

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

UNSTARRED QUESTION NO:3491

ANSWERED ON:11.08.2015

Subsidy Dues

Parthipan Shri R.

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

(a) whether the subsidy arrears of the Food Corporation of India (FCI) are outstanding against the Government have been rising if so, the details thereof and the reasons therefor indicating the amount outstanding during each of the last three years;

(b) whether procurement operations undertaken by FCI are likely to be affected due to paucity of funds;

(c) if so, the details thereof and the corrective steps taken in this regard; and

(d) whether there is any proposal before the Government to raise funds from the Life Insurance Corporation of India in form of long term loans to provide funds to FCI, if so, the details thereof and the time by which it is likely to be approved?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI RAM VILAS PASWAN)

(a): `Yes Madam. The subsidy arrears of the Food Corporation of India (FCI) have been rising over the years due to less allocation of funds from the Budget for Food Subsidy compared to projected requirement.

The details of progressive outstanding food subsidy arrears of FCI against Government of India as on 31st March, 2015 are given as under:

(Rs in crores)

Year Opening Balance of outstanding subsidy Total subsidy claim for the year (including outstanding balance) Subsidy released during the Year Closing Balance of outstanding subsidy

2012-13 23,427 1,03,733 71,980 31,753

2013-14 31,753 1,21,133 75,500 45,633

2014-15 (RE) 45,633 1,48,109 91,995 56,114

...2/-

...2...

(b) & (c): Since most of the procurement is done by State Governments/designated agencies, FCI is required to ensure timely payment of procurement incidentals to them against delivery of food grains for Central Pool operations. However, owing to substantial gap between requirement of funds and actual budgetary allocation from Government of India, FCI had to stop the payments intermittently on three occasions to State Agencies in Financial Year 2014-15 which might have caused some inconvenience to State Governments/ designated agencies.

This Department has regularly been pursuing the matter regarding allocation of sufficient fund for FCI in order to ensure smooth procurement operations. Though Government has also increased the budgetary allocation for food subsidy in recent years but owing to resources constraints and other pressing financial commitments, allocation made is still insufficient to meet the actual requirement of funds for FCI.

Some of the measures taken by the Government to make available sufficient funds to FCI for timely payments to state governments/agencies for smooth procurement operations, are as under:

(i) Sanction of Cash Credit Limit (CCL) of Rs.54495 crore.

(ii) Enhancement of limit of Short Term Loan from Rs.20000 crore to Rs.30000 crore.

(iii) Sanction of Ways and Means Advance of Rs.10000 crore.

(d): A proposal to this effect has been received from FCI and the same is under active consideration of the Ministry of Finance.
