

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:2602
ANSWERED ON:10.08.2010
SUBSIDY ON FOODGRAIN
Rajaram Shri Wakchaure Bhausahab

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the subsidy on foodgrains, has seen a phenomenal rise during the recent past;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the steps, including reduction in transit and storage losses, proposed to be taken to check rising prices?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) & (b): The total food subsidy released during the last three years is as under:

(Rs. in crore)
Years Subsidy released

2007-08 31259.68
2008-09 43668.08
2009-10 58242.45

Food Subsidy is released for the foodgrains lifted under Targeted Public Distribution System (TPDS), Other Welfare Schemes (OWS), Open Market Sale Scheme (OMSS) and for buffer carrying cost. Food Subsidy is on account of the differential between the Economic Cost and Central Issue Price (CIP). Economic Cost includes Minimum Support Price (MSP), procurement incidentals and distribution cost. The major reason for increase in food subsidy is the increase in economic cost of foodgrains on account of increase in MSP every year with CIP remaining static since 2002. Food subsidy has also increased due to increase in offtake of foodgrains under TPDS & Other Welfare Schemes in recent years.

(c): The steps taken for checking price rise of foodgrains and reducing transit & storage losses are given at Annexure.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (C) OF LOK SABHA UNSTARRED QUESTION NO. 2602 DUE FOR ANSWER ON 10.08.2010

- (i) Steps taken to contain price rise
To contain price rise of foodgrains, additional allocations have been made under TPDS and
OMSS to ensure sufficient availability of foodgrains to the consumers.

(II) STEPS TAKEN BY FOOD CORPORATION OF INDIA (FCI) TO REDUCE STORAGE & TRANSIT LOSSES

- (a) Security and Safety of Storage Complexes
Physical measures like installation of barbed wire fencing of the boundary walls, provision of street lights for illumination of godowns and proper locking of the sheds are taken to secure the godowns.
Security staff of FCI as well as other Agencies like Home Guards, Special Police Officers are deployed for safety of the stocks.
Deployment of Central Industrial Security Force and State Armed Police has been done at some depots / godowns, which are vulnerable.
FIRs have been lodged with the Police.

- (b) Inspections
Security Inspections as well as surprise checks of the Depots are also conducted from time to time at various levels to detect and plug the security lapses.

- # Special Squad checking at selected rail-heads, transshipment and destination/ despatch centers.
- # Identification of vulnerable points.
- # Inspection of Depots by Senior Officers of the HQs, Executive Directors (Zone) / General Managers (Region)/ Area Managers

(c) Quality Control Measures

- # Periodical prophylactic and curative treatment of stocks, as prescribed.
- # Maintaining priority list for issue of stocks observing the FIFO principle.
- # Undertaking pre-monsoon fumigation.
- # Improvement in dunnage material.
- # Ensuring proper quality checking of foodgrains at the time of procurement

(d) Preventive Measures and Monitoring of Losses

- # Streamlining of procedure and documentation for transparency and accountability in operations at each level.
- # Adoption of 50kg packing to avoid use of hooks
- # Double line machine stitching of bags.
- # Supervision of loading/unloading operations by the ICCS (Independent Consignment Certification Squad)
- # MOU is signed between FCI and Ministry of CAF&PD for the last 5 years. One of the parameters of MOU is to bring down/control storage & transit losses.
- # Monitoring of S&T Losses during Monthly Performance Review Meetings at Regional/Zonal/Headquarters levels
- # Transit Insurance of stocks

(e) Safeguards for Movement & Storage

- # Inspection and monitoring of calibration of weigh-bridges.
- # Ensuring that all FCI owned godowns are constructed and maintained on scientific lines for storage of foodgrains.
- # Movement of foodgrains from one place to another by safe means i.e. normally covered wagons etc.
- # Loading of standardized bags as far as possible and leaving 18 inches space near the flap doors.
- # Proper weightment and accounting at the time of receipt and issue.