

# Demand for Grants 2018-19 Analysis

## Food and Public Distribution

The Ministry of Consumer Affairs and Public Distribution has two Departments: (i) Food and Public Distribution, and (ii) Consumer Affairs. The Ministry received the second highest budgetary allocation by the central government among all ministries.

**Department of Consumer Affairs** is responsible for spreading awareness among consumers about their rights, protecting their interests and preventing black marketing.<sup>1</sup> In 2018-19, the Department has been allocated Rs 1,785 core, which is 52% lower than the revised estimates of 2017-18.<sup>2</sup>

This note examines the allocations for the Department of Food and Public Distribution. It also looks at broad issues in the sector, along with key recommendations and observations made by expert committees.

### Overview of Finances

#### Budget Estimates 2018-19

(Details in Annexure)

**Table 1: Allocations for the Ministry (Rs crore)**

Department	2016-17 Actuals	2017-18 Revised	2018-19 Budgeted	% change in 2018-19 over 2017-18
Consumer Affairs	7,254	3,716	1,785	-52%
Food & Public Distribution	1,15,145	1,45,892	1,74,159	19.4%
<b>Total</b>	<b>1,22,399</b>	<b>1,49,608</b>	<b>1,75,944</b>	<b>17.6%</b>

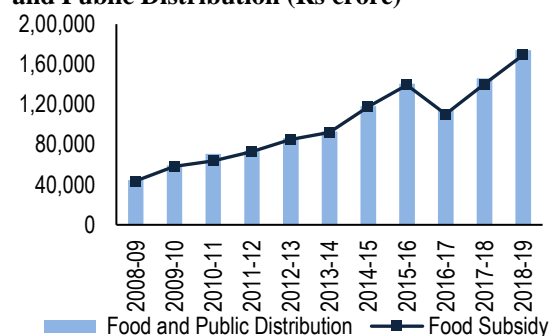
Sources: Expenditure Budget, Union Budget 2018-19; PRS.

**Department of Food and Public Distribution** is responsible for ensuring food security through procurement, storage and distribution of food grains.<sup>3</sup> The Food Corporation of India (FCI) is responsible for some of these functions.<sup>4</sup> In 2018-19, the Department has been allocated Rs 1,74,159 crore, which is 99% of the Ministry's allocation.<sup>2</sup> Allocation to this Department accounts for 7.1% of the central government's budgeted expenditure.

Food subsidy has been the largest component of the Department's expenditure (96% in 2018-19).<sup>2</sup> This subsidy is given to FCI under the National Food Security Act, 2013 for the Targeted Public Distribution System (TPDS) or to states for the decentralised procurement of food grains. The National Food Security Act, 2013 is mandated to cover 75% of the population from rural areas and 50% from urban areas, and currently covers 81 crore people.<sup>5,6</sup> Figure 1 shows the total allocation

for the Department over the past 10 years and its corresponding expenditure on food subsidy.

**Figure 1: Allocation to the Department of Food and Public Distribution (Rs crore)**

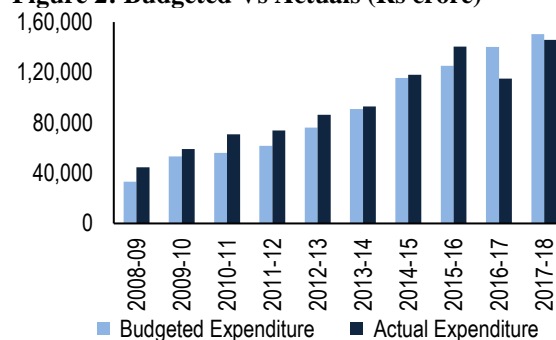


Note: Figures for 2017-18 are revised estimates; and for 2018-19 are budget estimate.

Sources: Expenditure Budget, Union Budgets 2007-08 to 2018-19; PRS.

As seen in Figure 2, over the last 10 years, the actual expenditure of the Department has been higher than the budget estimates for that year. However, this trend reversed in 2016-17 where the actual expenditure was 18% lower than the budget estimates.

**Figure 2: Budgeted Vs Actuals (Rs crore)**



Note: Figures for 2017-18 are revised estimates;

Sources: Expenditure Budget, Union Budgets 2008-09 to 2018-19); PRS.

#### Trends in expenditure on food subsidy

Food subsidy is the cost incurred and subsequently reimbursed by the Ministry for the procurement, storage and distribution of food grains in the country. This subsidy is the difference between the cost of procuring food grains and the price at which they are given to the beneficiaries (known as Central Issue Price).

As seen in Table 2, expenditure on food subsidy is classified under three heads: (i) subsidy to FCI for TPDS, (ii) subsidy to states for decentralised procurement, and (iii) sugar subsidy.

**Table 2: Break-up of food subsidy (Rs crore)**

Subsidy	2016-17 Actuals	2017-18 Revised	2018-19 Budgeted	% change in 2018-19 over 2017-18
Subsidy to FCI on food grains	78,335	1,01,982	1,38,123	35.4%
Subsidy to states on DCP	27,338	8,000	31,000	-18.4%
Sugar subsidy	4,500	300	200	-33.3%
<b>Total</b>	<b>1,10,173</b>	<b>1,40,282</b>	<b>1,69,323</b>	<b>20.7%</b>

Sources: Demand for Grants 2018-19, Department of Food and Public Distribution; PRS.

**Sugar Industry:** In 2018-19, Rs 200 crore has been allocated for the development of the sugar industry, which is 33% lower than the revised estimates of 2017-18. The allocated money is used to provide financial assistance to the sugar industry and facilitate payment to sugar cane farmers.

Note that as of March 2017, Rs 11,759 crore was outstanding against sugar mills for payment of dues to farmers.<sup>7</sup> State-wise details of the arrears can be found in Table 16 of the Annexure.

The expenditure on food subsidy has increased four-fold over the past 10 years, from Rs 43,751 crore in 2008-09 to Rs 1,69,323 crore in 2018-19. The Standing Committee on Food and Public Distribution noted that the reasons for the increase in food subsidy include an increase in the procurement cost of food grains, non-revision of the central issue price since 2002, and the implementation of the National Food Security Act, 2013 in all states, among others.<sup>8</sup> Table 3 looks at the expenditure on food subsidy over the last 10 years, and its share in the total Union Budget.

**Table 3: Expenditure on food subsidy (2008 to 2018) (Rs crore)**

Year	Food subsidy	% increase over previous year	% of total budget
2008-09	43,751	40%	4.9%
2009-10	58,443	34%	7.8%
2010-11	63,844	9%	5.3%
2011-12	72,822	14%	5.6%
2012-13	85,000	17%	6.0%
2013-14	92,000	8%	5.9%
2014-15	1,17,671	28%	7.1%
2015-16	1,39,419	18%	7.8%
2016-17	1,10,173	-21%	5.6%
2017-18	1,40,282	27%	6.3%
2018-19	1,69,323	21%	6.9%

Note: Figures for 2017-18 are revised estimates; and for 2018-19 are budget estimate.  
Sources: Expenditure Budget, Union Budgets 2008-09 to 2018-19; PRS.

## Issues

In this section, we examine some issues with the delivery of food subsidy, current challenges in PDS and discuss alternative subsidy systems proposed by various committees and experts over the years.

### Provision of food subsidy

Targeted Public Distribution System (TPDS) sought to provide food security to people below the poverty line. Over the years, while the expenditure on food subsidy has increased, the ratio of people below the poverty line has reduced. (Table 4)

**Table 4: Poverty ratio and number of poor persons**

Year	Poverty Ratio (%)	No. of Poor (Crore)
1973-74	54.9%	32.1
1977-78	51.3%	32.9
1983-84	44.5%	32.3
1987-88	38.9%	30.7
1993-94	36.0%	32.0
2004-05	27.5%	30.2
2011-12	21.9%	26.9

Note: Figures from 1973 to 2004 have been computed using the Lakdawala Methodology, and figures for 2011-12 using the Tendulkar Methodology.

Sources: Planning Commission; PRS.

A similar trend can also be seen in the proportion of undernourished persons in India, which reduced from 24% in 1990 to 15% in 2014 (Table 5).

**Table 5: Undernourishment data (1992-2015)**

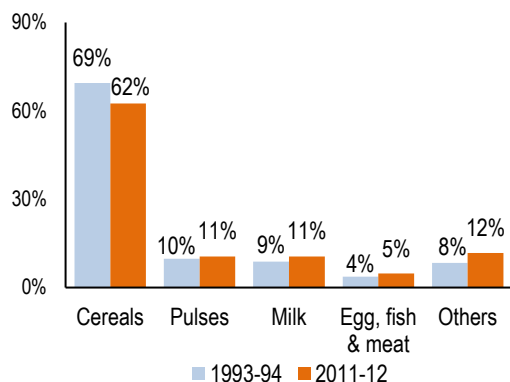
Year	Number of undernourished persons (crores)	Proportion of undernourished in total population (%)
1990-92	21	24%
2000-02	19	18%
2005-07	23	21%
2010-12	19	16%
2014-15*	20	15%

\*Provisional data.

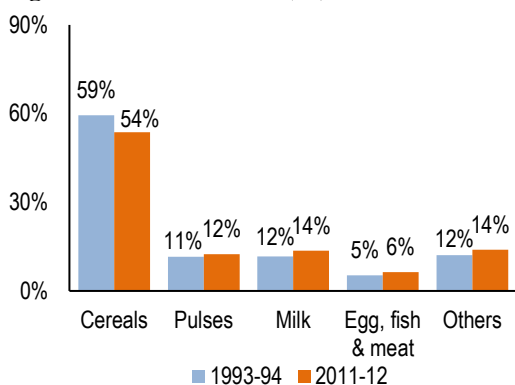
Sources: Food and Agriculture Organisation, 2015: Table 5.14, Chapter 5, Economic Survey 2015-16; PRS.

**Nutritional balance:** The National Food Security Act, 2013 guarantees five kg of food grains per person per month to entitled beneficiaries. Further, Antyodaya Anna Yojana households which constitute the poorest of the poor, are entitled to 35 kg per household per month.

As can be seen in Figure 3 and Figure 4, there has been a change in the pattern of nutritional intake among people both in rural and urban areas.

**Figure 3: Protein intake (%) in rural areas**

Sources: "Nutritional intake in India 2011-12", NSSO; PRS.

**Figure 4: Protein intake (%) in urban areas**

Sources: "Nutritional intake in India 2011-12", NSSO; PRS.

Although, cereals or food grains contain only 10% protein, their share as a percentage of the total protein intake has been over 50% in both rural and urban areas.<sup>9</sup> However, other foods such as meat and pulses contain more than 20% protein but contribute to only 15% of the total protein intake of the country.<sup>9</sup>

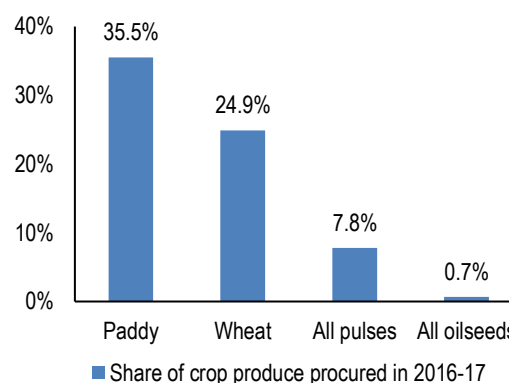
The share of cereals in food consumption has reduced by 7% in rural areas and 5% in urban areas, whereas that of milk, eggs, fish and meat has increased.<sup>9</sup> This indicates a reduced preference for wheat and rice, and a rise in preference towards other protein rich food items. The National Food Security Act, 2013 states that the central government and state governments should undertake steps to diversify commodities distributed under TPDS.<sup>5</sup>

More details related to the intake of calorie and nutrients by the rural and urban population can be found in Table 9 and Table 10 of the Annexure.

**Imbalance in farm production:** Minimum Support Price (MSP) is the price at which the government purchases a farmer's produce. Typically, the MSP is higher than the market price and seeks to incentivise farmers to grow crops on which the support is offered. Food grains for PDS are usually procured at the MSP. As a result, procurement under MSP has been restricted to

wheat and paddy (rice) in a few states, to maintain a buffer stock for release under PDS.<sup>10,11</sup>

It has been argued that this skews the production of crops in favour of wheat and paddy, and does not offer an incentive for farmers to produce other items such as pulses.<sup>19</sup> The figure below shows the share of crop produce procured in 2016-17.

**Figure 5: Share of crop procured in 2016-17 (%)**

Sources: Committee on Doubling Farmers' Income 2017; Ministry of Agriculture and Farmers Welfare; PRS.

### Revision of central issue price (CIP)

Under the National Food Security Act, 2013, food subsidy is given to beneficiaries at the CIP, which was last revised in 2002. CIP for wheat and rice can be found in Table 6.

**Table 6: Central Issue Price (Rs/Kg)**

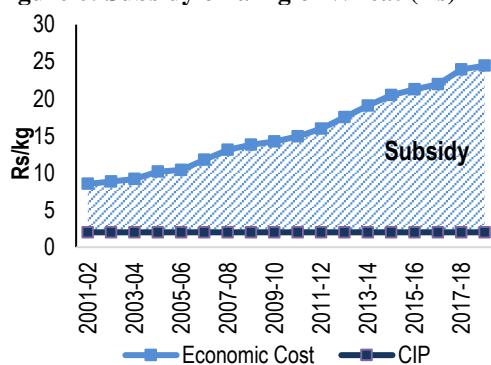
Commodity	AAY	BPL	APL
Rice	3.00	5.65	7.95
Wheat	2.00	4.15	6.10

Note: AAY-Antyodaya Anna Yojana, BPL-Below Poverty Line, APL-Above Poverty Line.

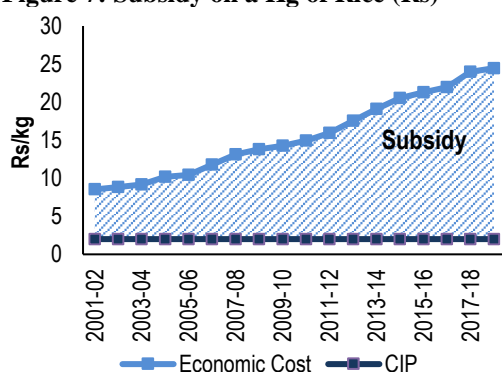
Sources: TPDS, Department of Food and Public Distribution.

In comparison to the CIP, the economic cost (including procurement, stocking, distribution) for wheat is Rs 24/kg and for rice is Rs 33/kg as of February 2018.<sup>12</sup> Food subsidy is calculated as the difference between the economic cost of procuring food grains, and their CIP.

While the economic cost for rice has increased from Rs 1,098/quintal (approximately Rs 11/Kg) in 2001-02 to Rs 3,310 /quintal in 2018-19, and of wheat, from Rs 853/quintal to Rs 2,446/quintal over the same period, the CIP has not been revised.<sup>12</sup> This has led to an increasing gap between the economic cost and CIP, leading to an increase in expenditure on food subsidy.<sup>19</sup> Trends in economic cost, CIP and subsidies for wheat and rice can be found in Figure 6 and Figure 7 below.

**Figure 6: Subsidy on a Kg of Wheat (Rs)**

Sources: Food Corporation of India; PRS.

**Figure 7: Subsidy on a Kg of Rice (Rs)**

Sources: Food Corporation of India; PRS.

In 2017-18, the Ministry had stated that increasing the CIP could be one of the measures to bridge the gap between the funds it requires, and the funds it is actually allocated.<sup>7</sup> Details related to the procurement of food grains, off-take and stock can be found in of the Annexure.

### Delivery of food subsidy

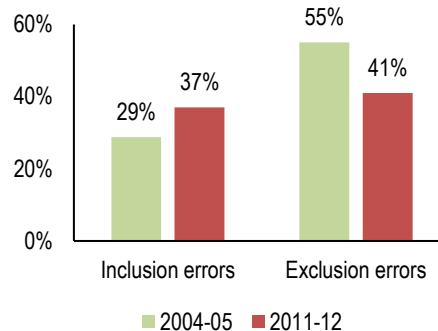
**Leakages in PDS:** Leakages refer to food grains not reaching intended beneficiaries. According to 2011 data, leakages in PDS were estimated to be 46.7% (see Table 11).<sup>4,13</sup>

Leakages may be of three types: (i) pilferage or damage during transportation of food grains, (ii) diversion to non-beneficiaries at fair price shops through issue of ghost cards, and (iii) exclusion of people entitled to food grains but who are not on the beneficiary list.<sup>14,15</sup> Studies have shown that targeting mechanisms such as TPDS are prone to large exclusion and inclusion errors.<sup>16</sup>

**Exclusion errors** occur when entitled beneficiaries do not get food grains. It refers to the percentage of poor households that are entitled to but do not have PDS cards. As seen in Figure 8, exclusion errors declined from 55% in 2004-05 to 41% in 2011-12.

**Inclusion errors** occur when those that are ineligible get undue benefits. Inclusion errors increased from 29% in 2004-05 to 37% in 2011-12.

Declining exclusion errors and increasing inclusion errors are due to two reasons. First, increase in the coverage of TPDS has reduced the proportion of poor who do not have access to PDS cards. Second, despite a decline in poverty rate, the non-poor are still identified as poor by the government thus allowing them to continue using their PDS cards.<sup>17</sup>

**Figure 8: Inclusion and exclusion errors (%)**

Sources: Evaluation study on the role of PDS in shaping households and nutritional security in India, Niti Aayog, December 2016; PRS.

Note that under NFSA, states are responsible for identification of beneficiaries. In 2016, the Comptroller and Auditor General (CAG) found that this process had not been completed by the states, and 49% of the beneficiaries were yet to be identified.<sup>18</sup>

**Alternative subsidy systems:** Over the years, several solutions that have been suggested include: (i) DBT of food subsidy, and (ii) end to end computerisation of the entire system.<sup>4,38</sup>

The NFSA states that the centre and states should introduce schemes for cash transfers to beneficiaries.<sup>5</sup> Various experts and bodies have also suggested replacing TPDS with a Direct Benefit Transfer (DBT) system.<sup>19,20</sup> Advantages and disadvantages of these methods of delivering benefits have been discussed below.

- **TPDS:** TPDS assures beneficiaries that they would receive food grains, and insulates them against inflation and price volatility. Further, food grains are delivered through fair price shops in villages, which are easy to access.<sup>21,22</sup>

However, high leakages have been witnessed in the system, both during transportation and distribution. These include pilferage and errors of inclusion and exclusion from the beneficiary list. In addition, it has also been argued that the distribution of wheat and rice may cause an imbalance in the nutritional intake.<sup>5</sup> Beneficiaries have also reported receiving poor quality food grains as part of the system.

- **Cash Transfers:** Cash transfers seek to increase the choices available with a beneficiary, and provide financial assistance. It has been argued that the costs of DBT may be lesser than TPDS, owing to lesser costs incurred on transport and storage. These transfers may also be undertaken electronically.<sup>21,22</sup>

On the other hand, it has been argued that cash received as part of DBT may be spent on non-food items. Further, such a system may expose beneficiaries to inflation. In this regard, one may also consider the low penetration and access to banking in rural areas.<sup>23</sup>

In 2015, the Department released two notifications: The Cash Transfer of Food Subsidy Rules and The Food Security (Assistance to State Governments) Rules.<sup>25,26</sup> As per these notifications, the central government offers state governments two choices for reforming their respective PDS machinery: (i) replacing the existing PDS with DBT, or (ii) Fair Price Shop automation, which involves installation of Point of Sale devices, for authentication of beneficiaries and electronic capturing of transactions.

#### Evaluation Report on DBT in Food by Niti Aayog, July 2017<sup>24</sup>

Since September 2015, DBT for food subsidy is being implemented in Puducherry, Chandigarh, and Dadra and Nagar Haveli.<sup>27</sup> In July 2017, Niti Aayog conducted an evaluation study of DBT in the three union territories. Key findings of the study include:

- On average, only two thirds of beneficiaries confirmed receiving the DBT benefits in their accounts. (67% in Chandigarh, 67% in Puducherry and 65% in Dadra and Nagar Haveli)
- On average, it costs beneficiaries more (in time and money) to access and redeem DBT amount than in collecting food rations from Fair Price Shops.
- Adding the time costs and expenses incurred in travel with the additional out of pocket spending on rations, 24% of beneficiaries cited DBT entitlement insufficiency as the biggest issue they faced.

So far, more than 2.9 lakh (54%) Fair Price Shops have been automated across the country.<sup>27</sup> Details regarding the status of computerisation of PDS can be found in Table of the Annexure.

The High-Level Committee on Restructuring of FCI in 2015 had suggested that switching to DBT for food subsidy would reduce the food subsidy bill of the government by more than Rs 30,000 crore.<sup>28</sup>

While making this recommendation, the Committee illustrated this by taking the case of subsidy given on rice (Table 7). It assumed that as part of DBT, the government would transfer Rs 22/Kg for rice to a beneficiary.

**Table 7: Illustration: subsidy given on Rice**

1. CIP	Rs 3/Kg
2. MSP	Rs 20/Kg
3. Subsidy (3=2-1)	Rs 17/Kg
.....	
4. Cost to government (Subsidy + Costs on procurement, storage and distribution)	Rs 27/Kg
5. Cash subsidy to beneficiaries	Rs 22/Kg
.....	
6. Government saving (6=5-4)	Rs 5/Kg
7. Increase in beneficiary benefit (7=5-3)	Rs 5/Kg

Sources: High Level Committee Report on Reorienting FCI, January 2015; PRS.

**Aadhaar:** The Committee had also recommended the introduction of biometrics and Aadhaar to plug leakages in PDS. Such transfers could be linked to Jan Dhan account, and be indexed to inflation.<sup>28</sup> As of December 2017, 119 crore Aadhaar cards had been issued, covering 98% of the population.<sup>29</sup>

In February 2017, the Ministry made it mandatory for beneficiaries under NFSA to use Aadhaar as proof of identification for receiving food grains.<sup>30</sup> This is expected to facilitate the removal of bogus ration cards, check leakages and ensure better delivery of food grains.<sup>4,31,32</sup>

Note that as of July 2017, while 100% ration cards had been digitised, the seeding of these cards with Aadhaar was at 79%.<sup>33</sup> For details related to deleted ration cards due to detection of bogus, fake, and duplicate cards, see Table 13 of the Annexure.

#### Current challenges in PDS

**Storage:** The Department allocates funds for the construction of godowns to increase storage capacity. This includes allocations for the Warehousing Development and Regulatory Authority (WADA). In 2018-19, Rs 60 crore has been allocated for storage and godowns, and Rs eight crore has been allocated to WADA.

As of December 2017, the total storage capacity in the country is 725 lakh tonnes, of which 359 lakh tonnes is with the FCI and 366 lakh tonnes is with the state agencies.<sup>34</sup> The total stock of food grains in the country as of July 2017 was 555 lakh tonnes.

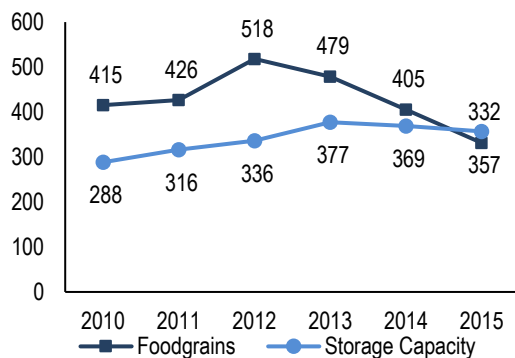
The CAG in its performance audit found that the available storage capacity in states was inadequate for the allocated quantity of food grains.<sup>35</sup> For example, as of October 2015, of the 233 godowns sanctioned for construction in Maharashtra, only 93 had been completed. In Assam, although the storage capacity was enough for the state's allocation, the conditions of the godown were found to be too damp for storage. Some of the



storage in Jharkhand was also found to be unfit, either because of its remote location or the damaged condition of the godowns.

The CAG also noted that in four of the last five years, the stock of food grains in the central pool had been higher than the storage capacity available with the FCI (see Figure 9).<sup>23</sup>

**Figure 9: Stock and Capacity of FCI (lakh tonnes)**



Sources: CAG Performance Audit on Preparedness for Implementation of National Food Security Act, 2013; PRS.

As seen in Figure , it was only in 2015 that the stock of food grains was lower than the storage capacity. According to the CAG, this was owing to an increase in procurement under Decentralised Procurement (DCP), and less food grains in the central pool.<sup>23</sup> Under DCP, the state governments undertake procurement, storage and distribution of food grains on behalf of the central government. The states are reimbursed by the centre for the expenditure incurred by them.<sup>36</sup>

The Standing Committee on Food, Consumer Affairs and Public Distribution has recommended increasing the procurement undertaken by states, and reducing the expenditure on centralised procurement by the FCI.<sup>7</sup> They noted that this would drastically reduce the transportation cost borne by the government as states would distribute the food grains to the targeted population within their respective states. As on December 2017, only 17 states have adopted decentralised procurement.<sup>37</sup>

Note that during 2018-19, while the food subsidy given to FCI has increased by 35% over the revised estimates of 2017-18, the allocation to states for DCP reduced by 18%.<sup>2</sup>

**Fair Price Shops:** It has been observed by various experts and the Ministry that the margins on which the Fair Price Shops operate are low.<sup>38</sup> Further, in the absence of economic viability, there may be cases where the dealer resorts to unfair practices. In order to make these shops viable, states have taken various steps:

- Chhattisgarh provided seed capital of Rs 75,000 to each fair price shop free of any interest for 20 years. It also increased the commission on food grains from Rs 8/quintal to Rs 30/quintal.
- States such as Assam and Delhi have permitted the sale of non-PDS items at these fair price shops. Such items include oil, potatoes, onion, tea, and mobile recharge coupons.

<sup>1</sup> Functions and the duties of the Department of Consumer Affairs, Department of Consumer Affairs, <http://consumeraffairs.nic.in/forms/contentpage.aspx?lid=204>.

<sup>2</sup> Expenditure Budget, Union Budget 2018-19, <http://unionbudget.nic.in/ub2018-19/eb/allsbef.pdf>.

<sup>3</sup> Department of Food and Public Distribution, <http://dfpd.nic.in/>.

<sup>4</sup> Report of the High Level Committee on Reorienting the Role and Restructuring of Food Corporation of India, January 2015, [http://www.fci.gov.in/app2/webroot/upload/News/Report%20of%20the%20High%20Level%20Committee%20on%20Reorienting%20the%20Role%20and%20Restructuring%20of%20FCI\\_English\\_1.pdf](http://www.fci.gov.in/app2/webroot/upload/News/Report%20of%20the%20High%20Level%20Committee%20on%20Reorienting%20the%20Role%20and%20Restructuring%20of%20FCI_English_1.pdf).

<sup>5</sup> National Food Security Act, 2013, <http://indiacode.nic.in/acts-in-pdf/202013.pdf>.

<sup>6</sup> Unstarred Question No. 612, Lok Sabha, Ministry of Consumer Affairs, Food and Public Distribution, Answered on February 6, 2018, <http://164.100.47.190/loksabhaquestions/annex/14/AU612.pdf>.

<sup>7</sup> 15<sup>th</sup> Report of the Standing Committee on Food, Consumer Affairs and Public Distribution: Demands for Grants 2017-18, Department of Food and Public Distribution, [http://164.100.47.193/isscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/16\\_Food\\_Consumer\\_Affairs\\_And\\_Public\\_Distribution\\_15.pdf](http://164.100.47.193/isscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/16_Food_Consumer_Affairs_And_Public_Distribution_15.pdf).

<sup>8</sup> 18<sup>th</sup> Report of the Standing Committee on Food, Consumer Affairs and Public Distribution: Demands for Grants 2017-18, Department of Food and Public Distribution, [http://164.100.47.193/isscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/16\\_Food\\_Consumer\\_Affairs\\_And\\_Public\\_Distribution\\_18.pdf](http://164.100.47.193/isscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/16_Food_Consumer_Affairs_And_Public_Distribution_18.pdf).

[http://164.100.47.193/isscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/16\\_Food\\_Consumer\\_Affairs\\_And\\_Public\\_Distribution\\_18.pdf](http://164.100.47.193/isscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/16_Food_Consumer_Affairs_And_Public_Distribution_18.pdf).

<sup>9</sup> "Nutritional Intake in India 2011-12, NSS 68<sup>th</sup> Round, National Sample Survey Office, Ministry of Statistics and Programme Implementation, October 2014, [http://mospi.nic.in/sites/default/files/publication\\_reports/nss\\_report\\_560\\_19dec14.pdf](http://mospi.nic.in/sites/default/files/publication_reports/nss_report_560_19dec14.pdf).

<sup>10</sup> Volume II, Economic Survey of India 2015-16, <http://indiabudget.nic.in/es2015-16/echapvol2-05.pdf>.

<sup>11</sup> Task Force on Agricultural Development, NITI Aayog, [http://niti.gov.in/mgov\\_file/Raising%20Agricultural%20Productivity%20and%20Making%20Farming%20Remunerative%20for%20Farmers.pdf](http://niti.gov.in/mgov_file/Raising%20Agricultural%20Productivity%20and%20Making%20Farming%20Remunerative%20for%20Farmers.pdf).

<sup>12</sup> Economic Cost, Food Corporation of India (last accessed on February 9, 2018), <http://fci.gov.in/finances.php?view=23>.

<sup>13</sup> Third Report of the Standing Committee on Food, Consumer Affairs and Public Distribution: Demands for Grants 2015-16, Department of Food and Public Distribution, [http://164.100.47.193/isscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/16\\_Food\\_Consumer\\_Affairs\\_And\\_Public\\_Distribution\\_3.pdf](http://164.100.47.193/isscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/16_Food_Consumer_Affairs_And_Public_Distribution_3.pdf).

<sup>14</sup> The Case for Direct Cash Transfers to the Poor, Economic and Political Weekly, April 2008, [http://www.epw.in/system/files/pdf/2008\\_43/15/The\\_Case\\_for\\_Direct\\_Cash\\_Transfers\\_to\\_the\\_Poor.pdf](http://www.epw.in/system/files/pdf/2008_43/15/The_Case_for_Direct_Cash_Transfers_to_the_Poor.pdf).

<sup>15</sup> Performance Evaluation of Targeted Public Distribution System, Planning Commission of India, March 2005, [http://planningcommission.nic.in/reports/peoreport/peo/peo\\_tpd\\_s.pdf](http://planningcommission.nic.in/reports/peoreport/peo/peo_tpd_s.pdf).

- <sup>16</sup> Report of the Expert Group to advise the Ministry of Rural Development in the methodology for conducting the Below Poverty Line (BPL) Census for 11<sup>th</sup> Five Year Plan, August 2009, <http://rural.nic.in/sites/downloads/circular/ReportofExpertGroupChaired-Dr.N.C.Saxena.pdf>.
- <sup>17</sup> Evaluation Study on the Role of Public Distribution System in shaping household and nutritional security in India, Niti Aayog, December 2016, [http://niti.gov.in/writereaddata/files/document\\_publication/Final%20PDS%20Report-new.pdf](http://niti.gov.in/writereaddata/files/document_publication/Final%20PDS%20Report-new.pdf).
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## Annexure

### Detailed expenditure table

Table provides an overview of expenditure on the major schemes of the Ministry, provided in the Demands for Grants (2018-19). In addition, major shifts in the budgetary allocation are shown in the last two columns.

**Table 8: Major heads of allocation in the Department of Food and Public Distribution (in Rs crore)**

Major Heads	Actual 2016-2017	Budget 2017-2018	Revised 2017-2018	Budget 2018-2019	% increase in 2018-19 (BE) over 2017-18 (RE)	Increase
Secretariat	50	55	65	64	-2%	1
National Sugar Institute, Kanpur	19	21	20	24	15%	3
Other Establishment Expenditure of Food, Storage and Warehousing	17	19	18	19	5%	1
Food Subsidy	1,10,173	1,45,339	1,40,282	1,69,323	21%	29,041
<i>Of which:</i>						-
Food Subsidy to FCI under NFSA	78,335	1,07,139	1,01,982	1,38,123	35%	36,141
Food Subsidy for DCP of Food grains under NFSA	27,338	38,000	38,000	31,000	-18%	7,000
Sugar Subsidy payable under PDS	4,500	200	300	200	-33%	100
Assistance to State Agencies for intra- state movement of food grains and FPS dealers margin under NFSA	2,500	4,500	4,500	4,000	-11%	500
Development of Sugar Industry	1,672	496	918	611	-33%	307
Strengthening of PDS Operations	57	-	30	41	39%	12
Storage and Godowns	12	60	53	60	14%	7
Warehousing Development and Regulatory Authority	15	15	7	8	21%	1
Other	589	-	0	10		
<b>Total</b>	<b>1,15,145</b>	<b>1,50,505</b>	<b>1,45,892</b>	<b>1,74,159</b>	<b>19%</b>	<b>28,267</b>

Sources: Expenditure Budget, Vol. 2, Union Budget 2018-19; PRS.

**Table 9: Share of calorie intake from different food groups (%)**

	Cereals	Pulses, nuts & oilseeds	Vegetables & fruits	Meats, eggs & fish	Milk & milk products	Miscellaneous food
<b>Rural</b>						
1993-94	71.0	4.9	2.0	0.7	6.2	2.4
1999-00	67.6	5.5	2.0	0.8	6.2	2.3
2004-05	67.5	5.0	2.2	0.8	6.4	3.0
2009-10	64.2	4.5	1.8	0.7	6.8	6.0
2011-12	61.1	5.2	1.9	0.8	7.1	7.0
<b>Urban</b>						
1993-94	58.5	6.1	3.3	1.0	8.0	5.6
1999-00	55.1	6.9	2.9	1.1	8.2	5.5
2004-05	56.1	6.7	3.2	1.1	8.6	5.3
2009-10	55.0	5.9	2.6	1.0	9.4	5.9
2011-12	51.6	6.4	2.6	1.1	9.1	8.6

Sources: Table T18, "Nutritional Intake in India, 2011-12", NSSO; PRS.



**Table 10: Share of protein intake (%)**

Year	Cereals	Pulses	Milk & milk products	Egg, fish & meat	Other food
<b>Rural</b>					
1993-94	69.4	9.8	8.8	3.7	8.4
1999-00	67.4	10.9	9.2	4.0	8.4
2004-05	66.4	9.5	9.3	4.0	10.8
2009-10	64.9	9.1	10.0	4.0	12.0
2011-12	62.5	10.6	10.6	4.7	11.7
<b>Urban</b>					
1993-94	59.4	11.5	11.7	5.3	12.1
1999-00	57.0	13.1	12.4	6.0	11.5
2004-05	56.2	11.0	12.3	5.5	15.0
2009-10	56.4	11.3	13.8	5.6	13.0
2011-12	53.7	12.4	13.6	6.4	13.9

Sources: Table T21, "Nutritional Intake in India, 2011-12", NSSO; PRS.

**Table 11: Leakages in PDS for wheat and rice (in lakh tonnes)**

State/UT	Total consumption from PDS	Offtake (2011-12)	Leakage	% leakage
Andhra Pradesh	36.1	40.7	4.6	11.3%
Arunachal Pradesh	0.8	1.0	0.2	20.0%
Assam	9.5	24.4	14.9	61.1%
Bihar	11.3	36.2	24.9	68.8%
Chhattisgarh	16.7	16.7	0.0	0.0%
Goa	0.4	0.8	0.4	50.0%
Gujarat	4.4	15.7	11.3	72.0%
Haryana	2.2	7.3	5.1	69.9%
Himachal Pradesh	4.9	6.3	1.4	22.2%
Jammu and Kashmir	8.8	9.1	0.3	3.3%
Jharkhand	3.1	12.4	9.3	75.0%
Karnataka	16.2	30.1	13.9	46.2%
Kerala	11.4	20.1	8.7	43.3%
Madhya Pradesh	15.5	30.7	15.2	49.5%
Maharashtra	19.3	42.7	23.4	54.8%
Manipur	0.0	2.0	2.0	100.0%
Meghalaya	0.8	2.5	1.7	68.0%
Mizoram	0.9	1.1	0.2	18.2%
Nagaland	0.1	2.0	1.9	95.0%
Odisha	15.4	24.4	9.0	36.9%
Punjab	3.4	8.7	5.3	60.9%
Rajasthan	10.1	29.8	19.7	66.1%
Sikkim	N/A	N/A	-	-
Tamil Nadu	39.5	45	5.5	12.2%
Tripura	2.7	3.3	0.6	18.2%
Uttar Pradesh	43.2	82.9	39.7	47.9%
Uttarakhand	4.6	6.6	2.0	30.3%
West Bengal	13.4	43.9	30.5	69.5%
<b>Total</b>	<b>295.5</b>	<b>554.5</b>	<b>259</b>	<b>46.7%</b>

Note: Data is from National Sample Survey, 2011-12.

Sources: Table 1, Working Paper 294, "Leakages from Public Distribution System", ICRIER, January 2015; PRS.

**Table 12: Procurement, Offtake and Stocks of food grains (in million tonnes)**

Year	Procurement			Offtake			% Offtake	Stocks		
	Rice	Wheat	Total	Rice	Wheat	Total		Rice	Wheat	Total
2007-08	28.7	11.1	39.9	25.2	12.2	37.4	94%	13.8	5.8	19.8
2008-09	34.1	22.7	56.8	24.6	14.9	39.5	70%	21.6	13.4	35.6
2009-10	32.0	25.4	57.4	27.4	22.4	49.7	87%	26.7	16.1	43.3
2010-11	34.2	22.5	56.7	29.9	23.1	53.0	93%	28.8	15.4	44.3
2011-12	35.0	28.3	63.4	32.1	24.3	56.4	89%	33.4	20.0	53.4
2012-13	34.0	38.2	72.2	32.6	33.2	65.9	91%	35.5	24.2	59.8
2013-14	31.9	25.1	56.9	29.2	30.6	59.8	105%	30.6	17.8	49.5
2014-15	31.6	28.0	59.6	30.7	25.2	56.0	94%	23.8	17.2	41.3
2015-16	34.1	28.1	62.2	31.8	31.8	63.7	102%	28.8	14.5	43.6
2016-17	36.5	23.6	60.1	31.5	30.7	62.1	103%	28.8	14.5	43.6
2017-18	6.2	30.1	36.3	8.5	5.7	14.2	39%	27.7	30.1	57.8

Notes: Figures for stock as of August 2017. Offtake and stock numbers up to May 2017.

Sources: Reserve Bank of India; PRS.

**Table 13: Status of operation of component one of end-to-end computerization of TPDS scheme**

State/UT	Digitisation of Ration Cards	Aadhaar Seeding in Ration Cards	Online Allocation of Food grains	Computerization of Supply-chain	Transparency Portal	Online Grievance Redressal
Andhra Pradesh	100%	100%	Implemented	Implemented	Yes	Yes
Arunachal Pradesh	100%	45%	-	-	Yes	-
Assam	100%	0%	Implemented	-	Yes	Yes
Bihar	100%	69%	Implemented	Implemented	Yes	Yes
Chandigarh	100%	100%	NA	NA	Yes	Yes
Chhattisgarh	100%	100%	Implemented	Implemented	Yes	Yes
Goa	100%	91%	Implemented	Implemented	Yes	Yes
Gujarat	100%	95%	Implemented	Implemented	Yes	Yes
Haryana	100%	86%	Implemented	Implemented	Yes	Yes
Himachal Pradesh	100%	91%	Implemented	Implemented	Yes	Yes
Jammu and Kashmir	100%	45%	Up to TSOs	-	Yes	-
Jharkhand	100%	97%	Implemented	Implemented	Yes	Yes
Karnataka	100%	100%	Implemented	Implemented	Yes	Yes
Kerala	100%	98%	Implemented	-	Yes	Yes
Madhya Pradesh	100%	91%	Implemented	Implemented	Yes	Yes
Maharashtra	100%	87%	Implemented	Implemented	Yes	Yes
Manipur	100%	22%	Partial	-	Yes	Yes
Meghalaya	100%	0%	-	-	Yes	Yes
Mizoram	100%	45%	Implemented	-	Yes	Yes
Nagaland	100%	7%	-	-	Yes	Yes
Odisha	100%	88%	Implemented	Implemented	Yes	Yes
Punjab	100%	97%	Implemented	-	Yes	Yes
Rajasthan	100%	95%	Implemented	-	Yes	Yes
Sikkim	100%	82%	Implemented	-	Yes	Yes
Tamil Nadu	100%	100%	Implemented	Implemented	Yes	Yes
Telangana	100%	100%	Implemented	Implemented	Yes	Yes
Tripura	100%	98%	Implemented	Implemented	Yes	Yes
Uttar Pradesh	100%	77%	Implemented	-	Yes	Yes
Uttarakhand	100%	90%	Implemented	-	Yes	Yes
West Bengal	100%	62%	Implemented	Implemented	Yes	Yes
Andaman & Nicobar Islands	100%	100%	Implemented	Implemented	Yes	Yes
Dadra and Nagar Haveli	100%	96%	Implemented	Implemented	Yes	Yes
Daman and Diu	100%	100%	Implemented	Implemented	Yes	Yes
Delhi	100%	100%	Implemented	Implemented	Yes	Yes
Lakshadweep	100%	98%	-	NA	Yes	Yes
Puducherry	100%	100%	NA	NA	Yes	Yes
<b>Total</b>	<b>100%</b>	<b>79%</b>	<b>30*</b>	<b>20</b>	<b>36</b>	<b>34</b>

Sources: Unstarred Q. No. 1464, Lok Sabha, Ministry of Consumer Affairs, Food and Public Distribution, Answered on July 24, 2017; PRS

**Table 14: Minimum Support Prices fixed for paddy and wheat from 2006-07 to 2017-18 (in Rs/Quintal)**

Crop	Paddy Common	% increase over last year	Wheat	% increase over last year
2006-07	580	1.8%	750	15.4%
2007-08	645	11.2%	1,000	33.3%
2008-09	850	31.8%	1,080	8.0%
2009-10	1,000	17.6%	1,100	1.9%
2010-11	1,000	0.0%	1,120	1.8%
2011-12	1,080	8.0%	1,285	14.7%
2012-13	1,250	15.7%	1,350	5.1%
2013-14	1,310	4.8%	1,400	3.7%
2014-15	1,360	3.8%	1,450	3.6%
2015-16	1,410	3.7%	1,525	5.2%
2016-17	1,470	4.3%	1,625	6.6%
2017-18	1,550	5.4%	1,735	6.3%

Note: Data includes bonus announced for the particular crop.

Source: Directorate of Economics and Statistics, Department of Agriculture and Co-operation; CCEA; PRS.

**Table 15: Deleted Ration Cards (2013-2017)**

States/UTs	Total Deleted Cards
Andhra Pradesh	11,55,661
Arunachal Pradesh	19,561
Assam	1,29,243
Bihar	41,369
Chandigarh	-
Chhattisgarh	12,38,000
Goa	1,57,461
Gujarat	1,60,685
Haryana	1,88,425
Himachal Pradesh	3,260
Jammu and Kashmir	55,344
Jharkhand	4,53,958
Karnataka	27,49,532
Kerala	-
Madhya Pradesh	4,18,509
Maharashtra	21,62,391
Manipur	336
Meghalaya	-
Mizoram	1,503
Nagaland	3,247
Odisha	6,86,211
Punjab	1,01,249
Rajasthan	14,66,629
Sikkim	12,840
Tamil Nadu	4,22,746
Telangana	20,97,564
Tripura	1,76,986
Uttar Pradesh	68,80,999
Uttarakhand	-
West Bengal	66,13,961
Andaman and Nicobar Islands	37
Dadra and Nagar Haveli	549
Daman and Diu	631
Delhi	64,090
Lakshadweep	1,390
Puducherry	95,393
<b>Total</b>	<b>2,75,59,760</b>

Sources: Unstarred Q. No. 632, Lok Sabha, Ministry of Consumer Affairs, Food and Public Distribution, Answered on Feb 6, 2018; PRS.

**Table 16: Sugar Cane Arrears (As on January 31, 2017) (Rs crore)**

State	Cane Price Arrears 2016-17	Cane Price Arrears 2015-16	Cane Price Arrears For 2014-15	Cane Price Arrears For 2013-14 & Earlier	Total Cane Price Arrears
Andhra Pradesh	215	22	16	-	253
Bihar	239	2	3	39	283
Chhattisgarh	24	1	-	-	25
Goa	2	-	-	-	2
Gujarat	455	14	-	14	482
Haryana	308	-	-	-	308
Karnataka	911	28	-	86	1,024
Madhya Pradesh	208	4	-	13	225
Maharashtra	363	70	140	69	642
Odisha	36	-	-	3	39
Puducherry	-	8	-	4	12
Punjab	322	-	-	-	322
Tamil Nadu	617	677	277	273	1,845
Telangana	115	2	-	-	117
Uttar Pradesh	5,305	368	45	108	5,826
Uttarakhand	284	45	-	25	354
West Bengal	-	-	1	-	1
<b>Total</b>	<b>9,403</b>	<b>1,241</b>	<b>482</b>	<b>633</b>	<b>11,759</b>

Sources: Report of the Standing Committee on Food and Public Distribution on Demand for Grants 2017-18; PRS.