

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

UNSTARRED QUESTION NO:3807

ANSWERED ON:04.09.2012

CUT IN FOOD SUBSIDY

Choudhry Smt. Shruti;Scindia Smt. Yashodhara Raje

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

- (a) the quantum of food subsidy allocated during each of the last three years and the current year;
- (b) whether the food subsidy to some of the States has been curtailed by the Government during the last one year;
- (c) if so, the details thereof along with the reasons therefor;
- (d) whether any criteria has been fixed for allocation of food subsidy to the States; and
- (e) if so, the details thereof, State-wise?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a):- The food subsidy allocated during the last three years and current year is as under:-

(Rs. in crore)

Year Subsidy allocated

2009-10 58242.45

2010-11 62929.56

2011-12 72370.90

2012-13 (BE) 74551.99

(b) to (e): No madam. Food Subsidy is released to Food Corporation of India (FCI) and Decentralised Procurement (DCP) States on distribution of foodgrains as the difference between cost of foodgrains procured and Central Issue Price (CIP). Under Decentralised Procurement (DCP) Scheme, States undertake the responsibility of procurement of foodgrains, its storage and distribution under Targeted Public Distribution System (TPDS). The entire difference between the economic cost of foodgrains and Central Issue Price (CIPs) is reimbursed to these States directly as food subsidy.

As per the current policy, an advance subsidy covering 90% of the estimated requirement is released during every quarter based on estimates given by DCP States. At the end of the quarter, based on provisional estimates given by States, provisional subsidy at 100% of fixed costs (Minimum Support Price, Bonus and Taxes) and 95% of variable costs (i.e. other remaining procurement incidentals) is released. The remaining actual subsidy is released based on the final audited statements submitted by DCP States.