

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

UNSTARRED QUESTION NO:1951
ANSWERED ON:01.12.2009
SUBSIDY UNDER PDS
Punia Shri P.L.

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

- (a) whether subsidy is provided on food-grains under the Public Distribution System and the Targeted Public Distribution System;
- (b) if so, the details thereof and the reasons therefor alongwith the estimated amount of subsidy given in this regard during the year 2008-09;
- (c) the cost of wheat and rice per tonne incurred during the said period by the Food Corporation of India (FCI) alongwith the cost of storage, storage loss and transport expenses thereon; and
- (d) the remedial measures including improving the operational efficiency of the FCI so as to check the rise in food subsidy?

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): Yes, Madam. The food subsidy is provided to meet the difference between economic cost of foodgrains and their sales realization at Central Issue Prices (CIPs) fixed for Targeted Public Distribution System (TPDS) and other welfare schemes. An amount of Rs. 43,668.08 crore (Rupees Forty three thousand six hundred sixty eight crore an eight lakhs only) was released towards food subsidy to FCI and State Governments undertaking decentralized procurement during 2008-09.

(c): The element wise break-up of economic cost for wheat and rice per quintal for 2008-09 is at Annexure. The total estimated storage loss as informed by FCI during the period was Rs. 167 crore, estimated transport expense was Rs. 2940 crore and estimated storage cost was Rs. 1563 crore.

(d): The increase in subsidy is primarily due to the increasing gap between Minimum Support Price (MSP) and Central Issue Price (CIP) with MSP increasing every year while CIPs have not been increased since 2001. In 2008-09, there has been an increase in administrative costs of FCI due to Pay Revision including payment of arrears.