was decided with the approval of Cabinet Committee on Prices to authorise Food Corporation of India

to release 3 lakh tonnes of wheat from January, 1998 to March, 1998 to State Governments as market intervention measure at a price of Rs. 650/- per quintal. A quantity of approx. 31,300 M.T. of wheat was lifted under this scheme. Although the offtake of wheat under this scheme has been low it appears to have had a sobering effect on the open market prices of wheat as there was no significant rise in prices of wheat in 1997-98.

In pursuance of the decision of Cabinet Committee on Prices, Govt. has decided to release upto 40 lakh tonnes of wheat to State Governments for open sale at the rates that have been fixed separately for the four Zones in the country. The State Governments have been given the option/choice to release this wheat through PDS outlets or through Roller Flour Mills, Co-op. Agencies and State Govt. Agencies or exercise both the options.

The issue prices of FCI for open sale of wheat are as under:

Name of Zone	Rate per quintal (in Rs.)
North Zone	Rs. 653/-
South Zone	Rs. 724/-
West Zone	Rs. 697/-
East Zone	Rs. 716/-

All the State Govts./U.T. Administrations have been requested on 18.11.98 to intimate their requirement of wheat under OMSS(D) scheme. The State Govts. of Maharashtra, Haryana, Karnataka, Orissa, Andhra Pradesh, West Bengal, Gujarat, Kerala, Tamilnadu, Pondicherry, J&K, Chandigarh (U.T.), Punjab, Assam and Manipur have responded so far and the work of allotment of wheat to these states under open market sale scheme (domestic) through FCI is in progress.

Government has, however, not undertaken sale of rice in the open market.

Open Sale of Rice

2.52 After attaining a fair degree of success in the open market sale of wheat both in terms of augmentation of open market availability and stabilisation of prices, similar efforts were initiated in organising open sale of rice during January, 1994 with the approval of Ministry of Finance.

Open sale of rice was continued in 1995-96 and 1996-97 in all the States on almost similar lines as those of wheat. During 1996-97, FCI was authorised to sell a quantity of 5 lakh tonnes of rice.

The off-take of rice under the scheme has been very low as only a quantity of 0.17 lakh tonnes was sold during 1993-94, 4.54 lakh tonnes in 1994-95, 6.37 lakh tonnes in 1995-96 and 2.46 lakh tonnes was sold during 1996-97. The sale of rice in the open market was discontinued with effect from 1.4.97.

The reasons for poor off-take of rice under open market sale scheme (domestic) of rice are as under:

“There is no organised group of buyers of rice in the market as compared to wheat, where All India Federation of Roller Flour Mills with its network all over the country exists.”

2.53 The Committee was astonished to note that wheat worth crores of rupees, which was supplied by FCI under the open market selling scheme (domestic) to reduce the prices of wheat all over the country, was siphoned off to exporters. About 6 lakh MT of wheat was exported by private persons at a time when the domestic market was over stretched in wheat supply and Government had to import wheat from Canada and Australia. The Committee strongly recommend that monitoring mechanism of FCI should be strengthened in respect of open market sale and accountability in respect of conducting unfair business should be fixed to recover the losses.

(viii) Food Subsidy (Excluding Sugar Subsidy)

2.54	Rs. Crores	
	Revised Estimates 1998-99	Budget Estimates 1999-2000
Non-Plan	8700	8200

Food subsidy is paid to the Corporation (F.C.I.) as reimbursement (i) of the difference between the economic cost of foodgrains and their issue prices and (ii) carrying cost of buffer stocks.

The economic cost comprises the procurement price and procurement incidentals for indigenously procured foodgrains and landed cost of imported foodgrains, as well as distribution incidentals comprising movement, storage, handling, interest charges etc.

The provision made in B.E. 1998-99 for food subsidy was Rs. 9000.00 crores excluding storage and transit shortages. During the year, certain assumptions regarding purchase, off take, average buffer stocks, procurement and issue prices have undergone changes as indicated below:—

Assumption made	Qty. in Lakh Tonnes		Remarks
	As adopted in 1998-99 (BE)	Rate Rs. Per Qtl. 1998-99 (RE)	
1	2	3	4
(1) Purchases — Wheat	100.00	96.44	
Rice (including Paddy in terms of Rice)	130.00	115.10	
(2) Off-take—Wheat	98.00	100.59	
Rice	125.00	115.26	
(3) Average Buffer Stock			
Wheat	11.79	37.69	
Rice	47.91	71.86	
(4) Procurement price			
Wheat	475.00	510.00	(including Rs. 60 Central Bonus)

1	2	3	4
Paddy			
- Common	415.00	440.00	
- Fine	445.00	470.00	(Grade-A)
(5) Issue Price Wheat			
PDS	402.00	402.00	
APL from 1.6.1997		450.00	
Increase in APL Prices from 29.1.1999		650.00	
BPL from 1.6.1997		250.00	
Open Market	Rate varies from State to State		
I.T.D.P.	352.00	352.00	
Rice			
P.D.S.			
- Common	537.00	537.00	
- Fine	617.00	617.00	
- Superfine	648.00	648.00	
APL from 1.6.1997			
- Fine		650.00	
- Superfine		750.00	
- From 1.12.1997		700.00	(Grade-A)
Increase in APL Prices from 29.1.1999		905.00	

1	2	3	4
BPL from 1.6.1997			
- Common & Fine from 1.12.97		350.00	
- Common & Grade-A		350.00	
I.T.D.P. (upto 31.5.1997)			
- Common	487.00	487.00	
- Fine	567.00	567.00	
- Superfine	598.00	598.00	
(6) Pooled Distribution Cost Wheat	151.13		136.39
(Rate per qtl. excluding shortages)	Rice 161.84		146.89
(7) Pooled carrying cost (Rate per qtl. excluding shortages)	159.51		153.35

Budget Estimates 1999-2000

The estimated economic cost of foodgrains and the rates of consumer subsidy per qtl. in 1999-2000 are given below:—

	Rate per qtl.	
	Wheat	Rice
Cost of sales (Comprising purchase cost and the procurement incidentals)	682.12	904.57
Distribution cost (pooled) without shortages	137.73	170.88
	819.85	1075.45
Sales realisation	469.17	696.36
Consumer subsidy (without shortages)	350.68	379.09

The offtake from the Central Pool during 1999-2000 is estimated to be of the order of 235.95 lakh tonnes (108.40 lakh tonnes of wheat and 127.55 lakh tonnes of rice). The average buffer stock of foodgrains is estimated at 129.35 lakh tonnes for which the unit rate of carrying cost (without shortages) is estimated at Rs. 151.76 per qtl. without taking into account the incidence of shortages and transit shortages.

The pooled distribution cost and carrying cost of buffer stock without providing for storage and transit shortages is estimated at Rs. 133.67 and Rs. 151.76 per qtl. respectively.

After taking into account the above factors, the Food subsidy for the year 1998-99 (RE) works out to Rs. 8009 crores excluding storage and transit shortages. Taking into account the payment for March to be made in April and 5% deduction towards "on account" payment and making provision for past arrears partially, a provision of Rs. 8700 crores has been made in RE 1998-99.

Taking these parameters, food subsidy for B.E. 1999-2000 works out to Rs. 8495 crores excluding storage and transit shortages and past arrears. After deducting payment for March to be made in April and withholding 5% of the amount towards "on account" payment and providing for past arrears partially etc. A provision of Rs. 8200 crores has been made in B.E. 1999-2000. This provision includes subsidy for decentralised procurement and distribution in a few States.

The food subsidy estimated for 1999-2000 includes a provision of Rs. 32.21 crores for reimbursement of hill subsidy and for reaching foodgrains to Andaman & Nicobar Island and Lakshadweep Island.

2.55 During the evidence, the Committee asked about the fluctuation in food subsidy. The Ministry in their reply said that:—

"Government is committed to the procurement of any quantity of foodgrains at the minimum support prices which are brought to the procurement centres by the farmers. The major portion of the foodgrains thus procured is (i) allocated to different States and Union Territories, at the Central issue prices, for distribution through the public distribution system for population below poverty line and above poverty line. The scheme for BPL was introduced in June, 1997. Earlier the revamped PDS/Integrated Tribal Development Project Scheme were in operation and (ii) used for maintenance of buffer stock of foodgrains as a measure of food security and to meet any emergent situation.

As a matter of deliberate social welfare policy the Central Issue Prices, at which the foodgrains are supplied to the different States and UTs, are kept lower than the economic cost (comprising pooled cost of the foodgrains, procurement incidentals *i.e.* statutory charges gunny cost, labour, transportation, storage, interest etc. And distribution incidentals, *i.e.* freight, handling, storage, interest etc.) of the FCI. The difference between the economic cost and average sales realization is reimbursed to FCI as "Consumer Subsidy". In addition to consumer subsidy, carrying cost (comprising freight, storage and interest charges etc.) of buffer stock is also reimbursed to FCI as an element of food subsidy. In the process of procurement, storage and distribution of foodgrains certain transit and storage shortages/losses also occur because of the magnitudes of the operations. These shortages are also reimbursed to the FCI, from the subsidy budget, after these are regularized by them by following the prescribed procedure.

Since the executing agency of the Govt. of India for the procurement, storage and maintenance of buffer stocks and distribution of foodgrains is the Food Corporation of India (FCI), Govt. pays subsidy to FCI only. However, from November, 1997 onwards the Govt. of West Bengal has also undertaken to distribute rice to the population below poverty line in the State under the decentralized procurement and distribution policy of the Govt. of India. Therefore subsidy is also now being paid to the Govt. of West Bengal for this. Subsidy paid on foodgrains since 1992-93 is as follows:—

(Rs. in crores)

Year	Subsidy released
1992-93	2785
1993-94	5537
1994-95	4509
1995-96	4960
1996-97	5166
1997-98	7500
1998-99	8700"

2.56 Higher provisions had to be made in the last and current year because of introduction of targeted PDS w.e.f. 1.6.97. Under the TPDS 10 kgs. of foodgrains are issued per family per month at specially subsidised price for all families below the poverty line. Normally, the issue price for APL and BPL were to be 90% and 50% of the economic cost respectively. However, these prices have been lower than this percentage. The Central Issue Price of wheat and rice for APL and BPL before and after the revision w.e.f. 29.1.99 have been as under as against their estimated economic cost of Rs. 8.20 and 10.76 per kg. respectively.

(Rs. per kg.)

Category	Wheat		Rice			
	Before revision (BR)	After revision (AR)	Common		Grade A	
			BR	AR	BR	AR
BPL	2.50	2.50	3.50	3.50	3.50	3.50
APL	4.50	6.50	—	—	7.50	9.05

Food subsidy bill has been going up mainly because of:—

- (i) Non-neutralization of increases in the MSP by corresponding increase in the Central Issue Price since February, 1994. There was only a marginal adjustment in the prices when TPDS was introduced w.e.f. 1.6.97.
- (ii) Higher levels of buffer stocks due to higher level of procurement and relatively lower off-takes.
- (iii) Increase in freight rates.
- (iv) Progressive departmentalization of labour.
- (v) Progressive switching over to 50 kg. packing.

Consequent to the revision in the Central Issue Prices of foodgrains in respect of the APL population w.e.f. 29.1.99, the subsidy burden of the Government of India is contained to a certain extent. There is likely to be a saving of about Rs. 300 crores during the current financial year 1998-99 and about Rs. 2200 crores in the year 1999-2000.

The following important steps have been taken/are being taken by the FCI to reduce/contain the economic cost and carrying cost of the FCI.

- (i) FCI is trying to achieve average capacity utilization of 75% to reduce storage cost even though the procurement of grain is seasonal.
- (ii) The procurement and movement ratio is being adhered to the norm of 1:1.35 as fixed by the Govt. of India to reduce the expenditure on freight.
- (iii) Continuous efforts are being made to reduce shortages in handling of foodgrains.
- (iv) Efforts are also being made to reduce the incurrence of railway demurrage charges.
- (v) Excess stocks are being released in the open market at prices above the Central Issue Prices (CIP).
- (vi) FCI is trying to control the Administrative cost by following a minimum recruitment of resultant entry level posts irrespective of the increased volume of operations.

2.57 On the basis of the provisional accounts received from various regions, the expenditure incurred on consumer subsidy and carrying cost of buffer stock during the year was Rs. 7000/- crore approx. and Rs. 1104/- crore approx. respectively.

2.58 The Committee asked the Ministry as to how the expenditure will be met by the decreased amount of subsidy proposed in the Budget. The Ministry in their reply said that:—

“The reduction in subsidy is due to increase in the Central Issue Prices for APL beneficiaries from 29.1.1999. Since the APL beneficiaries can absorb the increased issue price, it is expected that the distribution of foodgrains under TPDS is not likely to be materially affected.

Efforts were made in the past to persuade the State Governments not to levy taxes in excess of 5% in all. The matter was also taken up with the Chief Ministers of all the foodgrains procuring States to restrict the total tax element within 5%. However, the response of State Governments was not positive. The matter

was also taken up with Ministry of Finance and Ministry of Law. Ministry of Law opined that legally/constitutionally it was not possible to restrain States from imposing taxes/levies. Thereafter, the matter has remained under consideration in the Ministry, and in view of the fact that any attempt to reduce the existing level of taxes/levies on foodgrains shall be met with strong resistance from the foodgrain producing States, and can create serious problems in Centre-State relations, it was decided not to pursue the matter further."

Reimbursement of Hill Transport Subsidy

2.59 Population in Hill States being generally less, the pooled price for grains issued out of the Union Govt. stocks should be for delivery at the Principal Distribution Centres (PDCs) in such States. While the rail freight incurred on the movement of foodgrains issued from the Central stocks is included in the Central Issue Prices, the road transport expenditure or their further movement from rail heads to issue points is incurred by the State Govts.

In case of Hill States, the number of rail heads are limited and the cost of moving grains by road to the interior point is heavy. The people in the hilly areas have, therefore, to bear an additional burden on account of lack of rail transport facilities. The benefit of the pool issue price of foodgrains issued out of the Central stocks has been extended in the case of supplies to a number of Principal Distribution Centres (PDCs) in the Hill States/UTs having no rail heads/FCI godowns.

Since State/UT moves the stocks upto the Principal Distribution Centres, the cost of transport from its designated depot upto these centres is reimbursed to the State Govts./UTs, which is called reimbursement of Hill Transport Subsidy. It is also monitored by the Sales division.

Ministry of Food & CA *vide* their letter No. 179(1)/96/PY-I dated 1.5.98 has allowed HTS/RTC to eligible State Govts. for lifting of foodgrains against additional allocations over and above their TPDS quota on APL prices from December 1997.

2.60 BE for 1998-99 for consumer subsidy and carrying cost of buffer stock was Rs. 9000/- crore. In BE 1999-2000 an amount of Rs. 8200 crore has been proposed. Reduction in subsidy is due to increase in the Central Issue Price for APL beneficiaries from 29.1.99

and it is presumed that the distribution of foodgrains under TPDS will not materially be affected. The Committee are constrained to note that Government have very recently issued order to increase the price of wheat under PDS by the Rs. 0.32 per Kg. specifically at the time when the wheat is available in the market at the much lower price because of arrival of bumper Kharif crop and the population above poverty line will prefer to buy the wheat from market. This will definitely affect the PDS offtake. Therefore the Committee recommend that such decisions should be streamlined and increase in Central Issue Price if required be made in lean season only.

The Committee also recommend that all efforts should be made to reduce the burden on food subsidy by minimising the storage and transit shortages/losses.

(ix) Import/Export of Foodgrains

2.61 The general policy regarding import/export of foodgrains on government account *i.e.* import for Central Pool or export from the Central Pool is that Government of India keep under constant review the stock position of foodgrains in the Central Pool *vis-a-vis* prescribed buffer norms, production of foodgrains in the Country, procurement trends, requirement for the Public Distribution System, open market prices etc. and resort to imports/exports depending on the situation.

It may be stated that the objectives of the FCI are (i) to provide effective price support to producers so that they get remunerative prices for their produce, (ii) to make available foodgrains at reasonable prices to the consumers, particularly the vulnerable section of the society; further to reduce the excessive price fluctuation and also the price disparity between the States, and (iii) to build up and maintain sizeable buffer stock both from imports and internal procurement as a measure of food security. Thus, export of foodgrains as such is not an objective of the FCI. Sale of foodgrains by FCI for export purposes is generally resorted to only when the stocks are in excess of the requirement for the Public Distribution System/other welfare schemes. It may not, therefore, be necessary for the FCI to develop expertise in international trading for disposal of surplus stocks in the world market.

However, the Ministry of Commerce is concerned with the recommendations of the Standing Committee since the Exim Policy on

various commodities, including foodgrains, is framed by them. The recommendation has therefore been communicated to that Ministry for implementation.

2.62 On the directions of the Government of India, State Trading Corporation of India Ltd; had entered into agreement on 26.2.98 with Australian Wheat Board for Import of 15.00 lakh MT wheat @ US 142.50 per MT F.O.B. (5% more or less) Australian Standard White Wheat of 1997-98 crop. The original shipment schedule decided by the S.T.C. was between March—April, 1998 for 10.00 lakh MT and May—mid June, 1998 for 5.00 lakh MTs. STC got the shipment schedule altered with the suppliers on the advice of the Ministry of Food. The shipment schedule was re-cast with 10.5 lakh MT to be shipped upto 30th June, 1998 and balance 4.5 lakh MT to be shipped upto 15th Sept., 1998—15th Oct., 1998. The shipments, in fact, began from April, 1998 instead of March, 1998. Further as decided in the Task Force Meeting held on 9.7.98 under the Chairmanship of Secretary (F&CS), Ministry of Food & Consumer Affairs, the Shipment period for balance quantity was preponed to 22.7.98 from 15.9.98 and now a quantity of 14.25 lakh MTs. (5% less) would be imported instead of 15.00 lakh MT. *i.e.* buyer having exercised the right under the contract for purchase of 5% less than the quantity contracted, in view of sizeable indigenous procurement of wheat from Rabi 1998-99. Against this, 42 vessels were fixed by the Transchart which have already sailed from Australia with a quantity of about 14.15 lakh MT and arrived at Indian Ports carrying 14,14,539 MTs.

Only one ship GANGA SAGAR is under unloading at Cochin Port with a quantity of 29,379 MTs. wheat and unloading of entire cargo is likely to be over by 10.11.1998.

Whenever country faces shortfall in the production of foodgrains it affects the procurement also, which results into depletion of stocks. To overcome the shortfall in stocks, Government of India has to import the food grains at times. The quantum of foodgrains to be imported, negotiations and signing of relevant contracts are decided by the Ministry of Food and thereafter, work is assigned to the FCI for handling of ships at various ports in the country and moving the stocks to its godowns for further distribution.

During 1992-93 the stocks level with FCI and State Govt. Agencies came down to the level of 11.07 million tonnes as on 1.4.1992.

Consequently the Government of India decided to import about 3.0 million tonnes of wheat from Australia, Canada and U.S.A. and 0.21 million tonnes of rice from Vietnam to augment stocks of wheat and rice as wheat stocks had come down to 2.2 million tonnes only as on 1.4.1992 because of low levels of procurement during 1991-92 and 1992-93. There were no imports during the years 1994-95, 1995-96 and 1996-97 (upto August 96).

During February, 1998 on the direction of Govt. of India, STC executed a contract with the Australian Wheat Board for Import of 15.00 lakh MT wheat 5% more or less at buyer's option in bulk. A quantity of 11.88 lakh tonnes has been discharged upto 17.9.98.

The quantity of foodgrains imported during 1992-93 to 1998-99 are given below:

(Fig. in lakh tonnes)

Year	Quantity		Total
	Wheat	Rice	
1992-93	25.89	0.86	26.75
1993-94	4.76	0.56	5.32
1994-95	—	—	—
1995-96	—	—	—
1996-97	9.96	—	9.96
1997-98	17.72	—	17.72
1998-99*	11.88	—	11.88

*Upto 17.9.98

Export

2.63 FCI undertakes export operations only when it is decided by the Govt. of India. The exports are made mainly on the following terms:—

- (a) Donation/Gift from Government of India to other countries and UN bodies.

- (b) Commodity Loan
- (c) Sale under Bilateral Agreement
- (d) Commercial Sale direct by FCI
- (e) Export through MMTC/STC

The quantity of foodgrains exported during the last five years is given below:

(Fig. in lakh tonnes)

Year	Quantity		Total
	Wheat	Rice	
1992-93	0.10	0.26	0.36
1993-94	—	0.40	0.40
1994-95	—	0.02	0.02
1995-96	0.06	—	0.06
1996-97	0.09	—	0.09
1997-98	—	—	—

2.64 EXIM Policy on various foodgrains including wheat is formulated by the Ministry of Commerce in consultation with the Ministry of Agriculture and the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies).

According to the current EXIM Policy, wheat is freely exportable subject to quantitative ceiling fixed by the Ministry of Commerce from time to time and registration of contracts with Agricultural and Processed Food Products Export Development Authority (APEDA). However, due to the tight domestic wheat situation in the recent past, issuance of Registration-cum-Allocation Certificates (RCACs) for export of wheat was stopped w.e.f. 8.1.97. No quantitative ceiling has been fixed for 1998-99. In view of the comfortable stock position of wheat at present, Government is now considering to fix a quantitative ceiling for export of wheat during 1999-2000.

2.65 Department of Food and Civil Supplies is primarily concerned with the Food Security of the country. So far as export of wheat on

Government account is concerned, Government constantly monitor the stock position of foodgrains in the Central Pool *vis-a-vis* the buffer norms, production, internal availability, price trends, crops prospects, requirements of Public Distribution System (PDS)/Other Welfare Schemes of the Govt. etc. Export can be allowed only of such quantities as are not likely to endanger the Food Security of the country or unduly push up internal prices, particularly of staple foodgrains like wheat and rice.

2.66 During the year 1997-98, wheat was imported to the tune of 17.72 lakh tonnes from Australia to meet the requirement. But it was noticed that shipment was received very late and after reaching the ports, it remained unloaded for a long time. In this regard Committee recommend that the import of wheat should be discouraged to save foreign exchange and farmers should be given incentives and other facilities so that they are enthused to produce more to gain self-sufficiency. The Committee also recommend that the MSP and bonus should be announced well in advance and the farmers should be informed in this regard through wide publicity, so that they are enthused to produce more wheat. The Committee were also concerned about the inferior quality of imported wheat and recommend that if the circumstances compel the import of wheat, the quality specification should be strictly maintained.

The Committee also stress that the Department of Food and Civil Supplies in consultation with Ministry of Commerce should formulate a long term export-import policy for foodgrains which can facilitate production of export quality foodgrains so that India can continue to have a presence in international market.

CHAPTER III

(i) Save Grain Campaign

3.1 The application of science and technology to traditional agriculture has resulted in steady increase in the production of foodgrains in our country. But we are yet to achieve an assured balance between the availability of foodgrains and the ever increasing population. As of now, the production of foodgrains is keeping pace with the increasing population. However, increase in population calls for augmentation of availability of foodgrains which can be achieved only if increase in foodgrain production is complemented by prevention of post harvest losses.

3.2 The Expert Committee constituted by the Govt. of India in 1966 headed by Dr. V.C. Panse to examine the post harvest losses, in its report has estimated a loss of 9.33% of the grain produced due to different factors such as Insects, Rats, Birds, Moisture, Faulty Transportation, Processing etc. At the present level of production which is about 190 million tonnes, the quantity of grain lost will be of the value of Rs. 5000 crores and is sufficient for feeding the whole population of the country for 45 days. Since 60 to 70% of the produce is retained at the farmers level, the loss is significant at this level. Considering this colossal loss, Government of India launched Save Grain Campaign as a pilot project in the year 1965-66 and in 1968 a regular countrywide scheme was launched to intensify the Save Grain Campaign activities. At present 14 Regional Offices and 3 sub-offices located in different States of the country are popularising Scientific Storage of Foodgrains spreading the message '*A Grain Saved is a Grain Produced*'.

Aims and Objectives of Save Grain Campaign

3.3 The post harvest technology developed and recommended by Indian Grain Storage Management & Research Institute is propagated through the Save Grain Campaign. The objective of educating, motivating, and persuading the farmers, traders and others engaged in storage of foodgrains to practice scientific storage methods is achieved through trainings, demonstrations and publicity programmes.

The activities under the Save Grain Campaign (SGC) which was launched as a pilot scheme in 1965-66 and being operated as a regular scheme since 1969-70 continued with the objective of disseminating the techniques of scientific storage of foodgrains to the farming community. The scheme is implemented through a network of 17 SGC offices in close collaboration with the State Govts. The main objective of the scheme is to provide technical knowhow developed by IGMRI to the farmers to minimise the post harvest losses in foodgrains. The major planks of the scheme are training, demonstration and publicity in the selected villages.

Training

3.4 During the year under report both stipendiary and non-stipendiary training programmes were conducted. The stipend being paid to the trainee farmers was revised from Rs. 150 to Rs. 250. During 1998-99 (upto November, 1998) 245 stipendiary training programmes were conducted and 12,181 farmers/farm women were trained. Special attention was given to train the farmers belonging to SC/ST and 47 training programmes were organised exclusively for ST community and 2148 farmers/farm women were trained. Besides, 20 training courses for 418 village level workers and 583 training courses for 10905 volunteers were also organised. In addition, SGC offices also collaborated in various training programmes organised by other institutions/agencies and imparted training to 5750 candidates in 57 training courses during the same period.

Demonstration

3.5 In order to educate the farmers on scientific storage of foodgrains and post harvest loss minimisation, demonstration on insect and rodent control methods were organised in selected villages and farmers were explained with the recommended storage practices. Improved metallic and non-metallic storage structures as well as feasible improvements in traditional storage structures were also demonstrated. During 1998-99 (upto November, 1998), 11275 storage receptacles and 103256 rat burrows were fumigated. Rodent control measures in 26773 houses were undertaken and prophylactic treatment in 603 villages covering 14790 storage premise was undertaken. In addition 784 non-metallic storage structures were erected and 9677 indigenous storage structures were improved in the farmers' premises in different villages.

Publicity

3.6 In order to make the farmers increasingly aware of the need for the scientific storage of foodgrains, multi-media publicity was organised with particular emphasis on the visual media for which the SGC offices have been provided with demonstration vans equipped with audio-visual aids. The SGC offices arranged 541 exhibitions and 852 film/slides shows during 1998-99 (upto November, 1998). 279 radio talks were broadcast and 28 TV programmes were telecast. The SGC offices also participated in 9 exhibitions/fairs at Regional/State level.

Assistance Provided by State Govts./NGOs for Popularising Scientific Storage Structures

3.7 Since, SGC field offices have limited infrastructure and funds available in order to cover larger number of farmers/villages, efforts were made to actively involve the State Govts., Non-Governmental Organisations, Public Sector Undertakings etc. In the activities of the SGC as a result of which some of the State Govts., viz. Madhya Pradesh, Gujarat and Govt. Agencies like Project Tiger, Narmada Valley Development Project, Gram Panchayats in Andhra Pradesh, Steel Authority of India Ltd., Indore, Associated Cement Companies Limited, Bhopal and some of the NGOs like Milk Cooperative Society, Anekal, Syndicate Raitha Seva Sahakara Sangh, Niyamitha in Karnataka State and MYRADA PLAN, Shantimalai Trust in Tamil Nadu have provided specific assistance for organising training programmes, supply of metal bins and construction of Pucca Kothi etc.

Development of Nucleus in Villages

3.8 SGC offices are engaged in developing the nucleus villages wherein atleast 30% existing storage structures are improved upon and about 10% storage structures are scientific ones like metal bin, pusa bin, pucca kothi and RCC Ring bin. To develop nucleus villages, assistance for purchasing the metal bins @Rs. 5000/- per village is provided to the farmers for this activity. During this period 225 nucleus villages were developed.

(ii) Research & Development and Institutional Training on Storage

3.9 The Indian Grain Storage Management and Research Institute (IGMRI), Hapur and its five field stations located at Hyderabad, Jabalpur, Jorhat, Ludhiana and Udaipur carried out Research & Development activities on storage and preservation of foodgrains both at farm and commercial level. The Institute also developed code of storage practices for scientific storage of foodgrains which are propagated to the farming community through the Save Grain Campaign network.

The Institutes also conduct long-term and short-term as well as Custom packaged specialised training courses on scientific storage and inspection of foodgrains, pest control technology etc. For the benefit of the officers of storage agencies, pest control operators etc. During the year 1998-99 (upto November, 1998) the Institutes conducted seven training courses and trained 169 candidates from various organisations, 26 short-term training courses were also conducted for 256 candidates.

Under the artisan training courses in which rural artisans are trained for 2 weeks on fabrication of modern storage structures and inputs such as inlet and outlet for improvement of traditional storage structures, during the year 1998-99 (upto November, 1998) four courses were conducted for 80 candidates out of which one course was exclusively conducted for the benefit of 20 tribal youths.

During 1998-99 under Annual Action Plan, the following five R&D projects were undertaken at IGMRI:

- (a) Studies on Aflatoxin B contamination in rice stored at commercial level in Saharanpur and Dehradun Districts of U.P.
- (b) Study of the joint action of Deltamethrin, Malathion and Vitavex on the viability of urad seed in ambient conditions.
- (c) Study on extent of admixture or other varieties in Durum Wheat at Hoshiarpur District of Punjab.
- (d) Effect of phosphine at different dosage against *Cryptolestes* species under cover fumigation.
- (e) Incidence of microflora in maize during storage at farm level in Gujarat, Rajasthan and Assam.

IGMRI is also engaged in investigating the nature and extent of losses in foodgrains due to various factors under different agro-climatic conditions. Foodgrains samples collected from procurement centres, storage depots etc. are analysed for physical quality parameters, mycotoxin and pesticidal contamination. During the year 1998-99 (upto November, 1998) 2286 samples were analysed for physical quality parameters, 321 for mycotoxin contamination and 447 for pesticidal residues.

Compendium on Work done by IGMRI on Foodgrain Storage

3.10 As a part of the celebration of 50th Anniversary of India's Independence, the IGMRI brought out a compendium entitled "IGMRI—Vision for Grain Storage for 21st Century" compiling the research work undertaken by IGMRI, Hapur and its field stations during 40 years of existence in the field of Post harvest management of Foodgrains. Compendium was released by Shri Satyapal Singh Yadav, Hon'ble Minister of State for Food and Consumer Affairs on 17th August, 1998.

The activities undertaken by SGC during 1997-98 and 1998-99 (targets/achievements)

Sl. Items of work	Target Achievement 1997-98*		Target Achievement upto Jan. 99 1998-99**	
1. Training course (Nos.)	992	570	992	1054
2. Villages covered (Nos.)	620	417	620	734
3. Film/slide shows arranged	992	523	992	887
4. Exhibitions arranged/ participated	620	372	620	708
5. Construction/improvement of non-metallic storage structures	15,500	5,885	15,500	13,877

*The activities of the SGC remained suspended from June, 1997 to Feb., 1998 due to uncertainty regarding continuance of the scheme as per orders of the Finance Ministry. Therefore, the assigned targets could not be achieved during 1997-98.

**Assigned targets are likely to be fully achieved during 1998-99.

Research and Development of foodgrain Storage IGMRI and Institutions

3.11 It is estimated that storage losses come to the tune of 6.58% at farm level. Considering the fact that 65 to 70% of foodgrains produced in the country are stored at farm level, a multi disciplinary approach combining field study, research and its intensification during the IX Plan is necessary. The Indian Grain Storage Management & Research Institute (IGMRI) is already in the field of R&D in the storage. Besides, there are other research institutions like I.A.R.I., C.F.T.R.I., State Agricultural Universities etc., for carrying out Centrally sponsored R&D and training activities these institutions by providing latest electronic and computerised analytical instruments and training material. Under the training programmes of IGMRI diploma course of foodgrains storage and preservation should also be introduced to provide trained man-power in the field of post harvest technology of the foodgrains.

A rural based scheme entitled "Save Grain Campaign" is operative in the field, endeavouring to create awareness on storage losses and to popularise the new techniques developed by IGMRI. It has an in-built system to identify the problems for the proper storage and preservation of foodgrains in different States, work out the solutions at the IGMRI and carry them to the respective areas. At present, 14 main and three sub-teams of "Save Grain Campaign" located in different selected parts of the country are operating in close collaboration with State Governments. The major planks of the campaign are training, demonstration, and publicity. This scheme should be implemented more vigorously and effectively with special attention to extension education. As a market support scheme, the incentives for the purchase/construction of metallic and non-metallic scientific bins are being provided to the small and marginal farmers under the scheme. This may have to be continued during IX Plan also.

R&D for improved Techniques

The group has identified the following areas for R&D for improved techniques in foodgrain storage during the IX Plan:

- A. Integrated Pest Management in grain storage with introduction of news effective insecticides which includes:
 - * evaluation of suitability of controlled atmosphere technology for control of stored grain insect pests in commercial grain warehouses;

- * evaluation of hermetic storage techniques for preservation of foodgrains under Indian conditions;
 - * development and trial of new congenite like defethialone etc.
 - * evaluation of high density cross laminated polyethene covers of blue colour for commercial level grain storage;
 - * replacing of wooden creates with poly-pallets and introduction of new grain dryers, cleaners and graders.
- B. In view of the non-availability of authentic data about storage losses of foodgrains at national level, a project on "Assessment of Storage Losses in Foodgrains at National Level" is proposed to be undertaken during the IX Plan. The project data will be helpful in planning further strategies for safe storage thereby minimising the grain losses.
- C. It is suggested that grant-in-aid may be considered for making available storage pesticides to farmers through the State Governments. The amount will be used as revolving fund.
- D. The Krishi Vigyan Kendras run by ICAR should be involved in propagating the knowledge of scientific storage of foodgrains through training, demonstration and publicity programmes. Joint training, publicity and extension programmes may be undertaken, by "Save Grain Campaign" Units and KVKs in the field of post harvest technology of foodgrains. During the IX Five Year Plan, 100 KVKs may be involved in this project and each KVK may develop 5 nucleus/model villages in a year.
- E. The time has come to introduce the bulk storage, handling and transportation system to handle huge quantities of the grain particularly wheat and paddy during the peak arrival period of the grain in some of the grain markets of Northern India, especially in Punjab and Haryana for rapid movement of foodgrains from these surplus states. IGSI should undertake these studies which were proposed to be undertaken in the VIII Plan, but could not be undertaken. The other programmes proposed during VIII Plan which could not be taken up, should also be considered for undertaking during IX Plan.

3.12 The Storage and Research Cell in the Ministry of Food & Consumer Affairs should act as a nodal agency for implementing and monitoring the R&D programmes in this field during the IX Five Year Plan. A total outlay of Rs. 55 crores in respect of on going and new R&D activities for improved techniques for grain storage handling and transportation is envisaged during the forthcoming plan.

3.13 India has tremendously increased its foodgrain production through the Plans which aimed at attaining self-sufficiency in foodgrains. But considerable losses in quantity and quality take place due to insects, rodents, moisture, fungus and birds. The Committee strongly recommend that greater attention is to be given for preparing a long term food policy by the Government to avoid losses in foodgrains in this way. Multi media publicity in all the regional languages with emphasis on visual media to make the farmers increasingly aware of the importance of saving the grain during storage should be given. R&D efforts of various agencies involved in the development of post-harvest technologies should be strengthened and the gaps in our technologies in comparison to international standards should be identified and addressed. Measures for intensification of R&D, developing cost-effective technologies and also for meeting international standards should be adopted to check the loss of grains.

3.14 Save Grain Campaign offices are engaged in developing the nucleus villages. For developing the nucleus villages, assistance for purchasing the metal bins @ Rs. 5000.00 is provided to the farmers for this activity. But the Committee are astonished to note that in the BE 1999-2000, there is no proposal for allocation of funds for providing metal bins etc. to farmers. The Committee strongly recommend that the scheme to supply metal bins, to farmers should not be abandoned for want of funds. The Committee also recommend that the metal bins should be supplied directly to farmers to improve the storage practices at farm level at which a major portion of the foodgrains produced is retained for food, feed and seed purposes.

CHAPTER IV

CENTRAL WAREHOUSING CORPORATION (CWC)

4.1 The main functions of the Central Warehousing Corporation are to acquire and build warehouses at suitable places and to operate them for storage of agricultural production and certain other items including industrial goods.

Capital Structure

The authorised share capital of the Corporation is Rs. 100.00 crores. There has been no change in the Corporations subscribed share capital and paid up share capital during 1988-89 and it stood at Rs. 74.525 crores and Rs. 68.021 crores respectively. The Corporation has no outstanding loans.

Physical Performance

Growth in Storage Capacity

As would be seen from the following table, the owned warehousing capacity with the Central Warehousing Corporation has grown significantly over the last 3 years, recording an increase of about 5%.

(In Lakh Tonnes)

As on	Owned	Hired	Total
31.3.96	51.29	18.46	69.75
31.3.97	51.93	19.26	71.19
31.3.98	52.29	19.99	72.28
31.12.98	53.17	19.96	73.13

Capacity Utilisation

4.2 The average utilisation of the Warehousing Capacity of the Corporation during the period April, 1998 to Sept., 1998 has been about 79.5%.

Diversification

4.3 Over the years, the Corporation had diversified its activities, As on 31.10.1998 it had 120 Custom Bonded Warehouses with a total capacity of about 9.65 lakh tonnes. It is operating Air Cargo complexes at Amritsar, Goa and Singallur to cater to the needs of export trade.

4.4 The CWC is also operating Inland Clearance Depot (ICD)/ Container Freight Stations (CFS) at Bhandup (Mumbai)/Patparganj (Delhi)/Royapuram (Chennai)/J.N.Port (Navi Mumbai)/Pune (Maharashtra)/Adalaj Ahd. (Gujarat)/Sanath Nagar (Hyd.)/Virugambakkam (Chennai)/Dronagiri Node (Navi Mumbai)/Calcutta (W. Bengal)/Madhavaram (Chennai)/Surat (Gujarat)/Kanpur (Uttar Pradesh)/Singnallur (Coimbatore)/Kandia Ghandhidham—(Gujarat)/Varanasi (Uttar Pradesh)/Panampur (Mangalore)/Nasik (Mah.)/Ambad/Udaipur (Rajasthan)/Kota (Rajasthan)/Kukatpalli (Hyd.)/Wality (Mah.)/ Raipur (Madhya Pradesh)/Saharanpur (Uttar Pradesh)/Paradeep Port and a Pontter Yard at J.N. Port.

Financial Performance

Turnover

4.5 The total turnover increased from Rs. 234.68 crores in 1996-97 to Rs. 253.34 crores during 1997-98. The major components of the turnover during 1997-98 are (i) Warehousing charges Rs. 198.02 crores, (ii) agency commission and miscellaneous receipts Rs. 33.68 crores, (iii) dividend on shares held in State Warehousing Corporations Rs. 1.95 crores, and (iv) other income Rs. 19.69 crores.

4.6 CWC plans to construct 1.89 lakh MT capacity godowns during the year 1999-2000. The location of godowns to be constructed is decided based on the potential assessed through survey. The location-wise capacity of godowns to be constructed during 1999-2000 is indicated at Annexure-II.

4.7 The CWC has been advised by the Ministry of Commerce to examine the feasibility of having a set up in the shape of off shore warehousing complex at Panama with a view to give a boost to the Indian exports to Latin America, as all the exports to that sector are to be routed from Panama.

Similarly efforts are on to have an entry into Vietnam where the Vietnamese authorities had shown interest in CWC's expertise for opening up of Custom Bonded Warehousing in that country.

4.8 The Corporation is planning to diversify its activities by having a backward and forward integration of movement of cargo to/from its warehouses thereby bringing the concept of becoming an ultimate logistic provider whereby the stocks can be transported from the production points to the ultimate consuming areas through the warehousing leg.

As far as construction of temperature controlled godowns for perishable items is concerned, the High Level Expert Committee of the Department of Agriculture & Co-operation on Cold Storage and Storage has recommended in their report that CWC should consider investing in specialised cold chain facilities, particularly for exports, depending upon the requirement and its viability.

CWC has carried out an exercise for planning a Pilot project in Punjab with the latest technology in coordination with Punjab Agro Industries Corporation.

CWC would also like to venture into the area of setting up of cold chain in the four States of Maharashtra, J&K, Kerala & Andhra Pradesh in co-ordination with APEDA depending upon the commercial viability of the projects.

4.9 The CWC has planned construction of warehouses with 8.20 lakh MT capacity during the 9th Five Year Plan. The physical targets achieved during the years 1997-98 and 1998-99 are as under:—

(Physical in Lakh MT)

Year	Target	Achievement
1997-98	1.40	1.54
1998-99	1.64	1.66 (likely)

(i) The storage capacity (owned + hired) of CWC as on 1.2.1999 was 73.07 lakh MTs.

The physical and financial targets and achievements during the last three years are as under:—

Year	Physical (In Lakh Tonnes)		Financial (Rs. in Crores)	
	Targets	Achievement	Targets	Achievement
1	2	3	4	5
1996-97	1.00	1.35	27.90	34.09
1997-98	1.40	1.54	32.00	40.69
1998-99	1.64	1.66 (likely)	32.00 (upto Feb., 1999)	46.62

CONSTRUCTION PROGRAMME 1999-2000 (CWC)

1	2
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M.P. STATE

1. Shaopurkalan	10,000 MT
2. Narainghpur (Kathotia)	5,000 MT
	<u>Total : 15,000 MT</u>

HARYANA

1. Karnal-III	10,000 MT
2. Assandh	5,000 MT
3. Sonapat	1,280 MT
4. Charkhi Dadri	3,600 MT
	<u>Total : 19,880 MT</u>

1	2
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ORISSA

1. Choudwar (Cuttack)	5,000 MT
2. Balasore	11,000 MT
Total :	<u>16,000 MT</u>

ANDHRA PRADESH

1. Adilabad	5000 MT
2. Chityal	5700 MT
3. Adoni	4380 MT
4. Vizag-II	10000 MT
Total:	<u>25080 MT</u>

PUNJAB

1. Moga-II	20,000 MT
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WEST BENGAL

1. Belda	6,000 MT
2. Malda	5,000 MT
3. Siliguri (Matigara)	5,000 MT
4. Pannihatti	20,000 MT
Total :	<u>36,000 MT</u>

KARNATAKA

1. Whitefield (Bangalore)	13,400 MT
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1	2
RAJASTHAN	
1. Bikaner	4,300 MT
2. Jaipur C&S (covered 7300 MT) (Open-7200 MT)	14,500 MT
Total :	<u>18,800 MT</u>
CHENNAI	
1. Tuticorin (covered 15000 MT) (open-18000 MT)	33,000 MT
Total :	<u>33,000 MT</u>
Grand Total : 1,97,160 MT	

Profit and Dividend

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

Year	Net pretax Profit	(Dividend paid)		
		To Central Govt.	Other	Total
1991-92	42.09	4.68	3.82	8.50
1992-93	22.89	2.62	2.14	4.76
1993-94	29.81	3.37	2.75	6.12
1994-95	38.01	4.12	3.36	7.48
1995-96	60.98	7.48	6.12	13.60
1996-97	84.95	9.36	7.65	17.01
1997-98	67.73	8.42	6.88	15.30
				(Approved)

Internal Resources

4.11 The Corporation has been generating internal resources which have grown significantly over the years and are sufficient for funding its own storage construction programme as well as contributing to the State Warehousing Corporations equity.

State Warehousing Corporations

4.12 The Central Warehousing Corporation has 16 associates in the State Warehousing Corporations. The total investment of the Central Warehousing Corporation, which is a 50% shareholder in the equity capital of State Warehousing Corporations was Rs. 50.81 crores as on 31.03.1998. The State Warehousing Corporations paid a total dividend of Rs. 1.95 crores to the Central Warehousing Corporation during 1997-98. The covered storage capacity available with the State Warehousing Corporations and the growth of capacity over the last 4 years is reflected in the following table:

(In lakh tonnes)			
As on	Owned	Hired	Total
31.3.1995	72.62	27.42	100.04
31.3.1996	79.06	33.00	112.06
31.3.1997	80.37	29.13	109.50
31.3.1998	81.60	26.20	107.80
31.12.1998	78.97	30.27	109.24

4.13 In a tropical country like ours, where due to great diversity in agro-climatic conditions, a variety of sub-tropical and tropical fruits and vegetables are grown, the importance of cold storage industry need not be over-emphasised. Recently the country witnessed an unusual shortage and unprecedented price rise in regard to potatoes and onions. The Committee recommend that CWC should come forward with the latest technology of installing cooling coil, air cooling, etc. and cold storage facilities in the areas having the potential to grow and consume the perishable items.

The Committee recommend that CWC should coordinate with FCI, SWC, Research Institutes to speed up the efforts in providing storage infrastructure to meet the present and future requirement of both perishable and non-perishable food articles, specifically essential commodities.

NEW DELHI;
15 April, 1999

25 Chaitra, 1921 (Saka)

RAGHUVANSH PRASAD SINGH,
Chairman,
Standing Committee on Food,
Civil Supplies and Public Distribution.

PART II

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON TUESDAY THE 30TH MARCH, 1999

The Committee sat from 11.00 hours to 13.30 hours.

Shri Raghuvansh Prasad Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Gangaram Koli
3. Shri Shyam Bihari Misra
4. Shri Bhanu Pratap Singh Verma
5. Shri Ramesh Chandra Dwivedi
6. Shri Abhaysinh S. Bhonsle
7. Shri Sadashivrao Dadoba Mandlik
8. Shri Ram Raghunath Chaudhary
9. Shri Madhab Rajbanshi
10. Shri C. P. Mudala Giriyappa
11. Shri P. Sankaran
12. Shri Ram Chandra Mallick
13. Shrimati A.K. Premajam
14. Shri Daroga Prasad Saroj
15. Shri R. Muthiah
16. Shri Ranen Barman
17. Shri Prakash Yashwant Ambedkar
18. Shri Satnam Singh Kainth
19. Shri Tarlochan Singh Tur

Rajya Sabha

20. Shrimati Urmilaben Chimanbhai Patel
21. Shri Onward L. Nongtdu
22. Shri Lajpat Rai
23. Shri Khagen Das
24. Sardar Balwinder Singh Bhundar

SECRETARIAT

1. Shri Krishan Lal — *Deputy Secretary*
2. Shri P.D. Malvalia — *Under Secretary*

WITNESSES

**Ministry of Food and Consumer Affairs
(Department of Food and Civil Supplies)**

1. Shri R.S. Mathur — Secretary (F&CS)
2. Shri C.S. Rao — AS&FA
3. Shri K.M. Sahni — J.S. (P)
4. Shri Balbir Singh — J.S. (S)
5. Shri S.C. Brahma — J.S. (CS)
6. Shrimati Poonam Dutt — Dir. (Coord.)
7. Shri S.S. Dawra — MD, FCI
8. Shri N.K. Choubey — MD, CWC

2. At the outset, the Chairman welcomed the representatives of the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies). The Chairman then asked the Secretary concerned to introduce his colleagues and the Secretary introduced his colleagues.

3. Thereafter, the Committee discussed with the representatives of the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies) the various points mentioned in the List of Points. The queries of Members were resolved by the representatives. The evidence was concluded.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING
COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC
DISTRIBUTION HELD ON THURSDAY, THE 8TH APRIL, 1999

The Committee sat from 11.30 hours to 13.10 hours.

Shri Raghuvansh Prasad Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Kariya Munda
3. Shri Prabhas Chandra Tiwari
4. Shri Gangaram Koli
5. Shri Shyam Bihari Misra
6. Shri Bhanu Pratap Singh Verma
7. Shri Ramesh Chandra Dwivedi
8. Shri Sadashivrao Dadoba Mandlik
9. Shri Ram Raghunath Chaudhary
10. Shri C.P. Mudala Giryappa
11. Shri P. Sankaran
12. Shri Ram Chandra Mallick
13. Shri Bajju Ban Riyan
14. Shri R. Muthiah
15. Shri Prakash Yashwant Ambedkar
16. Shri Tarlochan Singh Tur

Rajya Sabha

17. Shri Manohar Kant Dhyani
18. Shri Sukhdev Singh Libra

SECRETARIAT

- | | | |
|-----------------------|---|-------------------------|
| 1. Shri John Joseph | — | <i>Joint Secretary</i> |
| 2. Shri Krishan Lal | — | <i>Deputy Secretary</i> |
| 3. Shri P.D. Malvalia | — | <i>Under Secretary</i> |

(i) *Consideration and adoption of Draft Eighth Report.*

2. ** ** ** **

(ii) *Consideration and adoption of Draft Ninth Report.*

3. The Committee, then, considered the Draft Ninth Report on the Demands for Grants (1999-2000) relating to Department of Food and Civil Supplies, Ministry of Food and Consumer Affairs. The Committee adopted the report with certain amendments as shown in the Annexure.

(iii) *Consideration and adoption of Draft Tenth Report.*

4. ** ** ** **

5. The Committee authorised the Chairman to make consequential changes arising out of the factual verification of the report by the Department of Food and Civil Supplies, Ministry of Food and Consumer Affairs and present/lay the same in both the Houses of Parliament.

The Committee then adjourned.

[See para 3 of the Minutes of the Seventeenth Sitting of the Standing Committee on Food, Civil Supplies and Public Distribution (1999-2000)]

MODIFICATIONS/AMENDMENTS MADE BY THE COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION IN THE DRAFT NINTH REPORT ON DEMANDS FOR GRANTS (1999-2000) RELATING TO DEPARTMENT FOOD AND CIVIL SUPPLIES (MINISTRY OF FOOD AND CONSUMER AFFAIRS).

Page	Para	Line(s)	Modifications/Amendments
14	2.10	14	Add after 'scarcity.' "Special efforts for ensuring proper price in regard to coarsegrains must also be taken".
41	2.31	17	Add after 'country' "For this, norms may be adopted in consultation with the IGMRI for the construction of godowns whether in the private or public sector. The available storage capacity should be optimally used so that the maximum benefit is obtained."
42	2.33	13	Add after 'promptly.' "There should be a clear policy regarding the disposal of stocks which are older than two years. These should preferably be disposed of through auction."
56	2.44	8	Delete 'The Committee very strongly recommend that'.