

Demand for Grants 2019-20 Analysis

Food and Public Distribution

The Ministry of Consumer Affairs, Food and Public Distribution has two Departments: (i) Food and Public Distribution, and (ii) Consumer Affairs. The Ministry received the second highest budgetary allocation among all the ministries in 2019-20.¹

Department of Consumer Affairs is responsible for spreading awareness among consumers about their rights, protecting their interests, implementing standards, and preventing black marketing.² In 2019-20, the Department has been allocated Rs 2,272 crore, which is 28% higher than the revised estimate of 2018-19.³

Department of Food and Public Distribution is responsible for ensuring food security through procurement, storage, and distribution of food grains, and for regulating sugar sector.⁴ In 2019-20, the Department has been allocated Rs 1,92,240 crore, which is 99% of the Ministry's allocation.⁵ Allocation to this Department accounts for 6.9% of the budget of the central government.

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

Overview of Finances

Table 1: Allocations to the Ministry (Rs crore)

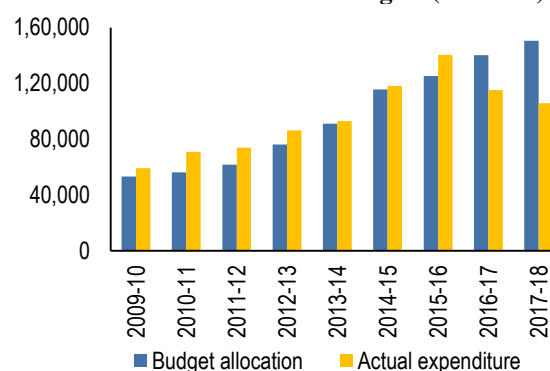
Department	2017-18 Actuals	2018-19 Revised	2019-20 Budgeted	% change in 2019-20 over 2018-19
Food & Public Distribution	1,05,864	1,77,874	1,92,240	8.1%
Consumer Affairs	3,713	1,782	2,272	27.5%
Total	1,09,578	1,79,655	1,94,513	8.3%

Sources: Expenditure Budget, Union Budget 2019-20; PRS.

In 2019-20, allocation to the Department of Food and Public Distribution has increased by Rs 14,366 crore (8.1%) over the previous year's estimated expenditure. Further, the allocation in 2019-20 is Rs 86,376 crore (82%) higher than the actual expenditure made by the Department in 2017-18.

Unlike the previous years, the Department's actual expenditure in 2016-17 and 2017-18 was lower than the budget allocation it received (Figure 1). The Department spent 70% of the budget allocation in 2017-18, while the rest 30% (Rs 44,640 crore) remained unspent. Similarly, 18% of the allocation (Rs 25,005 crore) remained unspent in 2016-17.

Figure 1: Actual expenditure of the Department vis-à-vis allocations made in budgets (Rs crore)



Sources: Expenditure Budget, Union Budgets (2009-20); PRS.

Food subsidy

Food subsidy is the largest component of the Department's expenditure. It accounts for 96% of the allocation to the Department in 2019-20 (details of other expenditure heads are given in Annexure).⁵

The subsidy is given to the Food Corporation of India (FCI) and states for procuring food grains from farmers at government notified prices and selling them at lower subsidised prices (known as Central Issue Prices) under the National Food Security Act, 2013.⁵ The Act mandates coverage of 75% of the population in rural areas and 50% in urban areas, and currently covers 81 crore people.^{6,7}

The subsidy also covers the storage cost incurred by FCI in maintaining buffer stocks in order to ensure food security in the country.⁵ Table 2 shows the expenditure on food subsidy during 2009-20.

Table 2: Expenditure on food subsidy during the period 2009-10 to 2019-20 (Rs crore)

Year	Food subsidy	% increase over previous year	% of union budget
2009-10	58,443	34%	5.7%
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	1,00,282	-9%	4.7%
2018-19	1,71,298	71%	7.0%
2019-20	1,84,220	8%	6.6%

Note: Figures for the years 2018-19 and 2019-20 are estimates. Sources: Expenditure Budget, Union Budgets (2011-20); PRS.

The central government's expenditure on food subsidy as a percentage of its total budget increased from 5.7% in 2009-10 to 7.8% in 2015-16. The Standing Committee on Food, Consumer Affairs and Public Distribution (2016-17) noted that the reasons for the increase in food subsidy include: (i) increase in the procurement cost of food grains, (ii) non-revision of the Central Issue Prices since 2002, and (iii) implementation of the National Food Security Act, 2013 in all states.⁸

In 2016-17 and 2017-18, the share of union budget spent on food subsidy decreased to 5.6% and 4.7%, respectively. The decrease came on account of a shortfall in spending by the Department, as 18% (in 2016-17) and 31% (in 2017-18) of the amount allocated for food subsidy at the beginning of the year remained unspent. The Standing Committee (2017-18) noted the gap between the funds required for food subsidy and the funds actually spent by the Department for the same.⁹

Components of food subsidy

Expenditure on food subsidy can be classified under three heads (break-up in Table 3):

- **Subsidy to FCI:** The Food Corporation of India (FCI) receives subsidy for procuring food grains from farmers at government notified prices and selling them at lower subsidised prices. It also receives subsidy for the storage cost incurred in maintaining buffer stocks.
- **Subsidy to states:** Under the decentralised procurement scheme, states may choose to undertake the operations of procurement, storage, and distribution on behalf of FCI, for which they are provided with subsidy.
- **Sugar subsidy:** Sugar subsidy is provided for giving one kg of sugar per month at subsidised rates to families covered under the Antyodaya Anna Yojana (i.e. poorest of the poor families).

Table 3: Break-up of food subsidy (Rs crore)

Subsidy	2017-18 Actuals	2018-19 Revised	2019-20 Budgeted	% change in 2019-20 over 2018-19
Subsidy to FCI	61,982	1,40,098	1,51,000	7.8%
Subsidy to states (decentralised procurement)	38,000	31,000	33,000	6.5%
Sugar subsidy	300	200	220	10.0%
Total	1,00,282	1,71,298	1,84,220	7.5%

Sources: Demand no. 15, Department of Food and Public Distribution, Expenditure Budget, Union Budget 2019-20; PRS.

Over the years, the major part of the food subsidy has been going to FCI (82% of the estimated food subsidy in 2019-20). However, subsidy given to FCI by the Department has decreased from Rs 1.12 lakh crore in 2015-16 to Rs 78,335 crore in 2016-17, and further to Rs 61,982 crore in 2017-18.

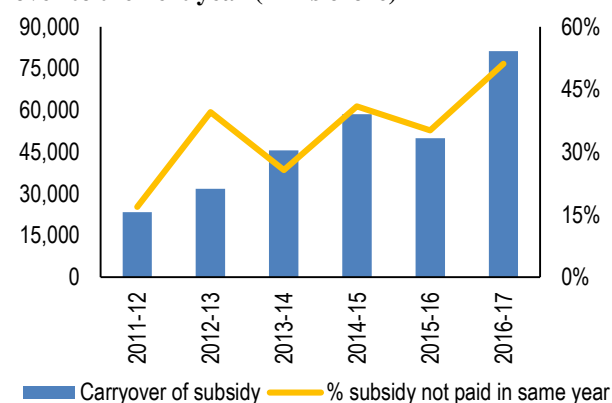
Issues

In this section, we examine some issues with: (i) the provision and budget of food subsidy, (ii) its delivery through the Public Distribution System (PDS) and challenges, and (iii) sugarcane dues, and discuss alternative subsidy systems proposed by various committees and experts over the years.

Budget for food subsidy

The central government provides food subsidy to FCI as reimbursement of the loss it incurs in its procurement, storage, and distribution operations. The CAG (2019) observed that when the budget for food subsidy is not sufficient to clear the dues of FCI, such dues are carried over to the next year.¹⁰ This carryover amount increased from Rs 23,427 crore in 2011-12 to Rs 81,303 crore in 2016-17. Note that subsidy given to FCI by the Department decreased from Rs 1.12 lakh crore in 2015-16 to Rs 78,335 crore in 2016-17 (24% shortfall in spending as compared to the budget estimates for the year).

Figure 2: Food subsidy dues of FCI carried over to the next year (in Rs crore)



Sources: Food Corporation of India; CAG of India; PRS.

Due to the delay in payment of subsidy dues, FCI borrows money from various sources for funding its operations. The CAG observed that the central government has adopted this off-budget method of financing the subsidy dues, thereby deferring the payment to FCI.¹⁰ This understates a particular year's expenditure by keeping deferred expenditure off the budget, and prevents transparent depiction of fiscal indicators.¹⁰ Further, when FCI uses such borrowings, the Department is required to provide, in addition to subsidy dues, additional funds for payment of interest on these borrowings.

Provision of food subsidy

The Targeted Public Distribution System, through which food grains are distributed at subsidised prices, sought to provide food security to people below the poverty line. Over the years, while the spending on food subsidy has increased, the ratio of people below the poverty line has decreased from 54.9% in 1973-74 to 21.9% in 2011-12 (Table 4).

Table 4: Poverty ratio and no. of poor persons

Year	Poverty ratio (in %)	No. of Poor (in 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 1973-74 to 2004-05 have been computed using the Lakdawala methodology, and figures for 2011-12 have been computed 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 23.7% in 1990 to 15.2% in 2014 (Table 5).

Table 5: Undernourishment data (1990-2016)

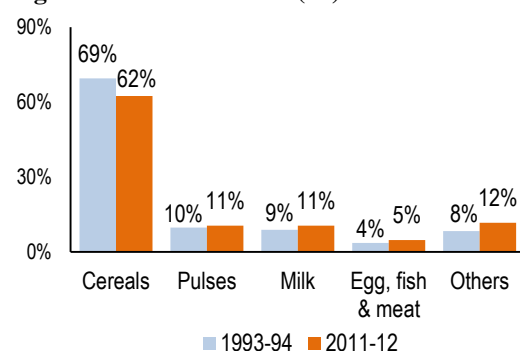
Year	Proportion of population undernourished (in %)	Number of undernourished persons (in crore)
1990-92	23.7%	21.0
2000-02	17.5%	18.6
2005-07	20.5%	23.4
2010-12	15.6%	19.0
2014-16	15.2%	19.5

Note: Figures for 2014-16 are provisional estimates.

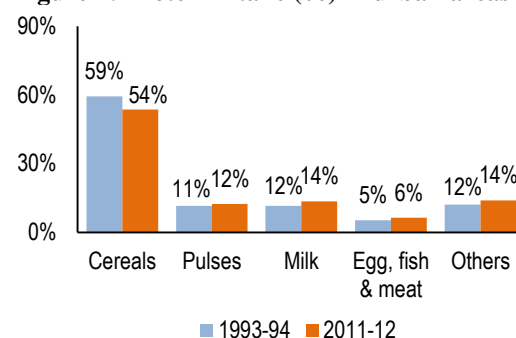
Sources: Food and Agriculture Organisation, 2015: Table 5.14, Chapter 5, Volume II, Economic Survey 2015-16; PRS.

Nutritional balance: The National Food Security Act, 2013 guarantees five kg of food grains per person per month to entitled beneficiaries at subsidised prices. Further, Antyodaya Anna Yojana households, which constitute the poorest of the poor, are entitled to 35 kg per household per month at subsidised prices. Presently, the food items provided by the central government for distribution under PDS are rice, wheat, and sugar.¹¹

As can be seen in Figure 3 and Figure 4, there has been a change in the pattern of nutritional intake among people in both rural and urban areas (details given in Tables 9 and 10 in the Annexure).

Figure 3: Protein intake (%) in rural areas

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

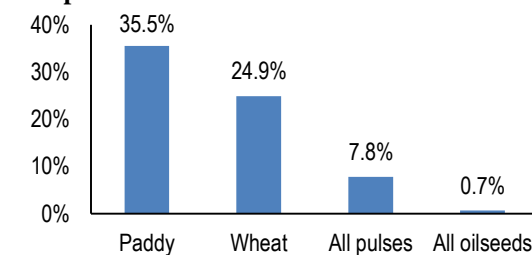
Figure 4: Protein intake (%) in urban areas

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.¹² 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.¹²

The share of cereals in calorie intake has reduced by 10% in rural areas and 7% in urban areas, whereas that of milk, eggs, fish, and meat has increased (Table 9).¹² 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 requires the central and state governments to undertake steps to diversify commodities distributed under PDS.⁶

Imbalance in farm production: Minimum Support Price (MSP) is the price at which the government agencies purchase farmers' produce of certain notified crops. Typically, MSP is higher than the market price and seeks to incentivise farmers to grow crops on which the support is offered. Food grains utilised for PDS are procured at MSP or, in some cases, at higher prices by states under decentralised procurement. Since wheat and rice (paddy) are the food grains distributed in PDS, procurement of wheat and paddy by the central and state governments is significantly higher than other crops'. Thus, procurement at MSP has become restricted to wheat and paddy (Figure 5).^{13,14,15}

Figure 5: Percentage of crop production that was procured at MSP in 2016-17

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

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.¹⁶

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

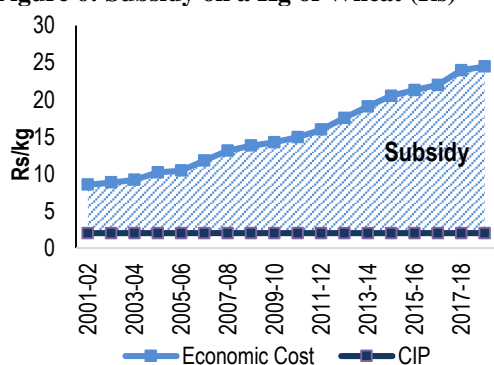
Note: AAY-Antyodaya Anna Yojana, BPL-Below Poverty Line, APL-Above Poverty Line.

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 2018.¹⁷ Food subsidy is calculated as the difference between the economic cost of procuring food grains, and their CIP.

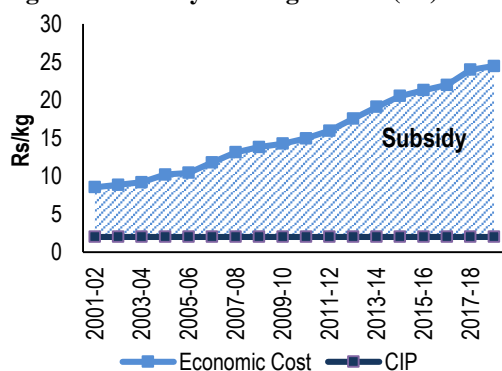
While the economic cost for rice has increased from Rs 1,098/quintal (approximately Rs 11/Kg) in 2001-02 to Rs 3,310 /quintal in 2018-19, and of wheat, from Rs 853/quintal to Rs 2,446/quintal over the same period, the CIP has not been revised.¹⁷ This has led to an increasing gap between the economic cost and CIP, leading to an increase in expenditure on food subsidy.²⁴ 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. 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).¹⁸

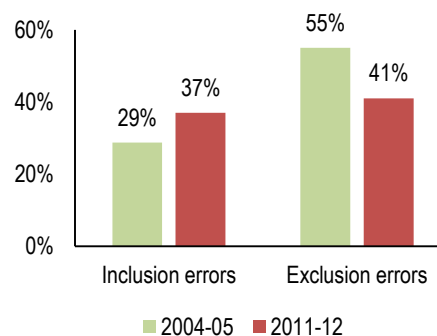
Leakages may be of three types: (i) pilferage or damage during transportation of food grains, (ii) diversion to non-beneficiaries at fair price shops through issue of ghost cards, and (iii) exclusion of people entitled to food grains but who are not on the beneficiary list.^{19,20} Studies have shown that targeting mechanisms such as TPDS are prone to large exclusion and inclusion errors.²¹

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, non-poor are still identified as poor by the government thus allowing them to continue using their PDS cards.²²

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.²³

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. Error! Bookmark not defined.,42

The NFSA states that the centre and states should introduce schemes for cash transfers to beneficiaries.⁶ Various experts and bodies have also suggested replacing TPDS with a Direct Benefit Transfer (DBT) system.^{24,25} 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.^{26,27}

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.⁶ 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.^{26,27}

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.²⁸

In 2015, the Department released two notifications: The Cash Transfer of Food Subsidy Rules and The Food Security (Assistance to State Governments) Rules.^{29,30} 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.

So far, more than 2.9 lakh (54%) Fair Price Shops have been automated across the country.³¹ 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.³² 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.³² As of December 2017, 119 crore Aadhaar cards had been issued, covering 98% of the population.³³

In February 2017, the Ministry made it mandatory for beneficiaries under NFSA to use Aadhaar as proof of identification for receiving food grains.³⁴ This is expected to facilitate the removal of bogus ration cards, check leakages and ensure better delivery of food grains. Error! Bookmark not defined.,35,36

Note that as of July 2017, while 100% ration cards had been digitised, the seeding of these cards with Aadhaar was at 79%.³⁷ 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.

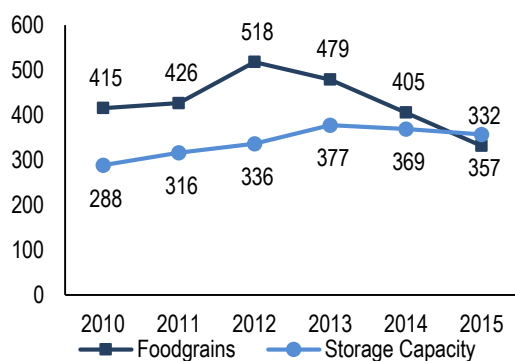
As of December 2017, the total storage capacity in the country is 725 lakh tonnes, of which 359 lakh tonnes is with the FCI and 366 lakh tonnes is with the state agencies.³⁸ The total stock of food grains in the country as of July 2017 was 555 lakh tonnes.

The CAG in its performance audit found that the available storage capacity in states was inadequate for the allocated quantity of food grains.³⁹ 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 godowns 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).²⁸

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.²⁸ 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.⁴⁰

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.⁴¹

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.⁴¹

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%.³

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.⁴² 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, some states have taken steps such as:

- 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.

Sugarcane dues

The Department is also responsible for formulation of policies and regulations for the sugar sector.

In 2019-20, Rs 2,602 crore has been allocated for providing assistance to sugar mills through various measures, which is 97% higher than the revised estimate of 2018-19. These measures include: (i) direct assistance to mills for clearing sugarcane dues of farmers, (ii) reimbursing the mills for maintaining buffer stocks, (iii) facilitating exports, and (iv) improving ethanol production capacity. The assistance is being provided with the aim of improving the liquidity of sugar mills in order to facilitate payment of sugarcane dues of farmers.^{43,44}

Note that as on June 25, 2019, payment of sugarcane dues of Rs 17,840 crore is pending with sugar mills for the 2018-19 season.⁴⁵ State-wise details of dues for the 2018-19 season are given in Table 16 of the Annexure.

These sugarcane dues accumulate due to delay in payments to farmers for their produce. In years of surplus production, the sugar prices fall impacting the sale of sugar and liquidity of mills.⁴⁶ As a result, mills are unable to pay farmers leading to delay in payments and accumulation of dues. Note that sugar mills are obligated to purchase sugarcane from all farmers within their specified area at a price fixed by the government. Conversely, farmers are bound to sell to the respective mills.

Rationalisation of sugarcane pricing has been recommended as one of the steps for improving the efficiency of the sugar industry. The central government fixes the Fair and Remunerative Price (FRP) for sugarcane, which is the minimum price that must be paid by sugar mills to farmers.⁴⁷ The FRP is fixed based on the recommendations of the Commission for Agricultural Costs and Prices (CACP). It is recommended taking into consideration: (i) the cost of production, (ii) rate of recovery of sugar, (iii) availability of sugar to consumers at a fair price, (iv) returns to farmers from alternative crops and the general trend of prices of agricultural commodities, (v) realisation from sale of by-products, and (vi) reasonable margins for farmers on account of risks and profits.

State governments can also intervene in sugarcane pricing by announcing a State Advised Price

(SAP). SAPs are usually much higher than the FRP. This creates a distortion in the industry as SAP is neither linked to sugar recovery nor it takes into account domestic and global prices and other relevant parameters. As a result, when sugar prices are low, mill owners are unable to pay farmers resulting in delayed payment and accumulation of

dues. The CACP (2018) recommended that the FRP must be implemented in all states and the announcement of SAP by states should be stopped immediately.⁴⁷ In case state governments decide to continue with SAP, the difference between SAP and FRP should be paid by the state governments directly to farmers.

¹ Ministry-wise Summary of Budget Provisions, Union Budget 2019-20, <https://www.indiabudget.gov.in/doc/eb/sumsbe.pdf>.

² About DCA, Department of Consumer Affairs, <https://consumeraffairs.nic.in/about-us/about-dca>.

³ Demand No. 14, Department of Consumer Affairs, Expenditure Budget, Union Budget 2019-20, <https://www.indiabudget.gov.in/doc/eb/sbe14.pdf>.

⁴ Introduction, Department of Food and Public Distribution, <https://dfpd.gov.in/index.htm>.

⁵ Demand No. 15, Department of Food and Public Distribution, Expenditure Budget, Union Budget 2019-20, <https://www.indiabudget.gov.in/doc/eb/sbe15.pdf>.

⁶ The National Food Security Act, 2013, Ministry of Consumer Affairs, Food and Public Distribution, http://www.egazette.nic.in/WriteReadData/2013/E_29_2013_42_9.pdf.

⁷ Lok Sabha Unstarred Question No. 1378, Ministry of Consumer Affairs, Food and Public Distribution, December 18, 2018, <http://164.100.24.220/loksabhaquestions/annex/16/AU1378.pdf>.

⁸ Report no. 15, Standing Committee on Food, Consumer Affairs and Public Distribution: 'Demands for Grants (2017-18), Department of Food and Public Distribution', Lok Sabha, March 2017, http://164.100.47.193/Isscommittee/Food.%20Consumer%20Affairs%20&%20Public%20Distribution/16_Food_Consumer_Affairs_And_Public_Distribution_15.pdf.

⁹ Report no. 20, Standing Committee on Food, Consumer Affairs and Public Distribution: 'Demands for Grants (2018-19), Department of Food and Public Distribution', Lok Sabha, March 2018, http://164.100.47.193/Isscommittee/Food.%20Consumer%20Affairs%20&%20Public%20Distribution/16_Food_Consumer_Affairs_And_Public_Distribution_20.pdf.

¹⁰ Report no. 20 of 2018, 'Compliance of the Fiscal Responsibility and Budget Management Act, 2003 for the year 2016-17', Comptroller and Auditor General of India, January 2019, https://www.cag.gov.in/sites/default/files/audit_report_files/Report_No_20_of_2018_Compliance_of_the_Fiscal_Responsibility_and_Budget_Management_Act_2003_Department_of_Economic_Affairs_Minis.pdf.

¹¹ Public Distribution System, Department of Food and Public Distribution, <https://dfpd.gov.in/public-distribution.htm>.

¹² "Nutritional Intake in India 2011-12, NSS 68th 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.

¹³ Volume II, Economic Survey of India 2015-16, <http://indiabudget.nic.in/es2015-16/echapvol2-05.pdf>.

¹⁴ Task Force on Agricultural Development, NITI Aayog, http://niti.gov.in/mgov_file/Raising%20Agricultural%20Productivity%20and%20Making%20Farming%20Remunerative%20for%20Farmers.pdf.

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Annexure

Table 8: Allocation to major heads of expenditure under the Department in 2019-20 (Rs crore)

	2017-18 Actuals	2018-19 Budgeted	2018-19 Revised	2019-20 Budgeted	% change in BE of 2019-20 over RE of 2018-19
Food subsidy	1,00,282	1,69,323	1,71,298	1,84,220	7.5%
Subsidy to Food Corporation of India (FCI)	61,982	1,38,123	1,40,098	1,51,000	7.8%
Subsidy to states (decentralised procurement)	38,000	31,000	31,000	33,000	6.5%
Sugar subsidy payable under PDS	300	200	200	220	10.0%
Assistance to state agencies for intra-state movement of foodgrains and for margin of fair price shops' dealers	4,500	4,000	3,884	4,102	5.6%
Investment in equity capital of FCI	-	-	1,000	1,000	0.0%
Assistance to sugar mills for the 2017-18 season	-	-	400	100	-75.0%
Assistance to sugar mills for the 2018-19 season	-	-	-	1,000	-
Scheme for defraying expenditure towards internal transport, freight, handling and other charges on export	-	-	-	500	-
Scheme for creation and maintenance of buffer stock of sugar	-	-	450	350	-22.2%
Scheme for extending soft loan to sugar mills	-	-	-	200	-
Financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity	-	-	-	100	-
Schemes for development of sugar industries	918	611	470	351	-25.3%
Department	1,05,864	1,74,159	1,77,874	1,92,240	8.1%

Sources: Demand no. 15, Expenditure Budget, Union Budget 2019-20; PRS.

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

	Cereals	Pulses, nuts & oilseeds	Vegetables and fruits	Meats, eggs, and fish	Milk & milk products	Miscellaneous food
Rural						
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
Urban						
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 and milk products	Egg, fish, and meat	Other food
Rural					
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
Urban					
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%
Total	295.5	554.5	259	46.7%

Note: Data 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 foodgrains (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	32.8	29.1	61.9	103%	29.8	8.1	38.1
2017-18	37.6	30.6	68.2	34.4	24.9	59.2	39%	30.0	13.2	43.3

Sources: Handbook of Statistics on Indian Economy (2018), Reserve Bank of India; PRS.

Table 13: Status of operation of component one of end-to-end computerization of PDS

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
Total	100%	79%	30*	20	36	34

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 for paddy and wheat from 2009-10 to 2019-20 (in Rs/quintal)

Year	Paddy (common)	% increase over last year	Wheat	% increase over last year
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	6.8%
2018-19	1,750	12.9%	1,840	6.1%
2019-20	1,815	3.7%	-	-

Sources: Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers' Welfare; 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
Total	2,75,59,760

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

Table 16: Sugarcane dues (as on June 25, 2019) (Rs crore)

State	Sugarcane dues 2018-19	State	Sugarcane dues 2018-19
Andhra Pradesh	289	Maharashtra	1,338
Bihar	923	Odisha	75
Chhattisgarh	106	Puducherry	0
Goa	4	Punjab	925
Gujarat	907	Tamil Nadu	362
Haryana	293	Telangana	155
Karnataka	1,704	Uttar Pradesh	10,134
Madhya Pradesh	83	Uttarakhand	542

Sources: Lok Sabha Starred Question No. 148, Ministry of Consumer Affairs, Food and Public Distribution; PRS.