

# Demand for Grants 2020-21 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. Allocation to the Ministry accounts for 4% of the budget of the central government in 2020-21.<sup>1</sup>

**Department of Food and Public Distribution** is responsible for ensuring food security through procurement, storage, and distribution of food grains, and for regulating the sugar sector.<sup>2</sup> In 2020-21, the Department has been allocated Rs 1,22,235 crore (98% of the Ministry’s allocation).<sup>3</sup> This is 6% higher than the revised estimate of 2019-20.

**Department of Consumer Affairs** is responsible for spreading awareness among consumers about their rights, protecting their interests, implementing standards, and preventing black marketing.<sup>4</sup> In 2020-21, the Department has been allocated Rs 2,300 crore, which is 12% higher than the revised estimate of 2019-20.<sup>5</sup>

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 (in Rs crore)**

Department	2018-19 Actuals	2019-20 Revised	2020-21 Budgeted	% change in 2020-21 over 2019-20
Food & Public Distribution	1,07,078	1,15,240	1,22,235	6.1%
Consumer Affairs	1,770	2,050	2,300	12.2%
<b>Total</b>	<b>1,08,848</b>	<b>1,17,290</b>	<b>1,24,535</b>	<b>6.2%</b>

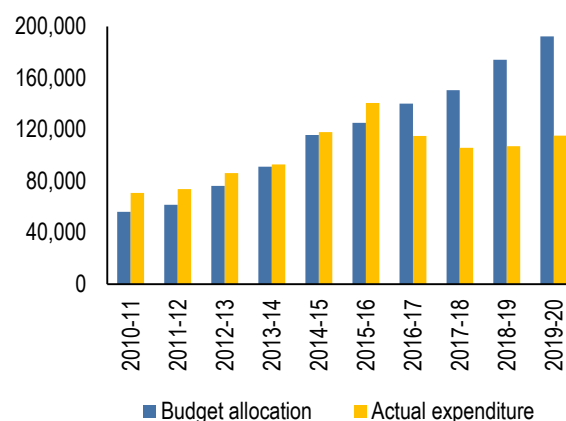
Sources: Expenditure Budget, Union Budget 2020-21; PRS.

In 2020-21, allocation to the Department of Food and Public Distribution has increased by Rs 6,995 crore (6.1%) over the revised estimate of 2019-20. However, the estimated expenditure for 2019-20 has reduced by 40% from Rs 1,92,240 crore at the budgeted stage to Rs 1,15,240 crore at the revised stage. This is due to a Rs 75,532 crore cut in the allocation to food subsidy for the year 2019-20.

Since 2016-17, the Department’s expenditure has been much lower than the funds allocated to it in the budget (Figure 1) as an increasing portion of food subsidy was replaced by borrowings by the Food Corporation of India (FCI). As a result, the payment due to FCI by the end of 2019-20 is estimated to be Rs 2.4 lakh crore.<sup>6</sup>

In 2018-19, the Department utilised 61% of the allocation, while Rs 67,081 crore remained unspent. Due to this underspending trend, in 2020-21, the Department’s allocation is Rs 18,285 crore less than what it spent five years ago (2015-16).

**Figure 1: Actual expenditure of the Department vis-à-vis budget estimates (in Rs crore)**



Note: Figures for 2019-20 are revised estimates.

Sources: Expenditure Budget, Union Budgets (2010-20); PRS.

### Food subsidy

Food subsidy is the largest component of the Department’s expenditure. It accounts for 95% of the allocation to the Department in 2020-21 (details of other expenditure heads are given in Annexure).<sup>3</sup>

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.<sup>3</sup> The Act mandates coverage of 75% of the population in rural areas and 50% in urban areas, and currently covers 81 crore people.<sup>7,8</sup>

The subsidy also covers the storage cost incurred by FCI in maintaining buffer stocks in order to ensure food security in the country.<sup>3</sup> Table 2 (on the next page) shows the expenditure on food subsidy during 2010-21.

The expenditure on food subsidy increased from Rs 63,844 crore in 2010-11 to Rs 1,39,419 crore in 2015-16. The Standing Committee (2016-17) on Food, Consumer Affairs and Public Distribution noted that the reasons for 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.<sup>9</sup>

**Table 2: Expenditure on food subsidy during the period 2010-11 to 2020-21 (in Rs crore)**

Year	Food subsidy	% increase over the previous year	% of allocation utilised
2010-11	63,844	9%	115%
2011-12	72,822	14%	120%
2012-13	85,000	17%	113%
2013-14	92,000	8%	102%
2014-15	1,17,671	28%	102%
2015-16	1,39,419	18%	112%
2016-17	1,10,173	-21%	82%
2017-18	1,00,282	-9%	69%
2018-19	1,01,327	1%	60%
2019-20	1,08,688	7%	59%
2020-21	1,15,570	6%	-

Note: Figures for the years 2019-20 and 2020-21 are estimates. Sources: Expenditure Budget, Union Budgets (2011-21); PRS.

However, since 2016-17, spending on food subsidy by the Department has comparatively decreased, as a major part of the funds allocated for food subsidy remain unspent (40% of the budget allocation was not utilised in 2018-19). This underspending by the Department has increased over the years, even though the actual requirement of funds for food subsidy being higher than the amount it spends.<sup>10</sup> This gap can be bridged if more funds are spent by the Department for food subsidy. To fill this gap in the meanwhile and meet the cost incurred each year in subsidising food, FCI relies on borrowings.

### 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).

Majority of the budget for food subsidy is allocated to FCI. However, subsidy released to FCI by the Department has decreased from Rs 1.12 lakh crore in 2015-16 to Rs 70,098 crore in 2018-19. This is due to a consistent cut in FCI's share of the food subsidy budget (for instance, Rs 68,025 crore, or 49%, cut in 2018-19 from the budgeted stage).

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

Subsidy	2018-19 Actuals	2019-20 Revised	2020-21 Budgeted	% change in 2020-21 over 2019-20
Subsidy to FCI	70,098	75,000	77,983	4.0%
Subsidy to states (decentralised procurement)	31,029	33,508	37,337	11.4%
Sugar subsidy	200	180	250	38.9%
<b>Total</b>	<b>1,01,327</b>	<b>1,08,688</b>	<b>1,15,570</b>	<b>6.3%</b>

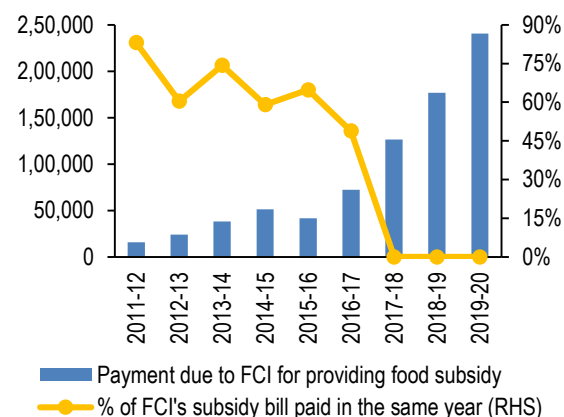
Sources: Demand no. 15, Department of Food and Public Distribution, Expenditure Budget, Union Budget 2020-21; PRS.

### Issues in the Sector

FCI and state agencies procure food grains from farmers at the government notified Minimum Support Prices (MSPs). These food grains are provided to the economically weaker sections at subsidised prices through fair price shops under the public distribution system. The central and state governments provide food grains to beneficiaries under the National Food Security Act, 2013 as well as certain other welfare schemes such as the Mid-Day Meal scheme. In this section, we examine some issues relating to the: (i) pending dues of FCI, (ii) provision of food subsidy, (iii) Public Distribution System (PDS), and (iv) sugarcane dues to farmers.

### Pending dues of FCI

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.<sup>11</sup> As a result of such carryovers each year, payment due to FCI for food subsidy has increased from Rs 41,517 crore at the end of 2015-16 to Rs 2.4 lakh crore at the end of 2019-20.<sup>6</sup> Note that the subsidy paid to FCI by the Department has decreased from Rs 1.12 lakh crore in 2015-16 to Rs 75,000 crore in 2019-20. Although the Department had received a much higher allocation during the period 2016-20 for payment to FCI, due to budget cuts made during the year, the actual amount paid to FCI decreased.

**Figure 2: Payment due to FCI for food subsidy and payment status during 2011-20 (in Rs crore)**

Sources: Food Corporation of India; PRS.

For instance, in 2019-20, subsidy to FCI has been cut by 50% from Rs 1.51 lakh crore at the budgeted stage to Rs 75,000 crore at the revised stage. As the subsidy dues of FCI increased significantly vis-à-vis the budget expenditure, since 2017-18, all the payments being made to FCI by the Department are going towards clearing past dues.

Due to this delay in clearing dues by the Department, FCI has to borrow money from various sources for giving subsidy and funding its operations. When FCI uses such borrowings, the Department has to provide additional funds for payment of interest on these borrowings. The CAG observed that the central government has adopted this off-budget method of financing the subsidy dues, thereby deferring the payment to FCI.<sup>12</sup> This understates a particular fiscal year's expenditure by keeping deferred expenditure off-budget, and prevents transparent depiction of fiscal indicators.<sup>12</sup> For instance, if the central government had to clear all the subsidy dues of FCI in the year 2019-20 itself, its fiscal deficit (borrowings) for the year 2019-20 would increase from 3.8% of GDP to 5% of GDP.

Note that in November 2019, the Union Cabinet approved increasing the equity of FCI from Rs 3,500 crore to Rs 10,000 crore.<sup>13</sup> As per the revised estimates for 2019-20, an amount of Rs 1,000 crore has been allocated for this purpose. Further, Rs 1,000 crore has been budgeted for 2020-21. This increased equity could be leveraged by FCI to borrow from the market.

### Provision of food subsidy

The Targeted Public Distribution System (TPDS), through which food grains are distributed at subsidised prices, seeks 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.

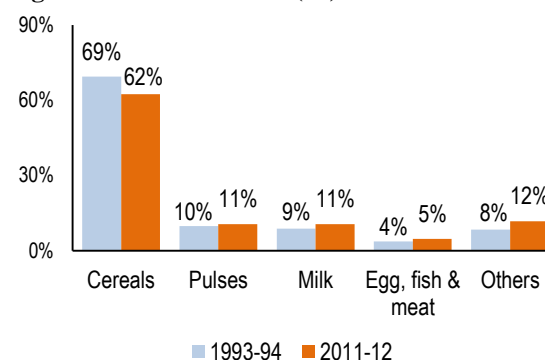
Sources: Food and Agriculture Organisation, 2015: Table 5.14, Chapter 5, Volume II, Economic Survey 2015-16; PRS.

**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.<sup>14</sup>

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).

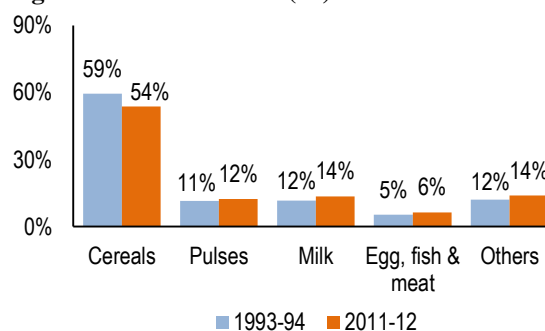
Although cereals or food grains contain only 10% protein, their share as a percentage of the total protein intake has been over 50% in both rural and urban areas.<sup>15</sup> However, other foods such as meat and pulses contain more than 20% protein but contribute to only 15% of the total protein intake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

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



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

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

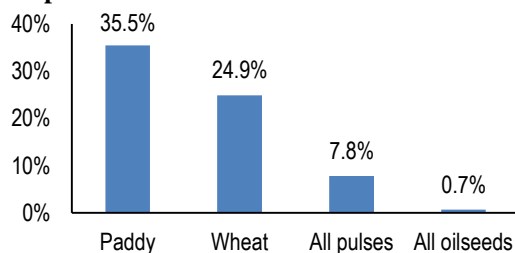


Sources: Nutritional intake in India (2011-12), NSSO; PRS.

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 in the Annexure).<sup>15</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 requires the central and state governments to undertake steps to diversify commodities distributed under PDS.<sup>7</sup>

**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. As wheat and rice (paddy) are major food grains provided under the PDS, the focus of procurement is on these crops. While a significant proportion of these two crops are procured at MSP, there is very limited procurement of other crops (Figure 5).<sup>16,17,18</sup>

**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.<sup>19</sup> Further, this puts pressure on the water table as these crops and sugarcane (which also has an assured procurement price- see page 6 and 7) are water-intensive crops.<sup>20</sup>

As procurement of wheat and paddy is done at MSP (which is often above market prices), its stocks have grown. At the end of 2018-19, the stocks of these crops were more than the offtake for a full year (see Table 12 in the Annexure).

### Revision of central issue price (CIP)

Under the National Food Security Act, 2013 (NFSA), 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

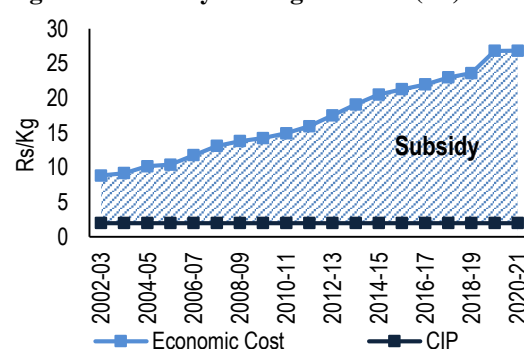
Note: AAY – Antyodaya Anna Yojana, BPL – Below Poverty Line, APL – Above Poverty Line.

Sources: Food Grain Bulletin (December 2019), Department of Food and Public Distribution; PRS.

In comparison to the CIP, the economic cost (including procurement, stocking, distribution) for wheat is Rs 27/kg and for rice is Rs 37/kg as of February 2020.<sup>21</sup> Food subsidy is calculated as the difference between the economic cost of procuring food grains, and their CIP.

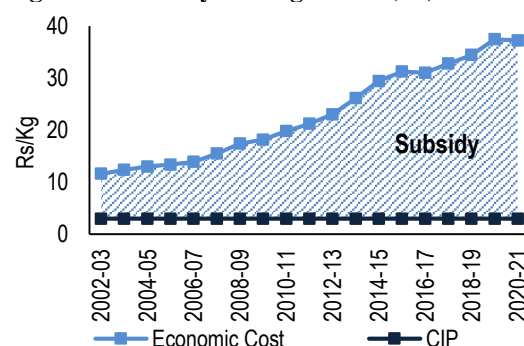
While the economic cost for rice has increased from Rs 1,098/quintal (Rs 11/kg) in 2001-02 to Rs 3,727/quintal (Rs 37/kg) in 2020-21, and of wheat from Rs 853/quintal (Rs 9/kg) to Rs 2,684/quintal (Rs 27/kg) over the same period, the CIP has not been revised.<sup>21</sup> This has led to an increasing gap between the economic cost and CIP, leading to an increase in expenditure on food subsidy.<sup>29</sup> Trends in economic cost, CIP and subsidies for wheat and rice can be found in Figure 6 and Figure 7.

**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 2018-19, 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 Table 12 of the Annexure.

### Delivery of food subsidy

**Leakages in PDS:** Leakages refer to food grains not reaching intended beneficiaries. Note that recent public data on leakage is not available. The latest available data is for 2011. According to the 2011 data, leakages in PDS were estimated to be 46.7% (see Table 11 in the Annexure).<sup>22,23</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

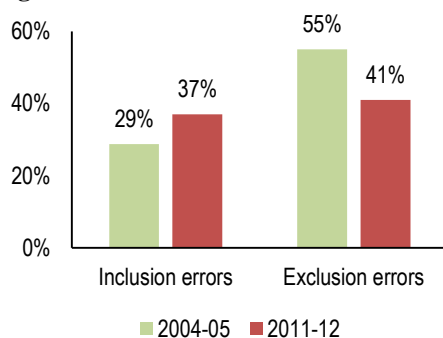
through issue of ghost cards, and (iii) exclusion of people entitled to food grains but who are not on the beneficiary list.<sup>24,25</sup> Studies have shown that targeting mechanisms such as TPDS are prone to large exclusion and inclusion errors.<sup>26</sup>

**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. Exclusion errors had declined from 55% in 2004-05 to 41% in 2011-12 (Figure 8).

**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.<sup>27</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 the identification of beneficiaries. In 2016, the Comptroller and Auditor General of India (CAG) found that this process had not been completed by the states, and 49% of the beneficiaries were yet to be identified.<sup>28</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>22,46</sup>

The NFSA states that the centre and states should introduce schemes for cash transfers to beneficiaries.<sup>7</sup> Various experts and bodies have also suggested replacing TPDS with a Direct Benefit Transfer (DBT) system.<sup>29,30</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>31,32</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>7</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>31,32</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 need to consider the low penetration and access to banking in rural areas.<sup>33</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>34,35</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.

So far, more than 4.3 lakh (82%) Fair Price Shops have been automated across the country.<sup>36</sup> Details regarding the status of computerisation of PDS can be found in Table 13 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>22</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 High-Level Committee (2015) 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>22</sup> As of December 2017, 119 crore Aadhaar cards have been issued, covering 98% of the population.<sup>37</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>38</sup> This was aimed to facilitate the removal of bogus ration cards, check leakages and ensure better delivery of food grains.<sup>22,39,40</sup>

Note that beneficiaries may face issues with Aadhaar authentication while availing PDS benefits. According to data submitted by UIDAI to the Supreme Court in *Justice K. S. Puttaswamy vs Union of India*, the Aadhaar authentication failure rate (across all purposes) was 8.5% for iris scans and 6% for fingerprints.<sup>41</sup> However, in the judgement, the Court had held that services cannot be denied due to Aadhaar authentication failure.

Further, as of July 2017, while 100% ration cards had been digitised, the seeding of these cards with Aadhaar was at 79%.<sup>42</sup> Between 2016 and 2018, around 1.5 crore ration cards were deleted due to detection of bogus, fake, and duplicate cards during Aadhaar seeding (see Table 15 of the Annexure for the state-wise breakup).

### Current challenges in PDS

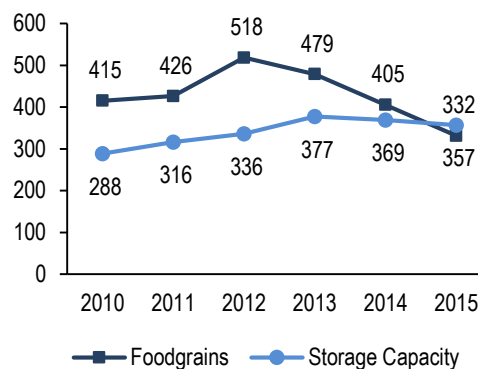
**Storage:** The Department allocates funds for the construction of godowns to increase storage capacity. This includes allocations for the Warehousing Development and Regulatory Authority (WADA). In 2019-20, Rs 60 crore has been allocated for storage and godowns, and Rs eight crore has been allocated 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>43</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>44</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 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).<sup>33</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 9, 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>33</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>45</sup>

The Standing Committee on Food, Consumer Affairs and Public Distribution (2017) has recommended increasing the procurement undertaken by states, and reducing the expenditure on centralised procurement by the FCI.<sup>9</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 2019, only 17 states have adopted decentralised procurement.<sup>36</sup>

**Fair Price Shops:** Fair Price Shops are licensed ration shops which provide food grains and kerosene under the public distribution system. They may also sell certain other goods in some states. It has been observed by various experts and the Ministry that the margins on which the Fair Price Shops operate are low.<sup>46</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, 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 2020-21, 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 2019-20. 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.<sup>47,48</sup>

Note that as on September 15, 2019, payment of Rs 11,784 crore is pending with sugar mills as dues for 2018-19 and earlier years.<sup>49</sup> State-wise details of the dues 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.<sup>50</sup> 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.<sup>51</sup> 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.<sup>51</sup> 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.

<sup>1</sup> Ministry-wise Summary of Budget Provisions, Union Budget 2020-21, <https://www.indiabudget.gov.in/doc/eb/sumsbe.pdf>.

<sup>2</sup> Introduction, Department of Food and Public Distribution, <https://dfpd.gov.in/index.htm>.

<sup>3</sup> Demand No. 15, Department of Food and Public Distribution, Expenditure Budget, Union Budget 2020-21, <https://www.indiabudget.gov.in/doc/eb/sbe15.pdf>.

<sup>4</sup> About DCA, Department of Consumer Affairs, <https://consumeraffairs.nic.in/about-us/about-dca>.

<sup>5</sup> Demand No. 14, Department of Consumer Affairs, Expenditure Budget, Union Budget 2020-21, <https://www.indiabudget.gov.in/doc/eb/sbe14.pdf>.

<sup>6</sup> "Food Subsidy Released to FCI and Incurred by FCI (Rs. in Crores.) as on 27.01.2020", Website of Food Corporation of India, as accessed on February 5, 2020, <http://fci.gov.in/finances.php?view=22>.

<sup>7</sup> The National Food Security Act, 2013, Ministry of Consumer Affairs, Food and Public Distribution, [http://www.egazette.nic.in/WriteReadData/2013/E\\_29\\_2013\\_429.pdf](http://www.egazette.nic.in/WriteReadData/2013/E_29_2013_429.pdf).

<sup>8</sup> 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>.

<sup>9</sup> 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](http://164.100.47.193/Isscommittee/Food.%20Consumer%20Affairs%20&%20Public%20Distribution/16_Food_Consumer_Affairs_And_Public_Distribution_15.pdf).

<sup>10</sup> 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](http://164.100.47.193/Isscommittee/Food.%20Consumer%20Affairs%20&%20Public%20Distribution/16_Food_Consumer_Affairs_And_Public_Distribution_20.pdf).

<sup>11</sup> 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](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).

<sup>12</sup> 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](http://164.100.47.193/Isscommittee/Food.%20Consumer%20Affairs%20&%20Public%20Distribution/16_Food_Consumer_Affairs_And_Public_Distribution_20.pdf).

<sup>13</sup> "Cabinet approves big increase in the authorized capital of Food Corporation of India from Rs. 3,500 crore to Rs. 10,000 crore", Press Information Bureau, Cabinet Committee on Economic Affairs, November 27, 2019.

<sup>14</sup> Public Distribution System, Department of Food and Public Distribution, <https://dfpd.gov.in/public-distribution.htm>.

<sup>15</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>16</sup> Volume II, Economic Survey of India 2015-16, <http://indiabudget.nic.in/es2015-16/echapvol2-05.pdf>.

<sup>17</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>18</sup> “Post-production interventions: Agricultural Marketing”, Report of the Committee on Doubling Farmers’ Income, Ministry of Agriculture and Farmers Welfare, August 2017, <http://farmer.gov.in/imagedefault/DFI/DFI%20Volume%204.pdf>.
- <sup>19</sup> “Prices, Agriculture and Food Management”, Chapter 5, Economic Survey 2015-16, <http://unionbudget.nic.in/budget2016-2017/es2015-16/echapvol2-05.pdf>.
- <sup>20</sup> Chapter 7: Agriculture and Food Management, Volume II, Economic survey 2018-19, [https://www.indiabudget.gov.in/budget2019-20/economicsurvey/doc/vol2chapter/echap07\\_vol2.pdf](https://www.indiabudget.gov.in/budget2019-20/economicsurvey/doc/vol2chapter/echap07_vol2.pdf).
- <sup>21</sup> Economic Cost, Food Corporation of India (last accessed on February 10, 2020), <http://fci.gov.in/finances.php?view=23>.
- <sup>22</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>23</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>24</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>25</sup> Performance Evaluation of Targeted Public Distribution System, Planning Commission of India, March 2005, [http://planningcommission.nic.in/reports/peoreport/peo/peo\\_tpbs.pdf](http://planningcommission.nic.in/reports/peoreport/peo/peo_tpbs.pdf).
- <sup>26</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>27</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).
- <sup>28</sup> Audit on the Preparedness for Implementation of National Food Security Act, 2013 for the year ended March, 2015, Report No. 54 of 2015, Comptroller and Auditor General of India, [http://cag.gov.in/sites/default/files/audit\\_report\\_files/Union\\_Civil\\_National\\_Food\\_Security\\_Report\\_54\\_of\\_2015.pdf](http://cag.gov.in/sites/default/files/audit_report_files/Union_Civil_National_Food_Security_Report_54_of_2015.pdf).
- <sup>29</sup> “Prices, Agriculture and Food Management”, Chapter 5, Economic Survey 2015-16, <http://unionbudget.nic.in/budget2016-2017/es2015-16/echapvol2-05.pdf>.
- <sup>30</sup> Working Paper 294, “Leakages from Public Distribution System”, January 2015, ICRIER, [http://icrier.org/pdf/Working\\_Paper\\_294.pdf](http://icrier.org/pdf/Working_Paper_294.pdf).
- <sup>31</sup> Revival of the Public Distribution System: Evidence and Explanations, The Economic and Political Weekly, November 5, 2011, [http://www.epw.in/system/files/pdf/2011\\_46/44-45/Revival\\_of\\_the\\_Public\\_Distribution\\_System\\_Evidence\\_and\\_Explanations.pdf](http://www.epw.in/system/files/pdf/2011_46/44-45/Revival_of_the_Public_Distribution_System_Evidence_and_Explanations.pdf).
- <sup>32</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>33</sup> ‘Report of the Internal Working Group on Branch Authorisation Policy’, Reserve Bank of India, September 2016, <https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/IWG99F12F147B6E4F8DBEE8CEBB8F09F103.PDF>.
- <sup>34</sup> “The Cash Transfer of Food Subsidy Rules, 2015”, Ministry of Consumer Affairs, Food and Public Distribution, September 3, 2015, [http://dfpd.nic.in/writereaddata/Portal/News/32\\_1\\_cash.pdf](http://dfpd.nic.in/writereaddata/Portal/News/32_1_cash.pdf).
- <sup>35</sup> The Food Security (Assistance to States) Rules, 2015, Ministry of Consumer Affairs, Food and Public Distribution, August 17, 2015, [http://dfpd.nic.in/fgAvAHcAcgBpAHQAZQByAGUAYQBKAGQAYQOB0AGEALwBOAG8AcgB0AGEAbAAvAE0AYQBnAGEAegBpAG4AZQAvAEQAbwBjAHUAbQBIAG4AdAAvAA==/1\\_135\\_1\\_Food-Security.pdf](http://dfpd.nic.in/fgAvAHcAcgBpAHQAZQByAGUAYQBKAGQAYQOB0AGEALwBOAG8AcgB0AGEAbAAvAE0AYQBnAGEAegBpAG4AZQAvAEQAbwBjAHUAbQBIAG4AdAAvAA==/1_135_1_Food-Security.pdf).
- <sup>36</sup> Report no. 2, Standing Committee on Food, Consumer Affairs and Public Distribution: ‘Demands for Grants (2019-20), Department of Food and Public Distribution’, Lok Sabha, December 2019, [http://164.100.47.193/Isscommittee/Food.%20Consumer%20Affairs%20&%20Public%20Distribution/17\\_Food\\_Consumer\\_Affairs\\_And\\_Public\\_Distribution\\_2.pdf](http://164.100.47.193/Isscommittee/Food.%20Consumer%20Affairs%20&%20Public%20Distribution/17_Food_Consumer_Affairs_And_Public_Distribution_2.pdf).
- <sup>37</sup> Key Achievements 2017, Ministry of Electronics and IT, Press Information Bureau, December 29, 2017.
- <sup>38</sup> S.O. 371 (E), Gazette of India, Ministry of Consumer Affairs, Food and Public Distribution, February 8, 2017, <http://egazette.nic.in/WriteReadData/2017/174131.pdf>.
- <sup>39</sup> Unstarred Question No. 844, Lok Sabha, Ministry of Consumer Affairs, Food and Public Distribution, Answered on February 7, 2017, <http://164.100.47.190/loksabhaquestions/annex/11/AU844.pdf>.
- <sup>40</sup> “Envisioning a role for Aadhaar in the Public Distribution System”, Unique Identification Authority of India, Planning Commission, June 2010, [http://uidai.gov.in/UID\\_PDF/Working\\_Papers/Circulated\\_Aadhaar\\_PDS\\_Note.pdf](http://uidai.gov.in/UID_PDF/Working_Papers/Circulated_Aadhaar_PDS_Note.pdf).
- <sup>41</sup> Justice K. S. Puttaswamy (Retd.) and Anr. vs Union of India and Ors., W. P. (C.) No. 494 of 2012.
- <sup>42</sup> Unstarred Q. No. 1464, Lok Sabha, Ministry of Consumer Affairs, Food and Public Distribution, Answered on July 24, 2017, <http://164.100.47.190/loksabhaquestions/annex/11/AU844.pdf>.
- <sup>43</sup> Unstarred Question No. 549, Lok Sabha, Ministry of Consumer Affairs, Food and Public Distribution, Answered on February 6, 2018, <http://164.100.47.190/loksabhaquestions/annex/14/AU549.pdf>.
- <sup>44</sup> Audit on the Preparedness for Implementation of National Food Security Act, 2013 for the year ended March, 2015, Report No. 54 of 2015, Comptroller and Auditor General of India, [http://cag.gov.in/sites/default/files/audit\\_report\\_files/Union\\_Civil\\_National\\_Food\\_Security\\_Report\\_54\\_of\\_2015.pdf](http://cag.gov.in/sites/default/files/audit_report_files/Union_Civil_National_Food_Security_Report_54_of_2015.pdf).
- <sup>45</sup> Decentralised Procurement Scheme, Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, <http://dfpd.nic.in/decentralized-procurement.htm>.
- <sup>46</sup> Newsletter of the Department of Food and Public Distribution, Jan-March, 2015, [http://dfpd.nic.in/writereaddata/images/pdf/Final\\_English\\_version\\_of\\_newsletter\\_May\\_29\\_2015.pdf](http://dfpd.nic.in/writereaddata/images/pdf/Final_English_version_of_newsletter_May_29_2015.pdf).
- <sup>47</sup> “Cabinet approves comprehensive policy to deal with excess sugar production in the country”, Press Information Bureau, Cabinet Committee on Economic Affairs, September 26, 2018.
- <sup>48</sup> “Cabinet approves soft loan to sugar mills to facilitate payment of cane dues of the farmers for the current sugar season”, Press Information Bureau, Cabinet Committee on Economic Affairs, February 28, 2019.
- <sup>49</sup> “Second Report: Demand for Grants 2019-20 of the Department of Food and Public Distribution”, Standing Committee on Consumer Affairs, Food and Public Distribution, December, 2019,



---

[http://164.100.47.193/lsscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/17\\_Food\\_Consumer\\_Affairs\\_And\\_Public\\_Distribution\\_2.pdf](http://164.100.47.193/lsscommittee/Food,%20Consumer%20Affairs%20&%20Public%20Distribution/17_Food_Consumer_Affairs_And_Public_Distribution_2.pdf).

<sup>50</sup> Report of the Committee on the Regulation of Sugar Sector in India: The Way Forward, October 2012, [http://eac.gov.in/reports/rep\\_sugar1210.pdf](http://eac.gov.in/reports/rep_sugar1210.pdf).

<sup>51</sup> Report on Price Policy for Sugarcane, 2019-20 season, Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers' Welfare, August 2017, <https://cacp.dacnet.nic.in/ViewReports.aspx?Input=2&PageId=41&KeyId=622>.

**DISCLAIMER:** This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.

## Annexure

**Table 8: Allocation to major heads of expenditure under the Department in 2020-21 (Rs crore)**

	2018-19 Actuals	2019-20 Budgeted	2019-20 Revised	2020-21 Budgeted	% change in BE of 2020-21 over RE of 2019-20
Food subsidy	1,01,327	1,84,220	1,08,688	1,15,570	6.3%
Subsidy to Food Corporation of India (FCI)	70,098	1,51,000	75,000	77,983	4.0%
Subsidy to states (decentralised procurement)	31,029	33,000	33,508	37,337	11.4%
Sugar subsidy payable under PDS	200	220	180	250	38.9%
Assistance to state agencies for intra-state movement of food grains and for margin of fair price shops' dealers	3,884	4,102	1,679	3,983	137.2%
Investment in equity capital of FCI	500	1,000	1,000	1,000	0%
Assistance to sugar mills for the 2017-18 season	376	100	63	-	-
Assistance to sugar mills for the 2018-19 season	-	1,000	2,000	200	-90%
Assistance to sugar mills for the 2019-20 season	-	-	100	500	400%
Scheme for defraying expenditure towards internal transport, freight, handling and other charges on export	-	501	551	200	-63.7%
Scheme for creation and maintenance of buffer stock of sugar	200	350	550	200	-63.6%
Scheme for extending soft loan to sugar mills	-	200	100	120	20%
Financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity	-	100	50	50	0%
Schemes for development of sugar industries	443	351	221	172	-22.2%
<b>Department</b>	<b>1,07,078</b>	<b>1,92,240</b>	<b>1,15,240</b>	<b>1,22,235</b>	<b>6.1%</b>

Sources: Demand no. 15, Department of Food and Public Distribution, Expenditure Budget, Union Budget 2020-21; PRS.

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

	Cereals	Pulses, nuts, & oilseeds	Vegetables & fruits	Meats, eggs, & fish	Milk & milk products	Miscellaneous
<b>Rural</b>						
1993-94	71.0	4.9	2.0	0.7	6.2	15.2
1999-00	67.6	5.5	2.0	0.8	6.2	17.9
2004-05	67.5	5.0	2.2	0.8	6.4	18.1
2009-10	64.2	4.5	1.8	0.7	6.8	22.0
2011-12	61.1	5.2	1.9	0.8	7.1	23.9
<b>Urban</b>						
1993-94	58.5	6.1	3.3	1.0	8.0	23.1
1999-00	55.1	6.9	2.9	1.1	8.2	25.8
2004-05	56.1	6.7	3.2	1.1	8.6	24.3
2009-10	55.0	5.9	2.6	1.0	9.4	26.1
2011-12	51.6	6.4	2.6	1.1	9.1	29.2

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
<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 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
2003-04	22.9	15.8	38.7	25.0	24.3	49.3	127%	13.1	6.9	20.6
2004-05	24.7	16.8	41.5	23.2	18.3	41.5	100%	13.3	4.1	18.0
2005-06	27.6	14.8	42.4	25.1	17.2	42.2	100%	13.7	2.0	16.6
2006-07	25.1	9.2	34.3	25.1	11.7	36.8	107%	13.2	4.7	17.9
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	65.8	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	35.0	25.3	60.3	88%	30.0	13.2	43.3
2018-19	42.7	35.0	77.7	34.4	31.5	65.9	85%	37.7	34.9	72.7

Sources: Handbook of Statistics on Indian Economy (2019), Reserve Bank of India; PRS.

**Table 13: Status of operation of end-to-end computerisation of PDS (October 2019)**

State/ UT	Digitisation of Ration Cards	Aadhaar Seeding with Ration Cards	Online Allocation of Food grains	Computerisation of Supply Chain	% of Fair Price Shops with Operational ePoS
Andhra Pradesh	100%	100%	Implemented	Implemented	100%
Arunachal Pradesh	100%	57%	Implemented	-	1%
Assam	100%	0%	Implemented	-	0%
Bihar	100%	78%	Implemented	Implemented	15%
Chhattisgarh	100%	98%	Implemented	Implemented	97%
Goa	100%	98%	Implemented	Implemented	100%
Gujarat	100%	99%	Implemented	Implemented	100%
Haryana	100%	100%	Implemented	Implemented	100%
Himachal Pradesh	100%	100%	Implemented	Implemented	100%
Jammu and Kashmir	100%	82%	Implemented	-	100%
Jharkhand	100%	95%	Implemented	Implemented	100%
Karnataka	100%	100%	Implemented	Implemented	99%
Kerala	100%	99%	Implemented	Implemented	100%
Madhya Pradesh	100%	90%	Implemented	Implemented	100%
Maharashtra	100%	97%	Implemented	Implemented	100%
Manipur	100%	79%	Implemented	-	0%
Meghalaya	100%	0%	Implemented	-	0%
Mizoram	100%	93%	Implemented	-	0%
Nagaland	100%	65%	Implemented	-	0%
Odisha	100%	96%	Implemented	Implemented	100%
Punjab	100%	99%	Implemented	Implemented	100%
Rajasthan	100%	96%	Implemented	Implemented	97%
Sikkim	100%	90%	Implemented	Implemented	100%
Tamil Nadu	100%	100%	Implemented	Implemented	100%
Telangana	100%	99%	Implemented	Implemented	100%
Tripura	100%	100%	Implemented	Implemented	100%
Uttar Pradesh	100%	100%	Implemented	Implemented	100%
Uttarakhand	100%	93%	Implemented	Implemented	50%
West Bengal	100%	64%	Implemented	Implemented	77%
Andaman and Nicobar Islands	100%	97%	Implemented	Implemented	96%
Chandigarh	100%	100%	NA	NA	NA
Dadra and Nagar Haveli	100%	100%	Implemented	Implemented	100%
Daman and Diu	100%	100%	Implemented	Implemented	100%
Delhi	100%	100%	Implemented	Implemented	0%
Lakshadweep	100%	100%	Implemented	NA	100%
Puducherry	100%	100%	NA	NA	NA
<b>Total</b>	<b>100%</b>	<b>88%</b>	<b>34</b>	<b>26</b>	<b>82%</b>

Sources: Report no. 2, Standing Committee of Food, Consumer Affairs and Public Distribution, Lok Sabha, December 10, 2019; PRS

**Table 14: Minimum Support Prices for paddy and wheat from 2009-10 to 2020-21 (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%	1,925	4.9%

Sources: Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers' Welfare; PRS.

**Table 15: Deleted\* Ration Cards (during 2016-18)**

States/UTs	2016	2017	2018	State-wise Total
Andhra Pradesh	4,75,023	5,449	-	4,80,472
Andaman & Nicobar Islands	-	-	-	0
Arunachal Pradesh	4,396	56	-	4,452
Assam	1,08,681	42,077	1,35,250	2,86,008
Bihar	6,291	-	-	6,291
Chandigarh	-	88	-	88
Chhattisgarh	1,50,000	1,50,000	-	3,00,000
Dadra & Nagar Haveli	549	-	-	549
Daman & Diu	101	272	4,898	5,271
Delhi	22,696	3,969	486	27,151
Goa	10,115	-	-	10,115
Gujarat	22,119	18,965	95,659	1,36,743
Haryana	19,648	29,686	2,91,926	3,41,260
Himachal Pradesh	1,148	172	56,858	58,178
Jammu and Kashmir	50,709	664	-	51,373
Jharkhand	4,46,025	-	-	4,46,025
Karnataka	1,44,432	3,26,382	4,572	4,75,386
Kerala	-	-	3,314	3,314
Lakshadweep	442	-	-	442
Madhya Pradesh	3,89,124	1,84,673	-	5,73,797
Maharashtra	11,55,908	-	-	11,55,908
Manipur	-	336	-	336
Meghalaya	-	-	370	370
Mizoram	101	559	-	660
Nagaland	-	8,521	-	8,521
Odisha	6,50,471	35,740	-	6,86,211
Puducherry	9,886	-	-	9,886
Punjab	-	69,945	34,972	1,04,917
Rajasthan	13,71,230	73,110	8,016	14,52,356
Sikkim	11,714	1,126	-	12,840
Tamil Nadu	84,470	9,089	-	93,559
Telangana	5,21,790	-	-	5,21,790
Tripura	92,728	-	-	92,728
Uttar Pradesh	25,86,541	44,41,748	-	70,28,289
Uttarakhand	89,984	3,18,718	1,26,268	5,34,970
West Bengal <sup>§</sup>	-	-	-	0
<b>Total</b>	<b>84,26,322</b>	<b>57,21,345</b>	<b>7,62,589</b>	<b>1,49,10,256</b>

Note: \*Cards deleted due to detection of ghost/fraudulent/duplicate/ineligible/migration /deaths etc. during the process of digitisation, de-duplication, Aadhaar seeding in run-up /implementation of National Food Security Act. <sup>§</sup>West Bengal has individual Ration Cards system. Sources: Second Report, Standing Committee on Food, Consumer Affairs and Public Distribution (2019-20); PRS.

**Table 16: Sugarcane dues (as on September 15, 2019) (Rs crore)**

State	2016-17 & Earlier	2017-18	2018-19	Total Arrears
Andhra Pradesh	1	5	132	138
Bihar	39	8	478	524
Chhattisgarh	0	2	39	41
Goa	0	0	5	5
Gujarat	35	2	804	841
Haryana	0	0	80	80
Karnataka	33	0	225	258
Madhya Pradesh	8	8	9	25
Maharashtra	174	62	396	632
Odisha	3	0	19	21
Puducherry	22	0	0	22
Punjab	0	26	589	615
Rajasthan	0	0	0	0
Tamil Nadu	1,529	65	346	1,940
Telangana	0	0	46	46
Uttar Pradesh	144	41	5,990	6,174
Uttarakhand	25	109	286	420
West Bengal	0	0	0	0
<b>Total</b>	<b>2,014</b>	<b>326</b>	<b>9,444</b>	<b>11,784</b>

Sources: Second Report, Standing Committee on Food, Consumer Affairs and Public Distribution (2019-20); PRS.