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STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2021-2022)

SEVENTEENTH LOK SABHA

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)

DEMANDS FOR GRANTS (2022-23)

EIGHTEENTH REPORT

LOK SABHA SECRETARIAT
NEW DELHI

March, 2022/ Phalguna, 1943 (Saka)

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MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)

DEMANDS FOR GRANTS (2022-23)

Presented to Lok Sabha on 22.03.2022
Laid in Rajya Sabha on 22.03.2022

LOK SABHA SECRETARIAT
NEW DELHI

March, 2022/ Phalguna, 1943 (Saka)

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LOK SABHA SECRETARIAT

1. Shri Shiv Kumar	-	Joint Secretary
2. Dr. Vatsala Joshi	-	Director
3. Dr. Mohit Rajan	-	Deputy Secretary
4. Smt. Darshana Gulati Khanduja	-	Executive Officer

@Constituted w.e.f. 13.09.2021 vide Lok Sabha Bulletin Part II No.3189 dated 09.10.2021.
***Shri Bhagwant Mann ceased to be Member consequent upon his resignation as Member of Lok Sabha w.e.f. 14.03.2022.**

INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2021-2022) having been authorized by the Committee, present on their behalf, this Eighteenth Report (Seventeenth Lok Sabha) on Demands for Grants (2022-23) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Committee examined/scrutinized the detailed Demands for Grants (2022-23) of the Ministry which were laid on the Table of the House on 09.02.2022. The Committee took oral evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on 24 February, 2022. .

3. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2022-23).

4. The Report was considered and adopted by the Committee at their sitting held on 16 March, 2022.

5. For facility of reference and convenience, the Observations/Recommendations of the Committee have been printed in thick type in the body of the Report and have been reproduced in Appendix III of the Report.

NEW DELHI;
16 March, 2022
25 Phalguna 1943(Saka)

SUDIP BANDYOPADHYAY,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution

IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS

The Ninth Report (Seventeenth Lok Sabha) of the Committee on Food, Consumer Affairs and Public Distribution on Demands for Grants (2021-22) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) was presented to Lok Sabha on 19.03. 2021 and laid on the Table of Rajya Sabha the same day. The Report contained 12 Observations/Recommendations.

The Minister concerned is required to make a Statement under Direction 73-A of Directions by the Speaker, Lok Sabha about the status of implementation of Recommendations contained in the Original Report of the Committee within six months of presentation of Report to the Parliament. Statement under Direction 73-A in the context of the Ninth Report (Seventeenth Lok Sabha) was made by the Minister of Consumer Affairs, Food and Public Distribution on 03.08.2021 in Lok Sabha and 06.08.2021 in Rajya Sabha.

On the basis of the Action Taken Notes received on 17.06.2021 from the Department of Food and Public Distribution in respect of the Ninth Report (Seventeenth Lok Sabha), the Committee presented the Action Taken Report to Parliament on 07.12.2021. The Committee commented on the Action Taken Notes furnished by the Department at Para Nos. 1.7, 1.10, 1.13, 1.16, 1.19 and 1.22 of the Fourteenth Report (Seventeenth Lok Sabha). An analysis of the Action Taken Notes revealed that the Government had accepted 58.34% Recommendations of the Committee. The Committee did not desire to pursue 33.33%. Replies in case of 8.33% Recommendations were of interim nature.

The Committee note that the Action Taken Replies in respect of the Observations/Recommendations contained in the Ninth Report of the Committee (Seventeenth Lok Sabha) were furnished by the Government within the stipulated period of three months and the Statement by the Minister under Direction 73-A was made within the stipulated six months period. An analysis of the action taken by the Government revealed that 58.34% Recommendations of the Committee had been accepted by the Government. The Committee did not desire to pursue 33.33% Recommendations and in respect of 8.33% of Recommendations, the Government had furnished interim replies. The Committee hope and trust that the Department will adhere to the laid down stipulations, in letter and spirit and inform them of the status of implementation of the Recommendations along with the replies which were of interim nature.

CHAPTER - I

INTRODUCTORY

The Ministry of Consumer Affairs, Food and Public Distribution consists of two Departments, namely, the Department of Food and Public Distribution and the Department of Consumer Affairs. The Department of Food and Public Distribution and also the Department of Consumer Affairs work under the overall guidance of Union Minister of Consumer Affairs, Food and Public Distribution. The main functions of the Department of Food and Public Distribution are:-

(i) Formulation and implementation of National policies relating to procurement, movement, storage and distribution of foodgrains;

(ii) Implementation of the Public Distribution System(PDS) with special focus on the poor;

(iii) Provision of storage facilities for the maintenance of central Reserves of foodgrains and promotion of scientific storage;

(iv) Formulation of national policies relating to export and import, buffer stocking, quality control and specifications of foodgrains;

(v) Administration of food subsidies relating to rice, wheat and coarse grains;

(vi) Policy matters relating to sugar and sugarcane sector, fixation of Fair and Remunerative Price (FRP) of sugarcane payable by sugar factories, development and regulation of sugar industry (including training in the field of sugar technology) and sugar supply for PDS; and

(vii) Monitoring, Price control and Supply of Edible Oils.

1.2 The Department has one Attached Office, namely: (i) Directorate of Sugar and Vegetable Oils. There is one subordinate office under Sugar Division namely National Sugar Institute, Kanpur.

There are other Subordinate Offices under the Department, namely:

(i) Eleven Quality Control Cells (QCCs) located at New Delhi (headquarter), Kolkata, Hyderabad, Bengaluru, Bhopal, Bhubaneshwar, Lucknow, Pune, Chennai, Guwahati and Patna.

(ii) One Indian Grain Storage Management and Research Institute (IGMRI), Hapur (Uttar Pradesh) with 2 field stations located at Hyderabad, and Ludhiana.

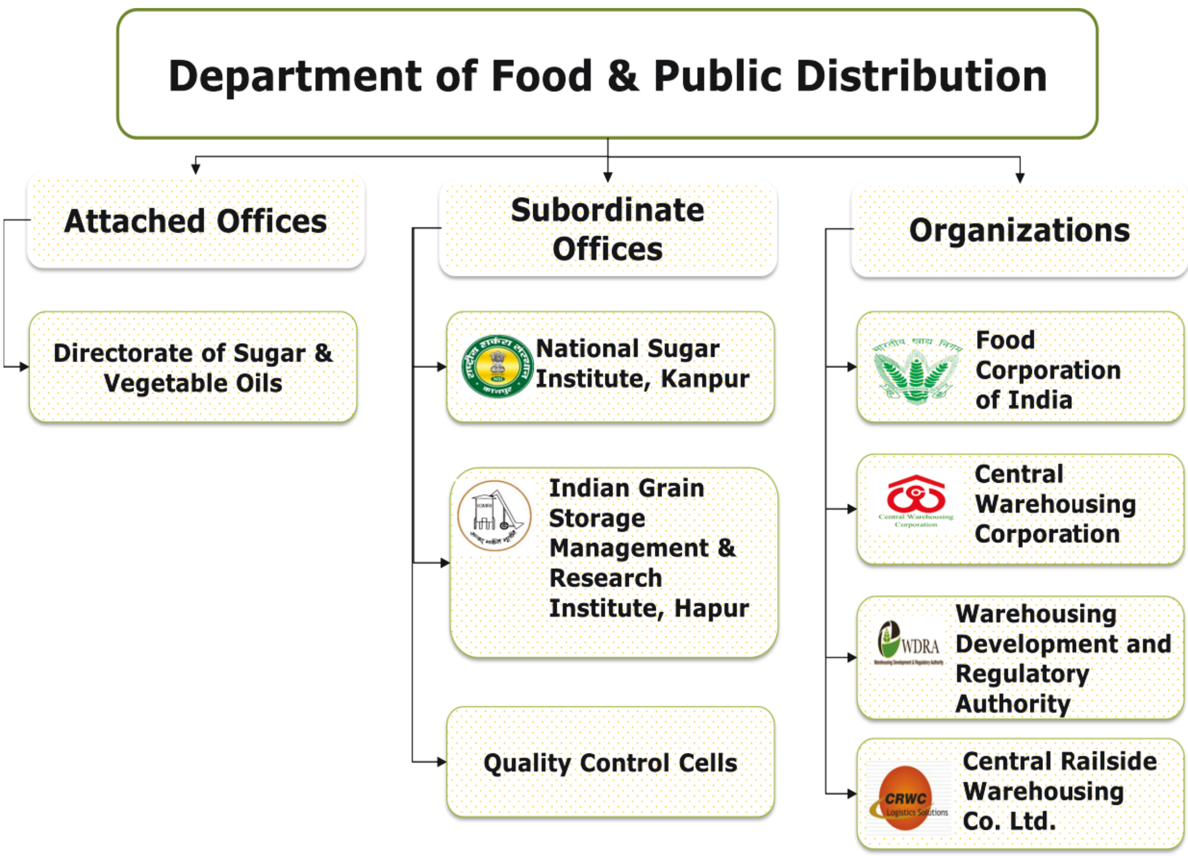
1.3 In addition, there are three Public Sector Undertakings under the administrative control of the Department, namely:

(i) Food Corporation of India (FCI)

(ii) Central Warehousing Corporation (CWC)

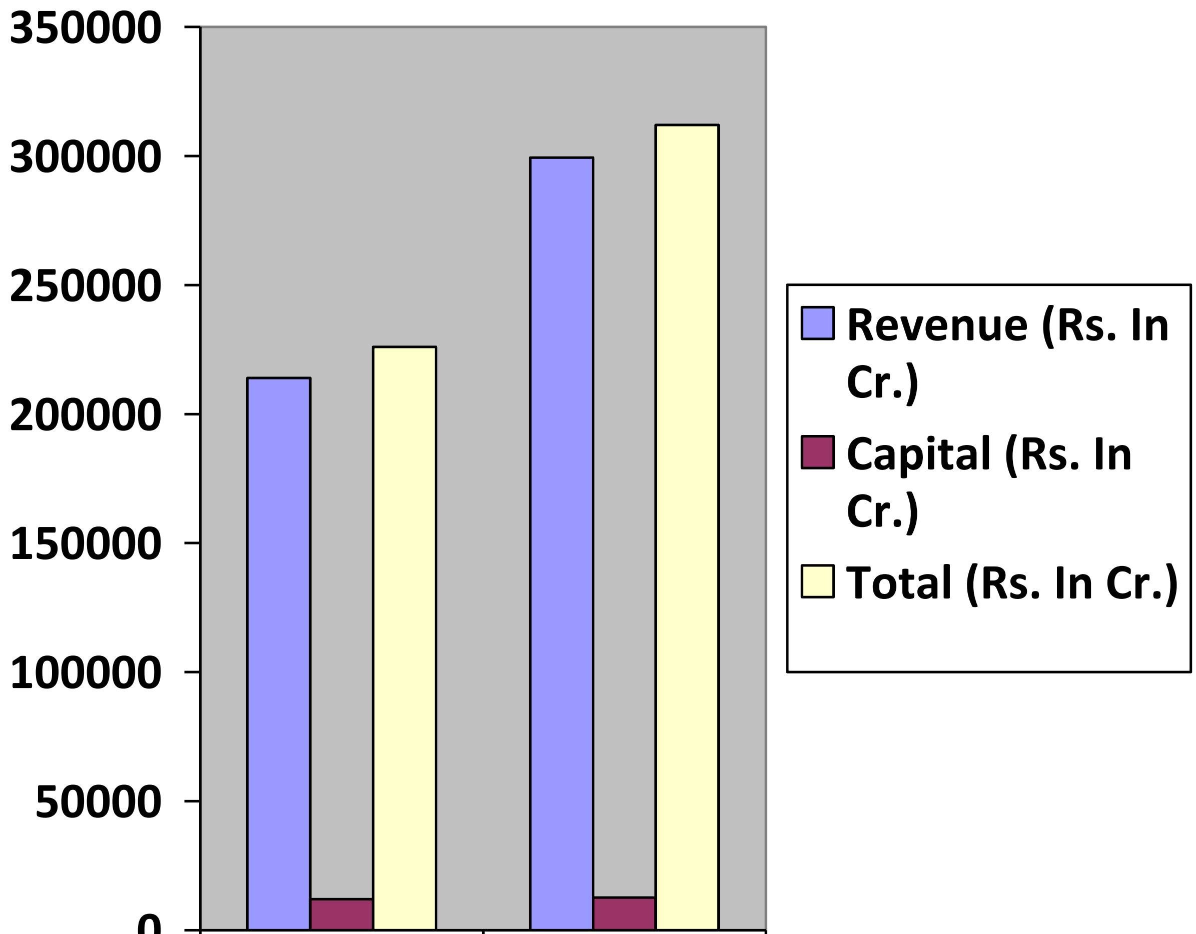
(iii) Hindustan Vegetable Oils Corporation Ltd.(HVOC) - The Corporation is under liquidation; and

(iv) One Regulatory authority viz. Warehouse Development and Regulatory Authority (WDRA)



1.4 The Minister for Consumer Affairs, Food and Public Distribution laid on the Table of the Lok Sabha, the Detailed Demands for Grants (2022-23) relating to the Department of Food and Public Distribution on 9th February, 2022. The Detailed Demands for Grants, for the Department of Food and Public Distribution show a budgetary provision of Rs. 2,25,959.58 Crore for the year 2022-23. This includes Rs.2,13,929.91 Crore for Revenue and Rs. 12,029.67 Crore for Capital Expenditure.

Table 1: BE 2022-2023 and RE 2021-2022



	BE 2022-23	RE 2021-22
Revenue (Rs. In Cr.)	213929.91	299363.35
Capital (Rs. In Cr.)	12029.67	12636.65
Total (Rs. In Cr.)	225959.58	312000

1.5 The Committee in the present Report have examined various issues related to implementation of various Schemes and Programmes under the jurisdiction of the Department, in the context of Demands for Grants 2022-23. The detailed analysis along with observations/ recommendations of the Committee on various issues have been given in the succeeding paragraphs/Chapters of the Report.

CHAPTER - II

FINANCIAL PERFORMANCE OF THE DEPARTMENT

Budgetary Provisions and Expenditure

In regard to the Budget vis-à-vis Expenditure 2021-22, the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) at their sitting held on 24.02.2022, informed the Committee as under:-

"Budget Status 2020-21

(Rs. in Crore)

Section	**BE 2021-22**	**RE 2021-22**	**AE 2021-22 (as on 23.02.2022)**
Revenue	2,51,248.34	2,99,363.35	2,38,524.73
Capital*	*52,725.96	*12,636.65	2,600.39
Total	**3,03,974.30**	**3,12,000.00**	**2,41,125.12 (w.r.t RE 77.28 %)**

** Includes Ways & Means advance as Loan to FCI, depending upon operational necessity. It is expected that budget would be fully utilized by the 31st March, 2022."*

2.2 It may be seen from the above that Revised Estimates under Revenue Section for the year 2021-22 has been placed at Rs. 2,99,363.35 Crore involving an increase of Rs. 48,115.01 crore over the Budget Estimates 2021-22. However, Actual Expenditure has been at Rs. 2,38,524.73 crore till 23.02.2022 i.e. 79.7% of RE 2021-22.

2.3 Further, Capital Expenditure has also been revised downwards in RE 2021-22 at Rs. 12,636.65 Crore (including Ways and Means advance as loan to FCI, depending upon operational necessity) than BE 2021-22 at Rs. 52725.96 crore. However, the

Actual Expenditure remains at Rs. 2600.39 crore till 23.02.2022; which is only 20.57% of the RE.

2.4 Overall expenditure for 2021-22 including both the Sections i.e. Revenue and Capital has been at Rs. 2,41,125.12 Crore till 23.02.2022 which is 77.28% of total Revised Estimates for the year 2021-22 i.e. Rs. 3,12,000 Crore.

2.5 On being asked by the Committee about the less expenditure than Revised Allocation for the year 2021-22, the representatives of the Department during the deliberation held on 24.02.2022 informed the Committee:-

> "Sir, this is the actual expenditure against the budget allocation. We wanted to assure the hon. Members that by the end of March this year, the entire allocation of R. 3,12,000 crore with 100 per cent achievement will be there. The only area where we would not be able to spend, looks like the Capital Expenditure. In RE, it is Rs. 12,000 crore, out of which Rs. 10,000 crore is basically the ways and means position. In case, we are unable to provide FCI, the subsidy, perhaps we will give as a loan to FCI. But it does not look like so. We are getting sufficient funds for this year, and perhaps that is the way. We can assure the Committee that all the money, which is required for this year, will be available."

2.6 The overall allocations in respect of the Department of Food and Public Distribution for the last three years with regard to Revenue and Capital Sections are as under :-

(Rs. in Crores)

	2020-21			**2021-22**			**2022-23**		
	BE	**RE**	**AE**	**BE**	**RE**	**AE**	**BE**	**RE**	**AE**
Capital	**51197.02**	**11190.72**	**11188.35**	**52725.96**	**12636.65**	**2600.24**	**12029.67**	-	-
Revenue	**121038.41**	**437458.00**	**554244.84**	**251248.34**	**299363.35**	**231029.41**	**213929.91**	-	-
Total	**172235.43**	**448648.72**	**565433.19**	**303974.30**	**312000.00**	**233629.65**	**225959.58**	**-**	**-**

2.7 When asked about the reasons for keeping total Revenue Outlay at BE 2022-23, 23% less than RE 2021-22, the Department in its written reply stated:-

Final total RE 2021-22 under Revenue section is Rs. 299363.35 Crore and BE 2022-23 is Rs. 213929.91 Crore. Major reasons for 28% less provision in BE 2022-23 than that of RE 2021-22 are:

(i) BE 2022-23 does not include provision of Food Subsidy under PMGKAY which is upto March, 2022. However, in case of its extension beyond March, 2022, additional fund will be sought through Supplementary Demands for Grants (SDG).

(ii) Some Sugar sector subsidy schemes are likely to be closed during FY 2021-22 itself.

(iii) Slow progress of expenditure under a few schemes resulting in reduction of provisions such as 'Fortification of rice', 'strengthening of PDS' etc.

2.8 Further, the Committee enquired about the large variation in total Capital Expenditure at BE, RE and AE Stage for the year 2021-22 and last three years. The Department in its replies submitted to the Committee, stated that reason for such a large variation is due to the provisions in respect of 'Ways and Means Advance to FCI' scheme which is Rs. 50000 crore in BE 2021-22 and Rs. 10000 crore in RE 2021-22. However, AE is NIL so far. 'Ways and Means advance' is provided to FCI as per its working capital requirement for procurements etc. and the same needs to be repaid within the same financial year. Generally, it is availed by FCI after Food Subsidy is exhausted. Less expenditure w.r.t BE 2021-22/ RE 2021-22 is due to sufficient provision of Food Subsidy and hence, 'Ways and Means advance' not availed by FCI so far. However, provision of Rs. 10000 crore has been kept in RE 2021-22 to meet any such situation of insufficient food subsidy fund during CFY. Excluding the provisions of 'Ways and Means advance', Department has achieved 95% expenditure under Capital Section as on 31.12.2021.

Status of Provisions for last three years under Capital Expenditure is as below:

(Rs. in Crore)

Year	BE	RE	AE
2019-20	51326.12	37250.92	1243.10
2020-21	51197.02	11190.72	1188.35
2021-22 (till date)	52725.96	12636.65	2600.21

As is clear from the above Table, the main reason for huge fluctuation in actual expenditure (AE) as against BE for last three years i.e. 2019-20, 2020-21 and 2021-22 (till date) is that FCI has not availed 'Ways and Means advance' in FY 2019-20 and 2021-22, so far, and has availed less amount than BE in FY 2020-21.

2.9 The Scheme-wise details of BE, RE and Actual Expenditure incurred by the Department of Food and Public Distribution on its Revenue and Capital Schemes during 2021-22 and BE for 2022-23 are as under :-

"Revenue

(Rs. In core)

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
1	Secretariat (**3451**)	73.91	72.42	58.73	81.67	7.76	10.50	Normative increase in expenditure.
2	National Sugar Institute, Kanpur (**2408**)	22.63	22.24	17.49	27.37	4.74	20.95	Increase in minimum wages and Higher no. of contractual workers on account of vacant posts.
3	*Other Programmes of Food Storage & Warehousing*							
	(i) Directorate of Sugar & Vegetable Oils (**2408**)	7.86	7.57	5.05	8.70	0.84	10.69	Normative increase in expenditure.
	(ii) Indian Grain Storage Management & Research Institute **(2408)**	5.08	4.73	2.86	6.10	1.02	20.08	Apart from normal increase in expenditure, provision in BE

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
	(iii) Central Grain Analysis Laboratory (**2408)**	0.02	0.02	0.02	0.14	0.12	600.00	2022-23 also includes expenditure on Reagent /Glassware's and Misc. towards up-gradation/scaling up of lab and infrastructure development of IGMRI, QCC and CGAL.
	(iv) Quality Control Cell **(2408)**	7.38	6.54	4.30	8.34	0.96	13.01	
	(v) International Cooperation (**2408)**	0.67	0.72	0.39	0.75	0.08	11.94	Normative increase in expenditure.
	Total - Other Programmes of Food Storage & Warehousing	**21.01**	***19.58***	***12.70***	***24.03***	3.02	14.37	

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
4	Food Subsidy to FCI (**2408)**	202616.00	210929.00	174500.00	145919.90	-56696.10	-27.98	There is reduction in BE 2022-23 vis-à-vis BE 2021-22 because PMGKAY scheme (providing 5 kg per person additional foodgrains due to COVID pandemic) is upto March, 2022. In case of extension of PMGKAY beyond March' 2022, additional fund will be sought through Supplementary Demands for Grants (SDG).

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
5	Food Subsidy to DCP States (**2408)**	40000.00	75290.11	45945.61	60561.19	20561.19	51.40	increase of provision in BE 2022-23 is mainly due to increase in MSP and consequent incidentals cost on procurement. Apart from this, BE 2022-23 also includes funds under PMGKAY which has not been sought in RE 2021-22.
6	Sugar subsidy payable under PDS (**2408**)	220.00	250.00	225.72	350.00	130.00	59.09	Additional provision is due to participation of State Government of Uttar Pradesh which was not

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
								participating in the scheme initially.
7	Central assistance to State/ UTs for meeting expenditure on intra-state movement, handling of foodgrains and FPS dealers margin under NFSA (Grants) **(2408)**	4000.00	6000.00	4446.54	6572.00	2572.00	64.30	Other than regular claims from state governments, additional provision includes funds under PMGKAY which has not been sought in RE 2021-22.

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	2	3	4	4a	5	6	7	8
8	Fortification of Rice and its Distribution under Public Distribution System **(2408/3601) (Centrally Sponsored Scheme)**	70.00	9.05	9.53	10.13	-59.87	-85.53	Out of 15 States consented, 11 States have been distributing fortified rice in their identified districts under Pilot Scheme. However, this Department received claim request from only two States for 1st quarter FY 2021-22 under the Pilot Scheme. Hence, due to slow progress, lack of maturity in rice fortification ecosystem and

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
								Covid-19 pandemic situation, provision has been reduced.
9	Scheme for providing assistance to Sugar Mills for expenses on marketing costs including handling, upgrading and other processing costs and costs of international and internal transport and freight charges on export of sugar	2000.00	3500.00	3011.87	0.00	-2000.00	-100.00	Under the scheme, the sugar mills are supposed to export a quantity of 60 LMT of sugar during current sugar season. The overall assistance for the sugar mills under the

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	2	3	4	4a	5	6	7	8
								scheme is estimated to be about Rs. 3500 crore. As the claims are likely to be received and settled during the current FY itself, there is no provision in BE 2022-23.
10	Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity	300.00	160.00	0.00	300.00	0.00	0.00	NA
11	Scheme for Assistance to Sugar Mills for 2018-19 season	200.00	123.00	111.11	0.00	-200.00	-100.00	No demand in BE 2022-23 is due to likely closure of the scheme during current FY itself.

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	2	3	4	4a	5	6	7	8
12	Scheme for Assistance to Sugar Mills for 2019-20 season	1000.00	2150.00	2104.58	0.00	-1000.00	-100.00	No provision in BE 2022-23 is due to likely closure of the scheme during current FY itself.
13	Scheme for defraying expenditure towards internal transport, freight, handling and other charges on export	0.00	3.20	0.68	0.00	0.00		Provision in RE 2021-22 is to settle the pending claims under the scheme.
14	Scheme for Creation and Maintenance of Buffer Stock of Sugar	50.00	65.00	59.50	0.00	-50.00	-100.00	No provision in BE 2022-23 is due to likely closure of the scheme during current FY itself.
15	Scheme for Creation and Maintenance of Buffer Stock of 40 LMT of Sugar	600.00	700.00	478.33	0.00	-600.00	-100.00	No provision in BE 2022-23 is due to likely closure of the scheme during

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
								current FY itself.
16	Financial Assistance to Sugar Undertakings / Other Expenditure of SDF (Administration of Sugar Development Fund) (**2408)**	22.00	22.00	18.41	16.00	-6.00	-27.27	Ministry of Finance has directed to close the SDF loans.Hence, the cost on loan management activities is likely to decrease in future. Accordingly, the provision in BE 2022-23 has been reduced.
17	Storage & Godowns- Construction of Godowns by State Governments in North Eastern Region (**2552/2408**)	4.79	4.79	0.00	3.20	-1.59	-33.19	Reduction in provision is due to no projection for welfare of SC/ST in BE 2022-23 and

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
								less expenditure trend.
18	Strengthening of PDS Operation(**2408/2552/3456**)	8.17	1.40	0.19	2.00	-6.17	-75.52	Three scheme components namely 'PDS-Training', 'PDS-Evaluation, Monitoring & Research' and 'Generating Awareness among TPDS beneficiaries' got converted into projects in terms of MoF guidelines. Hence, provision in BE 2022-23 reduced.
19	Integrated Management - Public Distribution	25.00	25.00	18.29	40.00	15.00	60.00	Increase is due to proposed

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
	System (IM-PDS)							extension of the scheme upto 31.03.2023
20	Warehousing Development and Regulatory Authority (**2408**)	14.83	13.98	10.13	18.03	3.20	21.58	Increase in provision is mainly due to (i) assumptions that 13 posts will be filled up, (ii) Planning of more no. of registration, inspection and awareness programme and (iii) Starting of non-agri commodity warehouse regulation.
21	**Projects**							
(a)	PDS- Training	0.00	0.02	0.00	0.00	0.00		Newly opened projects during FY 2021-22
(b)	PDS- Evaluation, Monitoring & Research	0.00	0.81	0.00	0.72	0.72		

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
(c)	Generating Awareness among TPDS beneficiaries	0.00	1.75	0.00	3.67	3.67		after being discontinued as scheme components of 'Strengthening of PDS Operation' scheme.
	Total-Revenue Expenditure	**251248.34**	**299363.35**	**231029.41**	**213929.91**	**-37318.43**	-14.85	

CAPITAL

(Rs in crores)

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	2	3	4	4a	5	6	7	8
1	Investment in Equity Capital of Food Corporation of India	2500.00	2500.00	2500.00	1900.00	-600.00	-24.00	As per the Budget Announcement 2018-19, equity of total Rs. 5000 crore has been infused in FCI by GoI during FY 2021-22. However, provision in BE 2022-23 is to meet the gap between authorized capital (Rs. 10000 crore) and paid-up

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
								capital (Rs.8100 crore approx.) of FCI.
2	National Sugar Institute, Kanpur **(4408)**	5.75	5.55	1.48	3.80	-1.95	-33.91	Less provision in BE 2022-23 vis-à-vis BE 2021-22 is as per the requirement for essential expenditure to accomplish main functions of instltute and to complete the required jobs like modernization

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	2	3	4	4a	5	6	7	8
								of experimental sugar factory and procurement of equipments.
3	Storage & Godowns-Construction of godowns by FCI in North Eastern Region (**4552/4408**)	40.21	10.00	0.00	20.00	-20.21	-50.26	Provision in BE 2022-23 is for construction works in NER/other than NER States by FCI and funds are released fter receiving UCs. Reduction in provision is due to no projection for welfare of SC/ST in BE 2022-23 and less
4	Storage & Godowns-Construction of godowns by FCI **(4408)**	15.00	0.00	0.00	10.00	-5.00	-33.33	

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
								expenditure trend.
5	Ways and Means Advance payable to FCI (**6408)**	50000.00	10000.00	0.00	10000.00	-40000.00	-80.00	Ways and Means advance is provided to FCI as per its working capital requirement for procurements etc. and the same needs to be repaid within the same financial year. Generally, it is availed by FCI after Food Subsidy is exhausted. Less provision has been made in

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
								BE 2022-23 vis-à-vis BE 2021-22 in view of suffucient provision of Food Subsidy.
6	Loans for consumer Industries **(6860)**							
	i) Loans for Modernization / Rehabilitation of Sugar Mills.	10.00	0.00	0.00	2.10	-7.90	-79.00	SDF Loans are demand driven. No further proposals are likely to be received in the current FY. Further, as per the direction of Ministry of Finance, SDF
	ii) Loans to Sugar Mills for Cane Development	5.00	1.10	0.00	4.07	-0.93	-18.60	
	iii) Loans to Sugar Factories for Bagasse based co-generation Power Projects.	70.00	50.00	27.84	21.57	-48.43	-69.19	

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	2	3	4	4a	5	6	7	8
	iv) Loans for production of anhydrous alcohol or ethanol from alcohol	80.00	70.00	70.92	41.07	-38.93	-48.66	loans are to be closed and the disbursements may be made only for those application for which administrative approvals have been already granted.
7	**Other Establishment**							
(a)	Scaling up of IGMRI	0.00	0.00	0.00	7.16	7.16		Provision under these new heads are in order to scaling up of labs and development of infrastructure at QCCs/IGMRIs and CGAL to enable these labs to test the
(b)	Scaling up of CGAL	0.00	0.00	0.00	2.00	2.00		
(c)	Scaling up of Quality Control Cell Laboratories	0.00	0.00	0.00	17.90	17.90		

Sl. No.	Name of the Scheme / Project	Budget Estimates 2021-22	Revised Estimates 2021-22	Expenditure as on 18.02.2022	Budget Estimates 2022-23	upward (+)/ downward (-) variations in BE 2022-23 vis-a-vis BE 2021-22	Percentage of variation (in %)	Reasons for variations under Col.6
1	**2**	**3**	**4**	**4a**	**5**	**6**	**7**	**8**
								micro nutrients used for rice fortification.
	Total-Capital Expenditure	**52725.96**	**12636.65**	**2600.24**	**12029.67**	**-40696.29**	**-77.18**	

”

2.10 The Committee note that total BE for Revenue Schemes during the Financial Year 2021-22 is Rs. 251248.34 Crore, was revised at RE Stage to Rs. 299363.35 crore, however, the Actual Expenditure as on 23.02.2022 is Rs. 238524.73 Crore, i.e. 77.28% of RE 2021-22. Similarly, total BE for Capital Schemes during the Financial Year 2021-22 is Rs. 52725.96 Crore, which was reduced at RE Stage to Rs. 12636.65 Crore but the Actual Expenditure as on 23.02.2022 is only Rs. 2600.39 Crore. Further, the BE 2022-23 for Revenue has been kept at Rs. 213929.91 crore i.e. 28.5% less than RE 2021-22.

The reasons specified by the Department for less allocation of funds for the year 2022-23 include non-provision of funds for PM-GKAY, closing of some Sugar Sector Schemes and slow progress of expenditure under few Schemes. The Committee are, however, constrained to note that Department has not been able to utilize allocated funds during the year 2021-22 due to slow progress of expenditure under few schemes. The Committee deprecate this anomalous situation arising out of a seemingly unplanned method of projecting outlay *viz-a-viz* Actual Expenditure. Less utilization of allocated funds indicates not only lack of proper planning at the initial stage on the part of the Department but also inadequate monitoring. The Committee, therefore, urge the Department to work out on the developing Standard Operating Procedures (SOPs) for expenditure with improvised monitoring for proper and rightful utilization of funds.

2.11 Under the Revenue Scheme – Central Assistance to States/UTs for meeting expenditure on Intra-State movement, handling of foodgrains – FPS Dealers' margin under NFSA (Grant), allocations are as under:

(Fig. in Rs. Crore)

	BE	RE	AE
2020-21	3982.54	8000	6482.54
2021-22	4000	6000	3602.22 (Till 10.02.2022)
2022-23	6572	-	-

In regard to the Revenue Scheme – Central Assistance to States/UTs for meeting expenditure on Intra-State movement, handling of foodgrains – FPS Dealers' margin under NFSA (Grant), when enquired about the reasons for higher allocation at BE 2022-23 as compared to RE 2021-22 and the method of utilization of the funds, the Department in its reply stated as under:-

"The details of fund under this scheme for financial year 2021-22 is as follows:

(In Crore)

Budget Estimates	Revised Estimates	Actual Expenditure (As on 10.02.2022)*
4000.00	6000.00	3602.22

*Will be revised further before the Meeting

Reasons for higher BE for 2022-23: In view of the spread of Covid-19, Government is allocating foodgrains under the scheme Pradhan MantriGarib Kalyan Anna Yojana which has been extended till March, 2022. Under this scheme, entire expenditure towards intra-State movement & handling of foodgrains and fair price shop dealers' margin is to be borne by the Central Government. To meet this expenditure, higher funds has been sought at BE 2022-23."

2.12 The Committee are surprised to note that under the Revenue Scheme-Central Assistance to States/UTs for meeting expenditure on Intra-State movement, handling of foodgrains – FPS Dealers' margin under NFSA (Grant), during the year 2021-22, BE was Rs. 4000 Crore which was raised to Rs. 6000 Crore at RE Stage but Actual Expenditure could be only Rs. 3602.22 Crore. The Committee fail to understand the reason for enhancing BE 2022-23 to Rs. 6572 Crore, when RE of Rs. 6000 crore during the year 2021-22 has not been fully utilized. The Committee have been informed that in view of the spread of Covid-19, Government is allocating foodgrains under the scheme Pradhan Mantri Garib Kalyan Anna Yojana, which has been extended till March, 2022. Under this Scheme, the entire expenditure towards intra-State movement & handling of foodgrains and Fair Price Shop Dealers' Margin is to be borne by the Central Government. To meet this expenditure, higher funds has been sought at BE 2022-23. On the face of it, the Committee are not convinced with the reply given by the Department. However, they are constrained to note that the upward/downward variation of funds at BE/RE/AE Stages indicate lack of proper planning on the part of the Department, which needs to be avoided in future. Keeping in view the fact that the Department of Food and Public Distribution has been entrusted with a very important responsibility of ensuring Central Assistance to States/UTs for meeting expenditure on Intra-State movement, handling of foodgrains, the Committee strongly urge the Department to strictly monitor the expenditure of funds from the initial stage itself so that the allocated funds are properly utilized during the Financial Year itself. To achieve this, the Committee recommend the

Department to prepare a realistic workable action plan to utilize such funds evenly throughout the year.

CHAPTER- III

MANAGEMENT OF FOOD

The Department of Food and Public Distribution is concerned with the formulation and implementation of various national policies on foodgrains relating to procurement, movement, scientific storage, distribution and sale. The aim of such policies is to ensure that interests of farmers as well as consumers are saved, which is done by providing remunerative prices to the farmers and making foodgrains available at reasonable prices to consumers, especially to the vulnerable sections of the society. The major objectives of food management are procurement of foodgrains from farmers at remunerative prices, distribution of foodgrains to consumers, particularly the vulnerable sections of society at affordable prices and maintenance of food buffer stock for food security and price stability.

(a) Decentralised Procurement Scheme

3.2 Under Decentralized Procurement Scheme (DCP), introduced in 1997-98, foodgrains is procured, stored and distributed by the State Governments themselves. Under this scheme, the States procure, store and issue foodgrains under TPDS and other welfare schemes of the Government of India. The decentralized system of procurement has the objectives to ensure that MSP is passed in a focused way on to the farmers, and to encourage procurement in non-traditional States, thereby extending the benefits of MSP to local farmers, which also saves on transportation cost. This also enables procurement of foodgrains more suited to local taste for distribution under the PDS (Public Distribution System).

3.3 Under this Scheme, the State Government and its agencies undertake procurement of Paddy/Rice and wheat on behalf of Government of India and also store and distribute these food grains under NFSA and Other Welfare Schemes. The Central Government undertakes to meet the entire expenditure incurred by the State Governments on the procurement operations as per the approved costing. If the stock procured by a DCP State is more than its requirement under NFSA/OWS, then the surplus is handed over by the State to FCI for distribution to other deficit States. In case stock procured by a DCP State is less than its requirement, the deficit portion is supplied by FCI from other surplus states. For the surplus stocks handed over by the surplus DCP states to FCI, the Acquisition cost is reimbursed by FCI to the State Government on the basis of the Cost Sheet issued by GOI. In the DCP States, FCI carries out procurement only in those areas where the State makes specific request for the same keeping in view lack of infrastructure, man power etc. and its inability to carry out the procurement in those areas. The Central Government also monitors the quality of foodgrains procured under the scheme and reviews the arrangements made to ensure that the procurement operations are carried on smoothly. The status of DCP states is as under:

STATES UNDERTAKING DECENTRALISED PROCUREMENT for Wheat & RICE

S.N.	DCP State for Rice	S. No.	DCP State for Wheat
1	Uttrakhand	1.	Madhya Pradesh
2	Chhattisgarh	2.	Uttrakhand
3	Odisha	3.	Chattisgarh
4	Tamilnadu	4.	Gujarat
5	West Bengal	5.	West Bengal
6	Kerala	6.	Bihar
7	Karnataka	7.	Punjab
8	Madhya Pradesh	8.	Maharashtra
9	Andhra Pradesh	9.**	Rajasthan (for 9 districts)
10	Bihar		
11.	Telangana		
12.	Maharashtra		
13.	Gujarat		
14.	Andaman Nicobar		
15.	Tripura		
16.*	Jharkhand (only for 6 District)*.		

* **Jharkhand** was DCP for KMS 2016-17 (only for 1 district) 2017-18 (only for 5 District), 2018-19 (only for 6 District). They have adopted Non-DCP in KMS 2019-20.

** **Rajasthan** was DCP for wheat in RMS 2013-14 to 2015-16 (for 1 district) and 2016-17 (for 9 districts). From RMS 2017-18 onwards wheat is procured under Non-DCP mode.

3.4 On being asked about the efforts being made to pursue the remaining States to adopt DCP mode, the Department in its reply has stated that since adoption of DCP mode requires substantial responsibility on the part of the State Govt. like arrangements for funds, storage space, gunny, manpower, etc. they hesitate to adopt the same.

However, regular efforts are made to persuade them to adopt the DCP mode by addressing their concerns. In the process, now 12 States are procuring Rice and 9 States are procuring Wheat under DCP Scheme.

3.5 In reply to a query with regard to the performance evaluation of DCP Scheme, the Department has stated that on the request of this Department, an Evaluation Advisory Committee under NITI Aayog has been constituted to carry out performance evaluation of the DCP scheme. The study was entrusted to NitiAayog for evaluation of DCP Scheme in 2017. Since no significant progress was made in the matter, a DO letter from Secretary (F&PD) was sent to CEO NITI Aayog in 2019. But no response was received from NITI Aayog. Last letter was sent to NITI Aayog in 2021 requesting to complete the study and submit the report to this Department as earliest possible but no response has been received so far from NITI Aayog.

3.6 The Department further informed the Committee that Directorate of Economic and Statistics, Ministry of Agriculture and Farmers Welfare, Government of India has entrusted evaluation Study of “Decentralized Procurement (DCP) Scheme" for procurement of wheat/paddy to Institute of Economic Growth (IEG), Delhi. The said study is still underway.

3.7 The Committee regret to note that after 24 years of launching of the Scheme and despite repeated recommendations of the Committee for taking concrete steps to convince the remaining States/UTs to adopt Decentralized Procurement Scheme (DCP), the Scheme has been adopted by only 9 States/UTs for Wheat and 16 States/UTs for Rice. While noting that procurement of foodgrains is more effective under the DCP Scheme since non-Decentralized procurement involves one additional handling transaction of FCI taking over the stock of foodgrains and releasing them to the State Government, the Committee are fully convinced that the remaining States/UTs should also adopt the DCP Scheme at the earliest possible. It is all the more imperative for the States/UTs to adopt the DCP Scheme in order to make sure an effective implementation of National Food Security Act, 2013. The Committee, therefore, strongly recommend that the Department should make earnest efforts to motivate the remaining States to adopt the Scheme and try to cordially address their problems, if any, in implementation of the Scheme and provide maximum possible assistance to them to achieve this objective.

3.8 The Committee are dismayed to note that though on the request of the Department, an Evaluation Advisory Committee under NITI Aayog was constituted to carry out performance evaluation of the DCP Scheme in the year 2017, yet despite several reminders, the evaluation has not been concluded till date. The Evaluation Study of Decentralized Procurement Scheme for the procurement of Wheat/Paddy by Institute of Economic Growth also has not been completed yet. The Committee desire the Department to prioritize this work and take the matter at highest level for completion of the aforesaid Evaluation and pursue both the Agencies to complete their respective jobs within a span of six months after submission of this report and the Committee would like to be apprised thereof accordingly.

(b) Food Subsidy - Regular/Under NFSA

3.9 Food Subsidy is paid to the Food Corporation of India (FCI) for reimbursement of the difference between the economic cost of food grains and their issue price, carrying cost of buffer stocks, and on account of levy sugar, import of sugar etc. The economic cost comprises of procurement price, procurement incidentals and distribution cost.

3.10 The year-wise break-up of subsidy released on foodgrains to FCI and the States operating the Decentralized Procurement Scheme is as under:-

FY	Schemes	Budgetary Provision & Allocation (in Rs crore)	
		Allocation	**Actual expenditure**
2019-20	Food Subsidy to FCI **	75000.00	119164.02
	Food Subsidy to DCP States ***	33508.35	44944.35
	Total	**108508.35**	**1,64,108.37**
2020-21	Food Subsidy to FCI #	344077.00	462789###
	Food Subsidy to DCP States	78337.77	66901.77##
	Total	**422414.77**	**529690.77**
2021-22 (as on 11.02.2022)	Food Subsidy to FCI	215283.00	1,74,500.00
	Food Subsidy to DCP States	75,290.11	45,945.61
	Total	**2,90,573.11**	**2,20,445.61**

** For FY 2019-20, Rs 44,164.02 crore in FY 2019-20 released from food subsidy has been adjusted for repayment of NSSF loan. *** Includes Rs 11,436 crore released through FCI to DCP States as part of unutilized NSSF loan.

Over and above RE (20-21), fund of Rs 1,18,712 crore has been additionally allocated by MoF for the purpose of repayment of NSSF loan to FCI. Accordingly, out of total fund released to FCI in FY 20-21, amount of Rs 339236 crore was utilized for repayment of NSSF loan and hence as on 31.03.21, outstanding NSSF loan of FCI was 0.

Includes Rs 11,436 crore released through FCI to DCP States as part of unutilized NSSF loan.

3.11 When asked to furnish the break-up of Food Subsidy (Regular) and Food Subsidy (NFSA) allocated vis-à-vis release to State/UT-wise during last three years, the Department in its reply submitted the following information :-

"

S.No.	Name of the State	2019-20	2020-21	21-22 (as on 07.02.2022)
1	Andhra Pradesh	7404.42	8424.72	6393.16
2	Bihar	2535.71	4117.33	5498.42
3	Chhattisgarh	4628.11	7193.13	4159.20
4	Gujarat	69.03	9.24	0.00
5	Karnataka	205.79	323.99	340.28
6	Kerala	469.30	1214.98	1400.10
7	Madhya Pradesh	8888.39	11946.	6797.19
8	Maharashtra	1920.17	2555.7	2184.44
9	Odisha	5807.45	8985.7	4357.30
10	Punjab	1612.09	1761.5	860.38
11	Rajasthan	0	0	0
12	Tamil Nadu	3242.79	3109.7	3499.35
13	Telangana	4858.89	6879.5	6896.97
14	Uttar Pradesh	0	0	0
15	Uttarakhand	903.12	1371.3	990.95
16	West Bengal	2194.86	8792.0	2393.46
17	Jharkhand	0	3.66	0
18	Tripura	0	29.79	15.58
19	DBT*	204.24	182.78	158.83
		44944.36	66901.	45945.61

* Under DBT scheme, w.e.f. 2015-16 subsidy is released to UTs of Chandigarh, Puducherry , Dadra & Nagar Haveli. As on 07.02.2022.

** The RE, 2019-20 was Rs. 33508.35 crore. Total release includes Rs 11,436 crores released to DCP states from NSSF loan to FCI. Accordingly, MoF has additionally allocated (over and above BE for 20- 21) Rs 11,436 crore for repayment to FCI for NSSF loan & said amount has been released to FCI from DCP head in FY 2020-21.

b) Funds are allocated to FCI and DCP States and the same for BE 22-23 are as below:

(Rs. In Crore)

Years	2022-23 (BE)		Total
	FCI	DCP States	
Subsidy release by DFPD	145919.90	60561.19	206481.09

"

3.12 Further the Committee asked the Department to explain the means by which the gap between requirements of funds vis-a-vis actual funds for Food Subsidy be bridged.

The Department in their written replies submitted that the gap between requirements of funds vis-a-vis availability of funds for food subsidy can be bridged by allocation of additional funds in the Budget. Further to meet out the shortfall of budgetary allocation in case of FCI, Food Corporation of India (FCI) takes Short Term Loans (STL) from various banks as per requirement, avails Ways and Means Advance (WMA) & National Small Saving Fund (NSSF) Loan from the Government, borrows funds through a Cash Credit Limit (CCL) from consortium of banks and issues Government Guarantee bonds. Further, it is mentioned that Rs.3,39,236 Crore was utilized for repayment of NSSF Loan of FCI. Thus NSSF loan as on 31.03.2021 was zero, due to this interest burden has significantly reduced. DFPD has negotiated with consortium of banks and it has resulted in reduction of interest rates on the loan availed by FCI, State from 8.74 % per annum to 7.74% per annum.

3.13 When asked about the opinion of experts in food management in this regard, the Department stated that the Expenditure Management Commission constituted by Ministry of Finance vide its report dated 26.02.2016 recommended that as an immediate step, the timely reimbursement of subsidies, increase in the frequency of releases and appropriate enhancement in the quantum of ways and means advances could result in savings in food subsidy bill. The Commission also observed that reduction in food grain subsidy would require a combination of measures to moderate increase in MSP, limit procurement and increase in Central Issue Prices (CIP).

3.14 The Committee asked the Department to furnish the measures taken by the Government in order to meet the challenges of ever increasing demand of funds for Food Subsidy. In response, the Department submitted that they are fully aware about the need for containing the increase in food subsidy and making regular efforts in this regard. The Government has taken several measures to contain the food subsidy, which includes:

Encouraging decentralized procurement and distribution of foodgrains.

i. Issue of bonds by the FCI at lower coupon rates, backed by Government guarantee.
ii. Improving the operational efficiency of the FCI.

iii. Negotiating with the banks of the consortium of food credit to reduce the rate of interest on cash credit.

iv. Bringing down the level of surplus food grains stock through more liquidation under Open Market Sale Scheme and optimization of procurement through increasing market competitiveness.

v. Rs.339236 Crore used for NSSF loan repayment has reduced economic cost of food grains and thus has resulted in reduction in requirement of food subsidy.

vi. DFPD has negotiated with consortium of banks and it has resulted in reduction of interest rates on the loan availed by FCI, State from 8.74 % per annum to 7.74% per annum.

3.15 The Committee note that allocation of funds - in respect of Food Subsidy during 2021-22 is Rs. 290573.11 Crore but Actual Expenditure as on 11.02.2022 is Rs. 220445.61 Crore only i.e. 76% of allocation. However, the Committee appreciate the efforts being made by the Department for reducing the Bill on Food Subsidy during 2021-22 in comparison to 2020-21. However, the Committee feel that it is still very high and there is still scope to reduce it further. The Committee, therefore, urge the Department to optimize the Food Subsidy Bill without compromising the demands of beneficiaries as well as being prepared for addressing unwarranted situations like COVID-19 pandemic in future by preparing a back-up plan.

(c) Integrated Management of Public Distribution System (PDS)

3.16 The Public Distribution System (PDS) was evolved as a system of management of scarcity and for distribution of food grains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country. PDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society.

3.17 PDS is operated under the joint responsibility of the Central and the State governments. The Central Government, through FCI, has assumed the responsibility for procurement, storage, transportation and bulk allocation of food grains to the State Governments. The operational responsibility including allocation within State, identification of families below the poverty line, issue of Ration Cards and supervision of the functioning of FPS, rest with the State Government. Under the PDS presently the commodities namely wheat, rice and sugar are being allocated to the States/UTs for distribution. Some States/UTs also distribute additional items of mass consumption through the PDS outlets such as cloth, exercise books, pulses, salt and tea, oil, etc.

3.18 Under the scheme on "Integrated Management of Public Distribution System (IM-PDS)" the Department is implementing nation-wide portability of ration card holders through 'One Nation One Ration Card' plan, which enables any eligible ration card holder/beneficiary covered under National Food Security Act, 2013 (NFSA) to lift their entitled foodgrains from any Fair Price Shop (FPS) of their choice in the country by using their existing/same ration card after biometric/Aadhaar authentication on electronic Point of Sale (ePoS) devices installed at the FPSs. At present, the facility for intra-state and inter-state portability of ration card under One Nation One Ration Card plan has been seamlessly enabled in 35 States/UTs covering about 77 Crore beneficiaries (96.8% NFSA population) to access their NFSA foodgrains/ benefit anywhere in these States/UTs. This Department is continuously pursuing with remaining State of Assam for enabling the facility of One Nation One Ration Card by next few months, depending upon its technical readiness.

3.19 Further, the Department informed that there is no proposal under consideration to implement smart card based delivery system in the Department.

3.20 Department has issued guidelines for implementation of National Portability of Ration Cards under NFSA through 'One Nation One Ration Card' all States/UTs.

3.21 The Department has further stated that presently about 2.5 Crore portability transactions (including inter-State, intra-State and PM-GKAY foodgrain transactions) are being recorded under 'One Nation One Ration Card' on a monthly basis. So far more than 56 Crore portability transactions have been recorded in the States/UTs under ONORC, delivering nearly total 100 LMT foodgrains through both inter-State and intra-State portability transactions.

3.22 When asked whether seeding of Aadhaar Card Number in Ration Cards has been completed in all States/UTs, the Department in its reply stated that at present, overall Aadhaar Seeding with Ration Cards (at least one member of household) has crossed 93.8% at the National level. The progress of Aadhaar seeding in North Eastern States is slow mainly due to poor Aadhaar generation in Assam and Meghalaya.

"

Status of End-to-End Computerization of TPDS Operations scheme on 4.2.2022

Sl.	States/UTs	Digitization of Ration Cards	% Aadhaar Seeding with Ration Cards	Online Allocation of Foodgrains	Computerization of Supply Chain Management	Toll-Free/ Online Grievance Redressal	No. of Fair Price Shops (FPSs)	No. of FPSs with Operational ePoS
1	Andaman and Nicobar Islands	100%	100%	Implemented	Implemented	Yes	464	445
2	Andhra Pradesh	100%	100%	Implemented	Implemented	Yes	28,936	28,936
3	Arunachal Pradesh	100%	60%	Implemented	-	Yes	1,640	1,635
4	Assam	100%	47%	Implemented	Implemented	Yes	33,987	19,078
5	Bihar	100%	100%	Implemented	Implemented	Yes	47,032	47,021
6	Chandigarh	100%	100%	NA	NA	Yes	NA	NA

7	Chhattisgarh	100%	100%	Implemented	Implemented	Yes	12,304	12,004
8	Dadra & NH and Daman Diu	100%	100%	Implemented	Implemented	Yes	114	114
9	Delhi	100%	100%	Implemented	Implemented	Yes	1,998	1,998
10	Goa	100%	98%	Implemented	Implemented	Yes	451	450
11	Gujarat	100%	99%	Implemented	Implemented	Yes	17,048	17,048
12	Haryana	100%	100%	Implemented	Implemented	Yes	9,526	9,526
13	Himachal Pradesh	100%	100%	Implemented	Implemented	Yes	4,934	4,934
14	Jammu & Kashmir	100%	100%	Implemented	Implemented	Yes	6,737	6,737
15	Jharkhand	100%	98%	Implemented	Implemented	Yes	25,532	25,532
16	Karnataka	100%	100%	Implemented	Implemented	Yes	20,044	20,044
17	Kerala	100%	100%	Implemented	Implemented	Yes	14,189	14,155
18	Ladakh	100%	99%	Implemented	Implemented	Yes	409	409
19	Lakshadweep	100%	100%	Implemented	NA	Yes	39	39
20	Madhya Pradesh	100%	100%	Implemented	Implemented	Yes	25,435	25,435
21	Maharashtra	100%	100%	Implemented	Implemented	Yes	52,532	52,532
22	Manipur	100%	99%	Implemented	-	Yes	2,765	2,765
23	Meghalaya	100%	28%	Implemented	Implemented	Yes	4,735	4,727
24	Mizoram	100%	97%	Implemented	Implemented	Yes	1,245	1,244
25	Nagaland	100%	90%	Implemented	Implemented	Yes	1,629	1,628
26	Odisha	100%	99%	Implemented	Implemented	Yes	12,577	12,577
27	Puducherry	100%	98%	NA	NA	Yes	NA	NA
28	Punjab	100%	100%	Implemented	Implemented	Yes	17,525	17,525
29	Rajasthan	100%	100%	Implemented	Implemented	Yes	25,682	25,579
30	Sikkim	100%	100%	Implemented	Implemented	Yes	1,316	1,316
31	Tamil Nadu	100%	100%	Implemented	Implemented	Yes	34,776	34,776
32	Telangana	100%	100%	Implemented	Implemented	Yes	17,170	17,170
33	Tripura	100%	100%	Implemente	Implemented	Yes	1,806	1,806

				d				
34	Uttarakhand	100%	100%	Implemented	Implemented	Yes	9,200	9,200
35	Uttar Pradesh	100%	100%	Implemented	Implemented	Yes	79,612	79,612
36	West Bengal	100%	80%	Implemented	Implemented	Yes	20,261	20,261
Summary		100%	**93.5%**	**34**	**31**	**36**	**5,33,650**	**5,16,775**

"

3.23 The Committee asked the Department to state the reasons for non-completion of 100% Aadhaar Seeding along with the efforts being made by the Department in this direction. In response, the Department stated that the Department is regularly making all possible efforts to increase the Aadhaar seeding in ration card database. In this connection, Department has prepared and issued guidelines/best practices for increasing Aadhaar Seeding and validating Aadhaar numbers with all States/UTs. The matter is regularly being pursued with lagging States/UTs to expedite the Aadhaar Seeding with Ration Cards. In this regard, the timeline provided to States/UTs through Notification issued by the Department under section- 7 of the Aadhaar Act (amended from time-to-time) has been extended up to 31.03.2022.

3.24 During evidence, the representatives of the Department apprised the Committee as under:-

> "Sir, these are the figures collected from the State Governments, and we provided ration to all of them. The most important instrument for giving them the food is One Nation, One Ration Card. The Members are aware that all these are computerised and any person, in any part of the India can get the ration anywhere. Accordingly, we can see the last but one bullet point. Around 49 crore portability transactions were registered during the COVID period. Out of 80 crores, 49 crore means, that major number of people who are in transit have availed this facility and go the rations; therefore, the transactions are reflected in the department's website. Presently, this scheme is implemented in almost 35 States, covering almost 77 crore beneficiaries, which clearly says that we are in a robust way that any person, in any part of India can avail ration without any difficulty. So, we are able to achieve through this One Nation, One Ration Card. Most probably, I think, we are in for getting the award by the Prime Minister for this."

3.25 The Committee note that total percentage of Aadhaar Seeding with Ration Card in different States/UTs in the country is 93.8%. The Department has stated that the progress of Aadhaar Seeding in North-Eastern States is low mainly due to poor Aadhaar generation in Assam and Meghalaya. The Committee express their displeasure over the fact that in States such as Arunachal Pradesh, Assam, Meghalaya and West Bengal, the process of seeding of Aadhaar Card with Ration Cards is still under way and only 60%, 47%, 28% and 80% of Seeding has been completed respectively. The Committee strongly recommend the Department to 100 % complete the work of Aadhaar Seeding with Ration Cards. They further desire that the issue of Aadhaar Seeding with Ration Card should be sorted out at the highest level so that under the 'One Nation One Ration Card' Scheme, aiming to empower all migrant beneficiaries in lagging States may be realized, enabling poor people to reap the seemless benefits of Welfare Schemes of the Government.

3.26 The Committee also enquired whether Supply Chain Management has been computerized in all the States/UTs, the Department in its reply stated that so far, the Computerization of Supply Chain Management has been implemented in 31 States/UTs and in Arunachal Pradesh & Manipur it is under way. Further, the activity is not applicable in Chandigarh, Puducherry & Lakshadweep.

3.27 The Committee note that Computerization of Supply Chain Management has been implemented in 31 States/UTs and in Arunachal Pradesh and Manipur, Computerization is still under way and this activity is not applicable in Chandigarh, Lakshadweep and Puducheery since all the three come under Direct Benefit Transfer Scheme (DBT). The Committee, therefore, recommend the Department to figure out the reasons for delay in Computerization of Supply Chain Management and complete the Computerization of Supply Chain Management in the remaining North-Eastern States within a fixed time period.

(d) Pradhan Mantri Garib Kalyan Anna Yojana (PM-GKAY)

3.28 Under Pradhan Mantri Garib Kalyan Package as part of the Economic Response to COVID -19, Govt of India had launched scheme i.e Pradhan Mantri Garib Kalyan Anna Yojana(PMGKAY) for additional allocation of food-grains from the Central Pool @ 5 kg per person per month free of cost for all the beneficiaries covered under Targeted Public Distribution System (TPDS)/National Food Security Act(NFSA) (Antyodaya Anna Yojana(AAY) & Priority Households(PHH)) including those covered under Direct Benefit Transfer (DBT) for a total period of 19 months during the year 2020-21 and 2021-22. A total quantity of approx 759.74 LMT of free foodgrains has been allocated to all States/UT, during this period. Allocations under the PMGKAY were done in addition to the normal allocations under the NFSA. The responsibility for identification of eligible beneficiaries under NFSA and distribution of foodgrains to them rests with the States/UTs.

3.29 During evidence, the representatives of the Department informed the Committee as under:-

"Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) 2020-21 & 2021-22

Phase	Period	Allocation (Lakh MT)	Financial Implication (Rs. Crore)
Phase-I	April – June, 2020	121.00	46,061
Phase-II	July – Nov, 2020	201.00	76,062
Phase-III	May – June, 2021	079.39	26603
Phase-IV	July – Nov, 2021	198.78	66279
Phase-V	Dec, 21 – Mar, 22	159.05	53344
Total	19 months	759.22	2,68,348

"

3.30 On being asked about their plan of extending the Scheme, the Department in its reply to the Committee submitted that in the wake of the COVID-l9 outbreak in the country and subsequent lockdown, the Hon'ble Finance Minister in March 2020 had announced the pro-poor 'Pradhan Mantri Garib Kalyan Package (PMGKP)' for ameliorating the hardships faced by the poor and needy due to economic disruptions caused by the pandemic in the country. The economic package inter-alia comprised the implementation of the "Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY)". In view of the 2nd wave of COVID-19 pandemic, the scheme was extended upto November, 2021. Further, keeping in view the need for continued support to the poor and the needy, the scheme was extended for a further period of four months i.e. upto March, 2022. However, any extension of the scheme beyond March, 2022 would be considered by this Department based on the prevailing situation in the country due to Covid-19 at that time.

3.31 The Committee asked the Department to provide their objective assessment of the Scheme. The Department in their response submitted that this additional allocation of 5 kg per beneficiary per month is intended to ameliorate the hardships faced by poor due to economic disruption caused by Corona virus and to ensure that no poor family suffers on account of non-availability of foodgrains due to disruption during this pandemic. Thus, assistance of free of cost helped them to directly access this relief in the form of foodgrains without experiencing any financial distress.

3.32 The Department also provided the following provisional Summary of foodgrain allocation and distribution under PMGKAY:

“

Phases of PMGKAY	**Duration**	**Quantity Allocated**	**Quantity Lifted**	**Quantity Distributed**
Phase – I (3 months)	April’20 – June’20	120 LMT	117.9 LMT	112.6 LMT (94%)
Phase – II (5 months)	July’20- Nov.’20	201 LMT	187.6 LMT	186.2 LMT (93%)
Phase – III (2 months)	May’21 – June’21	80 LMT	78.3 LMT	75.2 LMT (94.6%)

Phase – IV (5 months)	July'21-Nov.'21	199 LMT	191.6 LMT	186.28 LMT (93.57%)
Phase – V (4 months)	Dec'21-Mar.'22	159 LMT	92.02 LMT	65.22 LMT (41.01%) (Distribution ongoing)
Total (19 months)		759 LMT	667.4 LMT	625.56 LMT

"

3.33 During evidence, the representatives of the Department apprised the Committee as under:-

> "Sir, this is the significant development I would like to submit from the department's side to the hon. Members. For 19 months, in five phases, as Secretary Sir has explained, from time to time, this programme was extended. So, depending upon number of months, we have budgeted it. Approximately, per month, we require Rs. 15000 crore extra for PMGKAY programme. If it is run for 12 months, then we require another Rs. 1 lakh crore. So, that is how it works out. So, we would like to submit that a total of Rs. 2.68 lakh crore is the money spent by the department for the PMGKAY since the inception of the COVID, that is, February 2020 onwards. Almost 634 lakh metric tons of food grains have been distributed. You are aware, it is distributed free of cost without any kind of price attached to it. It is almost like one year procurement for the entire country."

3.34 The Committee note that COVID-19 Pandemic has affected the entire country in multiple ways. It has impact the Food Delivery System with direct and indirect consequences on lives and livelihood of people, especially the most vulnerable sections of the society. The Committee applaud the Government that they had launched scheme like Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) under the Pradhan Mantri Garib Kalyan Package as part of the Economic Response to COVID -19, for additional allocation of food-grains from the Central Pool @ 5 kg per person per month free of cost for all the beneficiaries covered under Targeted Public Distribution System (TPDS)/National Food Security Act(NFSA) (Antyodaya Anna Yojana (AAY) & Priority Households(PHH)) including those covered under Direct Benefit Transfer (DBT) for a total period of 19 months during the year 2020-21 and 2021-22. The Committee, however, observe that the Department has not carried out or proposed a Study or an objective assessment of the Scheme - in terms of Capital Outlay and Expenditure and their final outcome on the lives of beneficiaries. The Committee, therefore, recommend the Department to make an objective assessment to find out, upto what extent the Scheme has helped beneficiaries and how long it needs to be continued further.

(e) Fortification of Rice and its distribution under PDS

3.35 To address anaemia and micro-nutrient deficiency in the country, Government of India approved Centrally Sponsored Pilot Scheme on “Fortification of Rice & its Distribution under Public Distribution System (PDS)” for a period of 3 years beginning in 2019-20 with total outlay of Rs 174.64 Crore.

3.36 Out of 15 States selected under the Pilot Scheme, only 11 States have started distributing the fortified rice.

3.37 During evidence, the representatives of the Department apprised the Committee as under:-

> “So, the Department has started 15 pilot projects. Out of which, we have started 11 projects. Ultimately, depending upon the feedback and the requirement, since the hon. Prime Minister on the Independence Day of 2021 declared that fortified rice will be supplied in all the PDS and Government schemes, accordingly, we are scaling it out across the country. Then, we are in the process of getting the approval for the scheme and budget allocation. As and when it is given, we will update it to the Members.”

3.38 When enquired why other 4 States i.e. Kerala, Karnataka, Assam and Punjab have not started distribution of fortified rice, the Department stated that the State of Kerala was unable to start the distribution of fortified rice in their identified Ernakulam District due to some inconsistency in the test results of samples of fortified rice. FSSAI vide letter dated 01.12.2021 intimated that fortified rice may be distributed with no adverse safety impact. Accordingly, the Kerala Government was informed vide letter dated 16.12.2021. Several follow up meetings through VCs were conducted with States to expedite the process of distribution in the pilot district. D.O letter (dated 26th Nov’2020) from Hon’ble Minister of CA, F&PD to Chief Minister of State to expedite the process. Multiple D.O letters were sent from Secretary (DFPD) / Joint Secretary to Chief Secretary of State/ Principal Secretary/ Secretary of State Civil supplies department to start the distribution of fortified rice in the pilot district. However the state has not started distribution so far.

The State of Assam informed that there is no milling capacity in their identified Dhubri District for production of fortified rice and requested this Department to provide fortified rice through FCI in the pilot district (Dhubri). In consultation with FCI, the Assam Govt. was requested on 02.02.2022 to raise any demand for fortified rice and requested to place their indent for the same with the linked procuring region and Movement Division, FCI Hqrs. For providing fortified rice as per their requirement. Fortified rice couldn't be distributed in their identified Ludhiana District, as rice is not distributed under PDS in Punjab.

The State of Karnataka hasn't yet started the distribution in the pilot district although the State gave its consent on 24.07.2019.

3.39 The Committee also enquired about the efforts taken by the Department to ascertain the reasons for non-distribution of Fortified Rice by the State of Karnataka though the State gave its consent for distribution on 24.07.2019, the Department in its Post-Evidence Reply stated that Karnataka hasn't yet started the distribution in the pilot district although the State had given its consent more than 2 years back. Several follow up meetings through VCs were conducted with the State to expedite the process of distribution in the pilot district. A total of 11 D.O letters from Hon'ble Minister of CA, F&PD to Chief Minister of the State, from Secretary (DFPD) / Joint Secretary to Chief Secretary/ Principal Secretary/ Secretary of State department were sent to start the distribution of fortified rice in the pilot district . Karnataka was also persuaded to start the distribution of fortified rice under pilot through eight VC meetings in addition to D.O letters.

3.40 The Department informed that a total amount of Rs. 7.36 Crore [2.35 + 5.01] has been released/sanctioned so far under the Pilot Scheme. In this regard, year-wise BE, RE and AE for the Financial Year of 2019-20, 2020-21 & 2021-22 is as under:

Amount in Crore

Financial Year	**Budget Estimates**	**Revised Estimates**	**Actual Expenditure**
2019-20	42.65	1.00	0.00
2020-21	20.00	9.00	2.35
2021-22 **(as on 08.02.2022)**	70.00	9.05	5.01 (approx.)

3.41 The Department further stated that as on date, 07 (Seven) States have sent their claims. 04 States have started their distribution in the recent past. As such, they may prefer their claims for the period of distribution upto March, 2022 in subsequent months.

3.42 When asked by the Committee as to why Punjab has been selected under the Pilot Scheme when no rice is distributed through PDS in Punjab, the Department in its Post Evidence Reply stated that though rice is not distributed under PDS, Punjab being a surplus State, supplies Rice to most of the deficit States across the country. Hence, when proposal of Punjab identifying its Ludhiana district is received, it was considered to accept participation of Punjab also in the Pilot scheme to create a rice fortification ecosystem in the State, which may help later to procure fortified rice by FCI/State agency to distribute in other deficit states.

3.43 The Committee note that to address anaemia and micro-nutrient deficiency in the country, the Government of India approved a Centrally Sponsored Pilot Scheme on 'Fortification of Rice and its distribution under PDS' for a period of 3 years beginning from 2019-20 with a total outlay of Rs. 174.64 Crore. The Committee have also been informed that the States of Kerala, Karnataka, Assam and Punjab have not started distribution of Fortified Rice. It is not clear why Punjab has been selected for distribution of fortified rice under the known fact that the rice is not distributed through PDS in Punjab. It seems that no methodological selection of States has been done at the time of selecting the States/Districts for Pilot Project. The Committee would like to know the criteria on the basis of which these States have been selected for Pilot Project. The Committee feel that the Scheme is simple, cost-effective and aims to eliminate mal-nutrition and nutritional deficiency among its beneficiaries. The Committee, therefore, strongly recommend the Department to implement the Scheme throughout the country in a phased manner in order to address the problem of malnutrition especially in States; where rice is the staple diet. The Committee also suggest the Department that while preparing the plan to implement the Scheme of distribution of Fortified Rice in all the states, the States opting Decentralized Procurement of rice should be encouraged to distribute Fortified Rice through PDS and develop requisite infrastructure required for the purpose.

CHAPTER IV

FOOD CORPORATION OF INDIA (FCI)

The Food Corporation of India (FCI) was set up in 1965 under an Act of Parliament namely the Food Corporation Act, 1964. The primary duty of the Corporation is to undertake purchase, storage movement, transport, distribution and sale of foodgrains. As the principal implementing agency of the food policy of Government of India, the FCI undertakes procurement of foodgrains at the minimum support price to provide remunerative prices to farmers and also to prevent distress sale of their produce. The FCI also maintains a satisfactory level of operational and buffer stocks of foodgrains to ensure national food security. It offers foodgrains to various State Governments for being distributed to consumers through a wide network of fair price shops under the Public Distribution System (PDS), at the Central Issue Price fixed by the Government.

4.2 Since the FCI is established under a special Act of Parliament and does not come under the Companies Act, hence the capital of FCI is in the form of Equity only and is not divided into shares.

4.3 As the Principal Implementing Agency of the Food Policy of Government of India, FCI undertakes procurement of foodgrains at the minimum support price to provide remunerative prices to farmers and also to prevent distress sale of their produce. FCI also maintains a satisfactory level of operational and buffer stocks of foodgrains to ensure national food security. It offers foodgrains to various State Governments for being distributed to consumers through a wide network of fair price shops under the Public Distribution System (PDS) at the Central Issue Price fixed by the Government.

(a) Dues and Liabilities of FCI

4.4 The Committee enquired about the details of outstanding dues of FCI to be recovered from various Ministries on account of foodgrains issued for various Welfare Schemes on payment basis. In response, the Department in its reply has stated that the outstanding dues from Ministry of Rural Development & Human Resource Development and recovery made during the years 2019-20, 2020-21 and 2021-22 are as under:

Ministry of Rural Development:

Details against the food grains supplied under Sampoorna Gramin Rozgar Yojana (SGRY) Schemes upto 31.03.2008

(Rs. In crore)

Year	**Amount Received**	**Outstanding Balance**
2019-20	NIL	2454.03
2020-21	NIL	2454.03
2021-22(As on 31.12.2021, Provisional)	NIL	2454.03

Schemes is closed on 31.03.2008.

Ministry of Human Resource Development**:-** Details_against the foodgrains supplied under MDM scheme

(Rs. In crore)

Year	**Amount Received**	**Outstanding Balance**
2019-20	499.52	143.64
2020-21	556.88	249.60
2021-22 (As on 31.12.2021, Provisional)	335.45	350.42

In case of Min. of HRD, Revolving Fund of Rs. 400 crores has been provided by the Ministry of HRD for due amount.

Ministry of Exteral Affairs:The following amount is recoverable form Minsitry of External Affairs relating to wheat issued to WFP for supply of fortified biscuit to Afghanistan under Government of India's donation to Afghanistan:

Period	Closing Balance (Rs Cr)
2015-16	48.03
2016-17	47.99
2017-18	113.56
2018-19	47.99
2019-20	47.99
2020-21	67.92
2021-22	56.46

4.5 On being asked whether any time limit has been fixed within which Ministries are requested to make payment of outstanding dues, the Department stated that No time limit was there in case of Ministry of Rural Development earlier for issues under SGRY Schemes. Under decentralized scheme of payment in MDM, there is time limit of 20 days for making payment after submission of bills in the subsequent month (time for claiming MDM by FCI has been decided as 10 days after subsequent month) by the State/ District Authorities, but it is not being adhered to strictly by them.

4.6 In response to a query regarding the steps taken to liquidate outstanding dues of FCI, the Department stated that Department of Food and PD and FCI is purposing the matter with the concerned Ministries for liquidating the outstanding dues of FCI. This Department has convened meeting 25.07.2018 and 28.12.2018 with concerned Ministries/Departments and these Departments were requested repeatedly to expedite the liquidation of the outstanding dues vide letter dated 17.01.2019, 11.02.2019, 28.03.2019 and 05.07.2019. Further, DFPD vide letter dated 17.11.2020 has requested M/o Rural Development, M/o HRD and M/o External Affairs to take necessary action w.r.t. settlement of outstanding dues with FCI. Subsequently, VC was held under the chairmanship of JS (P&FCI) on 04.06.2021 to review outstanding FCI dues with MoRD, MEA and MoHRD. Different Ministries were requested to take necessary action w.r.t. settlement of the matter. However, information is still awaited from concerned Ministries in this regard.

4.7 The Committee note with concern that a large amount of dues are outstanding against the Ministry of Rural Development and Ministry of Human Resource Development (now Ministry of Education) on account of foodgrains provided to them by FCI for various Welfare Schemes on payment basis. The Committee have been informed that an amount of Rs. 2454.03 Crore is outstanding as on 31.12.2021 for payment to FCI by Ministry of Rural Development against the foodgrains supplied under Sampoorna Gramin Rojgar Yojana (SGRY) Scheme upto 31.02.2008 i.e, when the scheme was closed. Further, an amount of Rs. 350.42 crore is outstanding (as on 03.12.2021) in respect of Ministry of Education (HRD) against the foodgrains supplied under the Mid-Day-Meal Scheme (MDM), whereas an amount of Rs. 56.46 Crore is outstanding in respect of Ministry of External Affairs for wheat issues to World Food Programme (WFP) for supply of Fortified Biscuits to Afganistan under Government of India's donation to Afganistan. The Committee feel that inability to liquidate the outstanding dues of FCI over the years would adversely affect the functioning of FCI and put burden on ever rising Food Subsidy Bill. The Committee, therefore, strongly recommend that Department should make sincere efforts towards the settlement of outstanding dues by constituting a Recovery Cell of Higher Officials for regular persuasion of the matter at highest level with other Ministries; to recover the outstanding dues, which will eventually reduce the liabilities of FCI.

(b) Establishment Cost of FCI

4.8 The net expenditure incurred by FCI (including establishment cost) is reimbursed by the Government in the form of food subsidy. Major components of Establishment cost are Salary, DA, Fringe Benefits as per the DPE guidelines, Gratuity and Leave Encashment on Retirement. The details of establishment cost incurred by FCI along with its various components for the last three years are as under:-

PARTICULARS	2019-20	2020-21(U/A)	2021-22 Upto Dec 2021
Pay	2107.30	1199.62	1008.33
D.A	-560.71	172.12	245.00
Contribution to PF etc.	185.10	165.55	150.83
Contribution towards Post-retirement Medical Scheme	59.10	52.40	48.33
Contribution towards Post-retirement Pension Scheme	154.06	137.74	125.83
Conveyance Reimbursement/Transport Subsidy	119.23	71.58	0.00
Dusting operator allowance	-0.30	0.00	0.00
E.L. (During service)	55.45	97.55	69.17
Education Allowances	4.41	7.79	0.00
Fringe Benefit	657.69	298.19	323.33
HRA	195.34	161.93	151.67
Personal Pay (SFN/Higher Qual. Allow)	0.41	0.86	0.00
IR on IDA	-0.39		
LTC Encashment	0.48	0.69	0.83
LTC Home town/Bharat Darshan	7.56	11.70	10.00
Others Allowances	3.98	7.59	0.00
Pay Revision arrears	32.74	6.14	0.00
PLI	40.05	50.74	20.83
Tiffin Allowances	-12.25	0.19	0.00
VRS Deferred Expenditure	2.67	2.81	0.00
Washing Allowances	15.62	8.47	0.00
Sub Total	**3067.56**	**2453.65**	2154.17
Medical Expenses	51.36	41.20	62.50
OTA	26.06	48.43	37.50
Pending OTA	0.00	0.00	0.83
Welfare Expenses	31.79	25.92	25.00
Sub Total	**109.20**	**115.55**	125.83
Establishment Cost	**3176.76**	**2569.20**	2280.00

DCRG	170.31	130.54	95.00
Monetary compensation to dependent/legal heir of deceased during duty due to COVID-19	0.00	2.45	20.83
E.L. (on retirement)	42.99	39.02	34.17
Total Establishment Cost	**3390.06**	**2741.21**	2430.00
Estt. Cost Capitalised	4.32	4.37	0.00
Net Staff Cost	**3385.74**	**2736.84**	**2430.00**
% Variation Over previous year	-	**-19.17**	

1. In 2019-20 ,the cost increased due to the payment of higher salary and Wage Revision arrear of Cat III and IV staff .The revision was due w.e.f. 01.01.2017
2. In above table, DA figures are showing negative which is due to the recovery of higher DA paid from 01.01.2017.
3. Due to the revision, basic salary increased. As a result allowances calculated on the basis of it also increased.
4. In the revision, fringe benefits@35% of basic was given to category III and IV staff in lieu of the other allowances. Due to this expenses in fringe benefits increased. Some allowances are recovered which is shown in negative figure.
5. Men in Position of FCI as on 31st March 2020 was 20850, as on 31st March, 2021 was 22215 and as on Dec 2021 is 22639. Increase in this MIP has occurred due to recent recruitment happened in FCI over the last two years. This is also reflecting in the present trend of Establishment Cost of the organization.

4.9 When asked about the remedial/corrective steps taken/proposed to be taken to keep the establishment cost to its barest minimum, the Department stated that pay and allowances given to the employees of the Corporation forms major part of the Establishment Cost. Thus, the expenses in this regard are directly linked to the number of employees working in the Corporation and pay and allowances drawn by them. Rationalization of manpower could keep the establishment cost to its bare minimum.

FCI has taken concentrated efforts to rationalize its manpower to optimize the effectiveness of human resources. Currently, third party audit of staffing norms of the Corporation is done through M/s Centre for Good Governance as mandated by GOI and recommendations of the audit are under examination for implementation.

It is perceived that with the implementation of these recommendations, the overall staffing norms will become more rationalized thereby keeping establishment cost to barest minimum.

4.10 The Committee note that during the Financial Year 2021-22, the Establishment Cost of FCI, which is reimbursed by the Government along with the expenditure incurred on procurement, transportation and storage of foodgrains in the form of Food Subsidy is very high, i.e. Rs. 2430 Crore indicating a large portion of the Food Subsidy goes towards meeting the Establishment Cost. The Committee appreciate the concerted efforts taken by FCI to rationalize its manpower to optimize the effectiveness of human resources. The Committee have also been informed that the recommendations of Third Party Audit of Staffing Norms of the Corporation are under examination for implementation. The Committee desire to be apprised of the status of implementation of the aforesaid recommendations. Taking into consideration, ever rising Food Subsidy Bill over the years, the Committee recommend that the FCI should take appropriate measures to rationalize the Establishment Cost especially in the wake of Audit Report of Centre for Good Governance for Staffing Norms and attempt to reduce it further.

(c) Storage Capacity

(i) Construction of Storage Godowns

4.11 FCI's owned storage capacity is constructed under Central Sector Scheme. Moreover, FCI is augmenting capacity through private investors, CWC and SWCs in PPP mode under PEG scheme.

4.12 The Department informed the Committee that FCI is creating new godowns using Central Funds with focus of NE States. The Physical and Financial Performance during the last three years under Central Sector (Erstwhile Plan) Scheme is given below:

"

(Cap. In MT/Rs. In crore)

Year	**North East**				**Other than North East**			
	Physical		**Financial**		**Physical**		**Financial**	
	Target	**Achievement**	**Target**	**Achievement**	**Target**	**Achievement**	**Target**	**Achievement**
2019-20	32520	2500 MT (**Churachandpur/ Manipur/ 2500 MT** **Completed on 04.01.2020**)	45.00	27.96	2500	Nil	4.00	4.28
2020-21	30020	Nil	25.00	29.70	6220	Nil	15.00	4.98
2021-22 (till 08.02.2022)	30020	**20000 MT completed** (Dhemaji/Assam completed on 29.04.2021) **35020 MT Projects where work is under progress are**Kokrajhar/Assam/ 15000 MT, Aalo/Ar. Pd./1670 MT, Roing/Ar. Pd./1120 MT, Baghmara/Meghalaya/ 2500 MT, Tamenglong/Manipur/ 4730 MT Sairang/Mizoram/ 10000 MT	25.00	14.28	26220	Nil **26200 MT Projects where work is under progress are** Mandi/H.P./3340 MT, Palampur/H.P./ 2240 MT, Recongpeo/H.P./ 640 MT, Itkhori/Jharkhand/ 10000 MT Poraiyahat/Jharkhand/10000 MT **15000 MT Projects are being taken up shorty** DumkaPh-	7.46	2.74

		23340 MT **Projects are being taken up shortly** Silchar/Assam/20000 and Champai/Mizoram/ 3340 MT				II/Jharkhand/15000 MT		

"

4.13 The Committee also enquired about the reasons for slow progress in achievement of physical and financial targets, the Department replied as under:-

1. Nationwide lock down due to COVID -19 Pandemic.
2. State Govts. have not been able to timely hand over land parcels in different states of NE.
3. Inclement weather.
4. Local interference and Law and order situation.
5. Difficult Geographical Terrain.

4.14 The Department further furnished the state-wise details of capacity under construction in Private Entrepreneurs Guarantee (PEG) Scheme (as on 01.01.2022) is as under:-

" (Fig. in LMT)

SL	State	Capacity under construction
1	Andhra Pradesh	25,000
2	Bihar	12,500
3	Chhattisgarh	0
4	Gujarat	0
5	Haryana	32,300
6	Himachal Pradesh	61,690
7	Jammu & Kashmir	4,160
8	Jharkhand	63,000
9	Karnataka	0
10	Kerala	0
11	Madhya Pradesh	76,500
12	Maharashtra	0
13	Odisha	0
14	Punjab	0
15	Rajasthan	0
16	Tamil Nadu	0
17	Telangana	20,000
18	U P	275,000

19	Uttarakhand	0
20	West Bengal	10,000
21	Assam	0
22	Meghalaya	15000
Total		**595,150**

”

4.15 The Committee are disappointed to note the non-achievement of Physical and Financial Targets set during the Financial Years 2019-20, 2020-21 and 2021-22 in respect of construction of Godowns under Central Sector Scheme.

In the North-Eastern States, Physical target set during the Financial Year 2021-22 was 30020 MT but only 20000 MT has been achieved till 08.02.2022, i.e. 66.6%. The Financial Target set was Rs. 25 Crore but its achievement has been only Rs. 14.28 crore till 08.02.2020, i.e. 57%. In States other than North-East, Physical target set during the Financial Year 2021-22 was 26220 MT but its achievement was NIL. The reasons cited for slow progress in achievement of Physical and Financial Targets are Nationwide lock down due to COVID -19 Pandemic; State Govts. have not been able to timely hand over land parcels in different states of NE; Inclement weather; Local interference and Law and order situation; and Difficult Geographical Terrain. The Committee believe that inadequacy of storage space badly hampers the running of an efficient Public Distribution System in North-Eastern States thereby putting them in disadvantaged condition.

The Committee, therefore, strongly recommend that as COVID-19 Pandemic situation has now subsided considerably, FCI should gear up their efforts in stepping up the construction of godowns specially in the North-Eastern Regions and Regions other than the North-East on priority basis so that benefits of Public Distribution System percolate down to the people living in the far East areas of the country.

(ii) Storage and Transit Loss

4.16 In order to reduce storage and transit losses of foodgrains at farm and commercial level, to moderate the system of handling, storage and transportation of the foodgrains procured by the Food Corporation of India (FCI) and to bring in additionality of resources through private sector involvement, the Government has approved a National Policy on Handling, Storage and Transportation of Foodgrains in July 2000. Under this policy, integrated bulk handling, storage and transportation facilities to the tune of 5.50 lakh MTs were created through private sector participation on Build-Own-Operate (BOO) basis. M/s Adani Exports Limited was selected as Developer-cum-Operator for the project. At present FCI has steel silos under BOO agreement with Adani Agri Logistics for 20 years, as given below:-

Circuit-I		**Circuit-II**	
Location	**Capacity (in LMT)**	**Location**	**Capacity (in LMT)**
Base Depot Moga (Punjab)	2.00	Base Depot Kaithal(Haryana)	2.00
Field Depots:		Field Depots:	
Chennai (Tamil Nadu)	0.25	Navi Mumbai (Maharashtra)	0.50
Coimbatore (Tamil Nadu)	0.25	Hooghly (West Bengal)	0.25
Bangalore (Karnataka)	0.25		
Total:	2.75	Total:	2.75

4.17 On being asked by the Committee about the Storage and Transit Losses, the Department in its written reply has stated the trend of Storage and Transit Losses for foodgrains (Wheat, Rice & Paddy) during last three year as follows:

Storage Losses:

Year	Qty Issued (in lakh MT)	Qty of Loss (in lakh MT)	% of loss	Value of Loss (in Cr.)
2019-20 *	868.50	-1.17	-0.14	-171.37
2020-21 #	1312.95	-1.74	-0.13	-267.03
2021-22 # (till Dec, 2021	919.77	-1.74	-0.19	-335.01

[(-) sign indicates gain, Qty: Quantity * indicates Audited figures, # indicates Provisional figures)]

Transit Losses:

Year	Qty Issued (in lakh MT)	Qty of Loss (in lakh MT)	% of loss	Value of Loss (in Cr.)
2019-20 *	409.64	0.94	0.23	257.92
2020-21 #	618.74	1.49	0.24	426.85
2021-22 # (till Dec, 2021	438.75	1.04	0.24	295.65

Qty: Quantity * indicates Audited figures, # indicates Provisional figures)

4.18 The Committee enquired about the measures that have been /are being taken to obviate such losses, the Department stated as under:-

Steps taken to control Storage Losses:

- Periodical prophylactic and curative treatment of stocks, as prescribed and pre-monsoon fumigation is undertaken from time to time.
- Ensuring proper quality checking of foodgrains at the time of procurement.
- Physical measures like installation of barbed wire fencing of the boundary walls, provision of street lights for illumination of godowns and proper locking of the sheds are taken to secure the godowns.
- CCTV cameras have been installed in number of depots for surveillance and better supervision.
- Security staff of FCI as well as other agencies like Home Guards, DGR sponsored agency & Special Police Officers and state armed police are deployed for safety of stocks.
- Security Inspection as well as surprise checks of the depots are being conducted from time to time at various levels to detect and plug any security lapses.
- Action is taken against delinquents wherever unjustified losses are observed.

Transit Loss

- HQ/ ED (Zones)/ GM (Regions) are being continuously pursued to closely monitor the trend of transit losses and take effective steps to bring them down. Region-wise trend of TL is reviewed regularly at HQ level and ED (Zone)/ GM (region) are advised to take remedial action/ intensify monitoring of depots showing higher transit losses.
- Laying of Polythene Sheet on the floor of railway wagons to retrieve the spilled-over grains.
- An ‘SOP’ regarding Joint Verification of High TL cases has been introduced vide circular dated 23.12.2015 and revised vide 16.02.2017.
- Trend of TL is being reviewed Region wise in every MPR meeting, as a regular agenda items.

- Vulnerable points at dispatching & recipient centers are identified for intensive checking at the level of EDs (Zone) and GMs Region).
- Special Squad checking at selected rail heads and destination/ dispatch centers are being undertaken by the field officers.
- Deployment of independent Consignment Certification Squad (ICCS) at the time of loading and unloading of rakes is being ensured.
- Proper weighment and accounting at the time of receipt and issue is ensured.
- Disciplinary action is initiated against delinquents wherever abnormal/unjustified transit losses are reported.

New initiatives to control Storage and Transit Loss:-

1. An 'SOP' regarding Joint Verification of High TL cases has been laid down vide circular dated 23.12.2015 and revised vide circular dated 16.02.2017. Joint Verification has been made mandatory in respect of rakes reporting more than 0.75% transit losses from Sep, 21 in place of earlier limit of 1%.
2. For the depots showing more than 0.50% RTL, loading/unloading of 20% of the rakes being supervised by Area Manager/ AGM (QC)/ Category-I Officer of R.O and in case of RTL within the range of 0.30% to 0.50%, loading/unloading of 10% of the rakes is to be supervised by Area Manager/ AGM (QC)/ Category-I Officer of R.O. Apart from above, 02 highest Storage Loss cases of the Area Office is to be investigated by Divisional Manager/AGM(QC).
3. GM (Region) has to investigate one case each of Highest SL and TL/destination shortage reported in the Region every month and Investigation Report must be furnished to Headquarters through Zonal Office latest by 20th of the following month. In addition, the Regional Squad will also supervise at least 10% of the rakes. The Depot staff should be rotated in case of depot continuously reporting higher trend of losses for 06 months.
4. ED (Zone) has to investigate one case each of Highest SL and TL/Destination Shortages in the Zone every month and investigation report must be submitted to Headquarters by 20th of following month along with Reports of GM (Regions) under his control. Zonal Office will also prepare list of Depots reporting high SL/TL/Destination shortage every month and identify notorious depots for monitoring of losses. 3 cases each of SL and TL/Destination Shortage be investigated by Zonal Office GM (STL)/DGM (STL) besides ED(Zone)/GM(Region). Further, Zonal Squad will also supervise Loading/unloading of minimum 3 rakes in the Zone in respect of notorious depots.

4.19 The total no. of Regular/surprise checks undertaken by HQ's Vigilance Squad during the last three years are as follows:

Year	No. of checks by Hqrs. Vig. Squad
2019-20	76
2020-21	31
2021-22 (upto 31.12.2021)	58

Frequency of Inspections/Checks is primarily related to Procurement of Foodgrains in Kharif/Rabi Marketing Seasons in the identified Sensitive Districts, and increase in frequency of inspections depends on various inputs including complaints.

4.20 The Department has also informed that the cases of abnormal Transit losses and unjustified Storage Losses are investigated and action is initiated against the delinquent officials, if found responsible. Following are number of cases in which departmental action has been initiated against the delinquent officials in the last three years (2019-20, 2020-21 and 2021-22)

Year	**Storage Loss**	**Transit Loss**
2019-20	258	114
2020-21	257	92
2021-22(upto 31.12.2021)	224	123

Departmental action is initiated soon after the investigation of losses, and there is no pendency as on date.

4.21 The Committee note that during Financial Years 2019-20, 2020-21 and 2021-22, value of Transit Losses is Rs. 257.92 Crore, Rs. 426.85 Crore and Rs. 295.65 Crore (till December, 2021) respectively. Though, in terms of value, Transit Losses have come down to Rs. 295.65 Crore during 2021-22 till December, 2021, the amount is still more than the year 2019-20 i.e. Rs. 257.92 Crore. The Committee feel that these losses are still too high and needs to be reduced further. The Committee further note that total number of regular/surprise checks undertaken by the Headquarter Vigilance Squad during the last three years, 2019-20, 2020-21 and 2021-22 are 76, 31 and 58 respectively, which is very less, keeping in view the magnanimity of transition work involved. Any damage of foodgrains that occurs due to human error should be thoroughly investigated and responsibility for the, losses should be fixed. Regular monthly inspection and constant monitoring are also required to check the losses. The Committee, therefore, recommend that vigorous efforts should be made to minimize the Transit Losses and to increase the number and frequency of surprise checks. The Committee also desire that FCI should evolve its own procedures so as to make sure that the losses to the Corporation are minimized.

(iii) Construction of Silos

4.22 The Department informed the Committee that the Study has been conducted by Planning Commission (now NITI Aayog) through consultant namely M/s Mott MacDonald. The Consultant submitted the report in Nov'11 and concluded that though the cost of setting up of Silos may be marginally higher than the cost of setting up of conventional godowns, but keeping in view the other advantages like safe storage of foodgrains for longer period, non-deterioration of quality, low storage loss, elimination of Jute Bag requirement, less dependency on labour and lower requirement of expensive and arable land, silos option may actually turn out to be more economical than conventional godowns. Also, other benefits of silos include a longer shelf life, improved quality of foodgrains for the consumers, easier grain management, less land requirement and no risk of pilferage.

Subsequently, based on recommendations of High Level Committee headed by Shri Shanta Kumar, Govt. of India approved an Action Plan for construction of 100 LMT silos across the country on Public Private Partnership (PPP) mode. After 2016, Silos with capacity of 11.125 LMT have been completed and put to use and 18.125 LMT silo capacity is under various stages of implementation as under:

Fig. In LMT (No. of Locations)

Agency	Target	Completed Capacity/ No. of locations after 2016	Under Implementation	Total
FCI	29	5.125/10*	16.625/ 33	21.75/43
CWC	2.5	0	0	0
State Govt.	68.5	6/12	1.5/3	7.5/15
Total	100	11.125/22	18.125/ 36	29.25/58

*Bhattu Location is partially completed for a capacity of 37500 MT out of total capacity 50000 MT.

In addition to aforementioned 29.25 LMT, a capacity of 111.125 LMT at 249 locations under Hub & Spoke model along with bid documents has been recommended to Ministry for appraisal and approval.

Storage/Movement in bulk form has following advantages:

1) Reduction in transit losses to bare minimum.

2) Effective preservation for ensuring long shelf life.

3) Expeditious movement with the help of mechanized loading/unloading.

This system is efficient and effective when wheat stocks are procured in bulk form in the Silo complex itself and transferred to Silo bins through conveyor belts, thereby eliminating the usage of gunnies and handling and transportation from mandi/purchase points.

Silos with capacity of 16.625 LMT have been constructed and are in use, out of which road-fed silos are of capacity 6.00 LMT (Madhya Pradesh 4.50 LMT, Punjab 1.50 LMT) and capacity having railway sidings facility is of 10.625 LMT (Out of 10.625 LMT, railway siding facility for capacity of 1.875 LMT is under implementation at Patiala (0.50 LMT), Bhattu (0.375 LMT) and Sangrur (1 LMT) locations)

4.23 During evidence, the representatives of the Department apprised the Committee as under:-

> "Then, there were three or four questions on silos. So, I will combine them. The decision to construct silo is based on the storage gap requirement of a particular place or State. Either it has to be a major producing area because if it produces too much, like Punjab and Haryana, then despite movement side by side to various States, still you would be left with surplus and therefore, you need adequate storage facility in those States. Or, you need to store in the consuming areas where the distribution will happen from four to six months. So, you stock the grains there and store them. So far we have been concentrating on the silo construction of the size of 25,000-50,000 MT. That is the module which is most optimal in terms of cost."

4.24 The Department furnished the following details of the silos under construction in different States of the country as under:

"

Road-fed Silos		**Rail-fed Silos**	
State Govt.		**FCI**	
Location	Capacity (in LMT)	Location	Capacity (in LMT)
Harda (MP)	0.50	Circuit –I	

Hoshangabad (MP)	0.50	Base Depot Moga (Punjab)	2.00
Dewas (MP)	0.50	Field Depots:	
Satna (MP)	0.50	Chennai (Tamil Nadu)	0.25
Sehore (MP)	0.50	Coimbatore (Tamil Nadu)	0.25
Ujjain (MP)	0.50	Bangalore (Karnataka)	0.25
Vidisha (MP)	0.50	Total	2.75
Bhopal (MP)	0.50	Circuit – II	
Indore (MP)	0.50	Base Depot Kaithal (Haryana)	2.00
Sunam (Punjab)	0.50	Field Depots:	
Malerkotla (Punjab)	0.50	Navi Mumbai (Maharashtra)	0.50
Ahmedgarh (Punjab)	0.50	Hoogly (West Bengal)	0.25
Total	6.00	Total	2.75
		FCI (after 2016 Action Plan)	
		Kotkapura(Punjab)	0.25
		Barnala(Punjab)	0.50
		Patiala (Punjab)	0.50
		Sangrur (Punjab)	1.00
		Katihar(Bihar)	0.50
		Ahmedabad(Gujarat)	0.50
		Jind(Haryana)	0.50
		Sonepat(Haryana)	0.50
		Changsari(Assam)	0.50
		Bhattu(Haryana)	0.375
		Total	5.125
		G. Total	10.625

”

4.25 On being asked whether any road map has been drawn for implementation of hub and spoke model of steel silos in different States/UTs, the Department stated that since, a number of problems like land acquisition for Railway sidings, etc. have come up during development of Railway siding Silos proposed earlier, in order to fast track the progress of construction of silos. Hub & Spoke model has been introduced. It is proposed to construct 111.125 LMT wheat silos under Hub & spoke model. Construction would be taken up in three phases with 34.75 LMT to be taken up in phase-1. Bid Documents have been submitted to DFPD for appraisal and approval. Tendering would be undertaken on approval of the same. State wise capacity to be constructed is detailed as follows:

"Statement Showing State wise capacities under Hub & Spoke model:

															Capacity in LMT
Sr. No.	Name of State	DBFOO				DBFOT				Total					
		Hub		Spoke		Hub		Spoke		Hub		Spoke		Total	
		Nos	Capacity	Nos	Capacity	Nos	Capacity	Nos	Capacity	Nos	Capacity	Nos	Capacity	Nos	Capacity
1.	Punjab	2	1	44	17	1	1.5	0	0	3	2.5	44	17	47	19.5
2	Haryana	6	3	31	8	0	0	0	0	6	3	31	8	37	11
3	MP	0	0	10	4.25	0	0	0	0	0	0	10	4.25	10	4.25
4	UP	7	6.5	29	8	3	2.75	4	2.5	10	9.25	33	10.5	43	19.75
5	Rajasthan	6	3	14	6.75	0	0	1	0.75	6	3	15	7.5	21	10.5
6	Gujarat	0	0	16	8	1	0.375	2	0.5	1	0.375	18	8.5	19	8.875
7	Maharashtra	3	2.25	18	9.5	1	1.25	1	0.25	4	3.5	19	9.75	23	13.25
8	Bihar	1	0.5	23	12	0	0	1	0.5	1	0.5	24	12.5	25	13
9	West Bengal	5	3	13	5.75	0	0	0	0	5	3	13	5.75	18	8.75
10	Jammu	0	0	2	1.25	0	0	0	0	0	0	2	1.25	2	1.25
11	Uttarakhand	0	0	2	0.5	0	0	0	0	0	0	2	0.5	2	0.5
12	Kerala	0	0	2	0.5	0	0	0	0	0	0	2	0.5	2	0.5
	Total	**30**	**19.25**	**204**	**81.5**	**6**	**5.875**	**9**	**4.5**	**36**	**25.125**	**213**	**86**	**249**	**111.125**

Silos under Hub & Spoke model would be constructed in 3 phases in next 4-5 years."

4.26 The Committee note that Steel Silos Storage with bulk handling facility is a highly mechanized and a scientific way of bulk storage of foodgrains. These ensure better preservation of foodgrains and enhances its shelf life. The Committee also feel, if silo storage is adopted, it would minimize storage, transit and pilferage losses as compared to storage in conventional Godowns/Warehouses. Silos can be operated round the clock, so it will improve overall efficiency. The Committee think that setting up of smaller size Silos near procurement and consumption locations throughout the country will immensely reduce the transport cost of FCI as it will help in avoiding operations at multiple locations. The Committee have also been informed that it had been proposed to construct 111-125 LMT Wheat Silo under Hub and Spoke Model and its construction would be taken up in 3 Phases. The document for phase 1 has been submitted to Department by FCI for appraisal and approval. The Committee would like to be informed of the status of the proposal. Further, the Committee strongly recommend the Department to create network of Silos on Hub and Spoke Model in the entire country in a planned manner. They further desire that these Silos should be uniformly spread in all States and the location of setting up Silos should also be thoughtfully identified.

CHAPTER V

MANAGEMENT OF SUGAR SECTOR

India is one of the largest producers of Sugar and Sugarcane in the world and the Sugar Industry is the largest agro-based industry located in rural India. About 45 million Sugarcane Farmers, their dependents and a large mass of agricultural labourers are involved in sugarcane cultivation, harvesting and ancillary activities constituting 7.5 per cent of rural population. Maharashtra and Uttar Pradesh contribute more than 50 per cent share in the country's sugar output. India is also the largest consumer of sugar in the world.

5.2 Sugar is considered an important commodity under the Essential Commodities Act of 1955, which allows the Government of India to intervene and regulate the sugar industry. In normal Sugar Season, production of Sugar is around 310-320 Lakh Metric Tone (LMT) as against the domestic consumption of about 260 LMT, leaving substantial carry over stock with Sugar Mills.

(a) Production of Sugar

5.3 The Department informed the Committee that in past, sugar production in India has been cyclic in nature. Every 3-4 years of high sugar production are followed by 2-3 years of low sugar production. From sugar season 2010-11 onwards, the production of sugar has exceeded domestic requirements in the country till sugar season 2015-16. During sugar season 2016-17, the production was lower than the demand due to drought in major sugar producing states of Maharashtra and Karnataka. However, since 2017-18 sugar season the production has been higher than the domestic demand. Because of improved variety of sugarcane, the production of sugarcane/sugar production would likely to remain surplus in coming seasons. As such, the cyclicity in sugar production has reduced. Details of production, consumption, demand, availability and carry–over stock, buffer stock, import–export of sugar in the country during the last three years were stated to be as follows:-

“ **(Figures in Lakh MT)**

Particulars	Sugar season 2019-20	Sugar season 2020-21	Sugar season 2021-22(E)
Carry over stocks	145.00	110.00	85.00
Production of sugar	274(after discounting diversion of 9 LMT)	310.00 (after discounting diversion of 24 LMT)	308.00 (after discounting diversion of 35 LMT)
Imports	-	-	-
Availability	419	420.00	393.00
Consumption/ demand	249.00	265.00	270.00
Exports	60.00	70.00 (10 LMT more than target)	50.00 (No subsidy is proposed)

(E) – Estimated ”

5.4 On being asked about the rate of Statutory Minimum Price (SMP) for sugarcane, the Department stated that the Central Government fix Fair and Remunerative Price (FRP) of sugarcane, earlier called Statutory Minimum Price (SMP), having regard to the factors mentioned in Clause 3(1) of the Sugarcane (Control) Order, 1966 based on the recommendations of the Commission for Agricultural Costs and Prices (CACP) and after consultations with State Governments and other stakeholders. It is the benchmark price below which no sugar mill can purchase sugarcane from the farmers. FRP of sugarcane, linked to recovery rate, is uniform throughout the country and not fixed state-wise. However, four states namely Uttar Pradesh, Uttarakhand, Punjab and Haryana fix State Advise Price (SAP) which is higher than the FRP.

FRP for Current Sugar Season 2021-22 is Rs. 290/- per quintal for a basic recovery rate of 10%; providing a premium of Rs. 2.90/qtl for each 0.1 % increase in recovery over and above 10% and reduction in FRP at the same rate for each 0.1% decrease in the recovery rate. There will be no deduction for the mills with recovery level of 9.5% or less than 9.5%. The FRP of sugarcane payable by sugar factories for each sugar season from 2019-20 and onwards is tabulated below:

Sugar Season	FRP (Rs. per quintal)	Basic Recovery Level
2019-20	275.00	10.00%
2020-21	285.00	10.00%
2021-22	290.00	10.00%

5.5 During evidence before the Committee, the representatives of the Department apprised the Committee the various measures taken by them to boost Sugar Sector. They are as under:-

- In every sugar season, production of sugar is around 320-330 LMT against domestic consumption of 260-270 LMT;
- Excess stock of 60 LMT leads to blockage of funds & affects liquidity of sugar mills resulting in accumulation of cane price arrears.
- Government has taken following measures in past 7 years to improve liquidity of sugar mills to enable them to clear cane price dues of farmers:
- Extended interest subvention of ₹ 3584 cr against soft loan of ₹ 18,231 cr availed by sugar mills from banks.
- To prevent cash loss to mills, concept of fixing Minimum Selling Price of sugar introduced (initially at ₹ 29/ kg w.e.f 07-06-2018; revised to ₹ 31/kg w.e.f. 14-02-2019).
- Extended assistance of ₹ 12,800 crore to sugar mills to facilitate export of excess sugar.
- Extended assistance of ₹ 1850 crore to mills for maintaining buffer stocks.
- Diversion of excess sugar to ethanol.
- Extending interest subvention for enhancing ethanol production capacity

5.6 When asked whether the Government proposes to take any short-term and long-term measures to address the problems faced by the sugar-cane growers and sugar industry, the Department stated that In order to safeguard the interest of the cane farmers, the Central Government fixes Fair and Remunerative Price (FRP) of sugarcane having regard to the factors mentioned in Clause 3(1) of the Sugarcane (Control) Order, 1966. FRP of sugarcane, so fixed is a statutory minimum price below which no sugar producer can purchase cane from the growers. The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable.

Besides, with a view to facilitate payments of outstanding dues to the sugarcane farmers, the Central Government takes various steps in the form of policy interventions from time to time as and when required.

To prevent cash loss of the mills, Government fixed Minimum Selling Price (MSP) of white sugar at Rs. 29/kg for sugar season 2017-18 vide Sugar Price (Control) Order, 2018 taking into account the components of Fair & Remunerative Price (FRP) of sugarcane and minimum cash conversion cost of the most efficient mills. The MSP has been further revised to Rs. 31/kg for sugar season 2018-19. Since introduction of MSP in June, 2018, the all-India ex-mill price of sugar has been improved from the range of Rs. 24-27/kg to Rs. 31-34/kg. As a result of this, it is expected that, requirement of government interventions in the form of financial assistance in surplus phases may be minimal and it may act as a long-term measure to reduce dependence of the sector on government interventions. Government is also encouraging production of ethanol by diverting excess sugar. The Government has also allowed production of ethanol from sugarcane juice, sugar syrup, sugar, maize/damaged foodgrains and rice from FCI has fixed remunerative prices for ethanol derived from these feed stocks.

5.7 The Committee are happy to note that since 2017-18 Sugar Season, the production of Sugar has been higher than the domestic demand. During the Sugar Season 2021-22, production of sugar is 308 LMT as against the demand of 270 LMT. This increase in sugar production over the years can be attributed to efforts of the Government and improved variety of Sugarcane. The Committee expect that the Sugarcane/Sugar Production is likely to remain surplus in coming Sugar Seasons with the reduction in cyclicity in Sugar production. The Committee hope that while fixing the Fair and Remunerative Price of Sugarcane, the interests of the Sugarcane Farmers are taken into consideration. Further, the excess stock of Sugar has been depressing the sugar prices thereby affecting liquidity position of Sugar Mills. As such, in order to overcome the problem of excess stock of Sugar, the Government has also permitted the production of Ethanol from sugar cane juice, B-Heavy molasses, sugar and sugar syrup, to improve the liquidity of Sugar Mills to enable them to clear their cane dues. The Committee hope that the Department will continue to take appropriate steps to increase sugarcane production and declare Fair and Remunerative Price of Sugarcane well in time to encourage farmers for cultivation of Sugarcane in the coming years.

(b) Production of Ethanol under Ethanol Blending Programme

5.8 Government is also encouraging production of ethanol by diverting excess sugar. Ethanol Blended Petrol (EBP) programme was launched in year 2003 in 9 States i.e. Maharashtra, Gujarat, Goa, Uttar Pradesh, Haryana, Punjab, Karnataka, Andhra Pradesh, Tamilnadu and 4 Union Territories for supply of 5% ethanol blended petrol. There was a need to extend this programme to whole of India which was extended to the entire country except Union Territories of Andaman Nicobar and Lakshdweep islands w.e.f. Ist April, 2019 by the present Government.

- To promote this bio-fuel, the Government of India has scaled up the blending targets from 5% to 10% under EBP by 2022 and 20% by 2025.
- Fixed multiple ethanol procurement prices, depending on raw material used.
- Government has also allowed production of ethanol from B-Heavy Molasses, sugarcane juice, sugar syrup and sugar.

- Has been fixing the remunerative ex-mill price of ethanol derived from C-heavy molasses, B-heavy molasses and ethanol derived from sugarcane juice/sugar/sugar syrup for ethanol season.

5.9 The Committee enquired whether production of ethanol has adversely affected the production of sugar and decreased its availability, the Department in its written reply has stated No. Production of sugar since 2017-18 sugar seasons is surplus and is much higher than demand in the country. The excess stock of sugar has been depressing the sugar prices thereby affecting liquidity position of sugar mills. As such, in order to overcome the problem of excess stock of sugar, Govt. has also permitted the production of ethanol from sugar cane juice, B-Hy molasses, sugar and sugar syrup and has fixed the remunerative ex-mill price of ethanol derived from C-heavy @ Rs. 46.66/litre. Government has also fixed ex-mill price of ethanol derived from B-heavy molasses/partial sugarcane juice at Rs.59.08/litre; and from 100% sugarcane juice/syrup/sugar at Rs.63.45 per litre for those mills who will divert 100% sugarcane juice for production of ethanol thereby not producing any sugar, price of ethanol produced from damaged foodgrains/maize has been fixed @ Rs. 52.92/litre, to improve the liquidity of sugar mills to enable them to clear their cane dues.

5.10 The Department in its written replies to the Committee enumerated the positive impact of Government Policies - Increase in Ethanol Supplies & Distillation Capacities as under:-

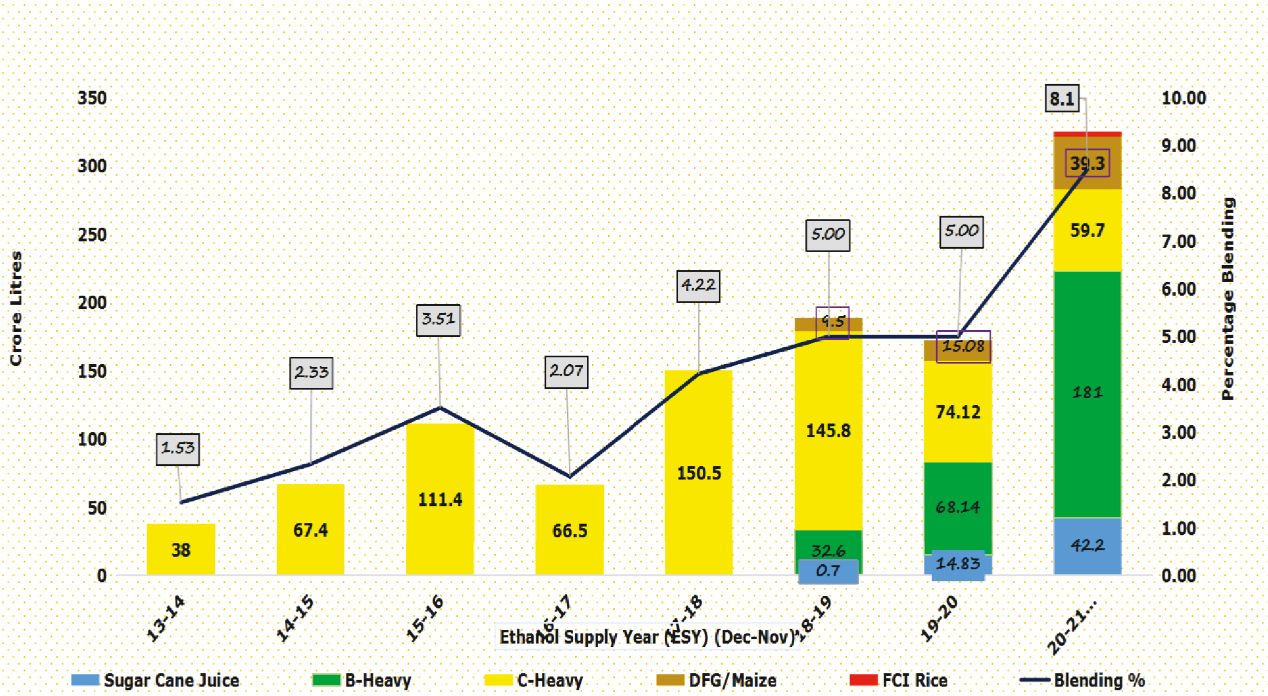
- In ethanol supply year (ESY) 2013-14, supply of ethanol to OMCs was less than 40 crore litres with blending levels of only 1.53%
- However, due to concerted efforts of Central Government, production of fuel grade ethanol and its supply to OMCs has increased by 8 times from 2013-14 to 2020-21.

5.11 The Department also informed that the Central Government, in its National Bio-Fuel Policy, 2018, mandated for 10% blending of ethanol into motor fuel by 2022 and 20% by 2030. Accordingly, DFPD notified various schemes time to time for providing assistance through interest subvention on loans advanced by commercial banks for installation of new distillery project and expansion of existing capacity with zero liquid discharge system. With a view to achieve blending targets, Govt. is making concerted efforts to further double the ethanol distillation capacities of molasses-based distilleries in the country by 2025.

5.12 The Central Govt. with a view to increase production of ethanol and its supply under Ethanol Blended with Petrol (EBP) Programme, especially in the surplus season and thereby to improve the liquidity position of the sugar mills enabling them to clear cane price arrears of the farmers has notified the Schemes for which Interest subvention @ 6% per annum or 50% of rate of interest charged by banks, whichever is lower, on the loans to be extended by banks, shall be borne by the Central Government for five years including one year moratorium.

5.13 During evidence, the representatives of the Department presented the following figures before the Committee:-

Impact of Government Policies : Increase in Ethanol Blending



- **10% blending target in 2021-22; 12% blending target in 2022-23**
- **15% blending target in 2023-24:**
- **20% blending from 2025**

5.14 The Department further informed that so far, under these schemes a total of 1028 ethanol projects of sugar mills have been approved by DFPD, molasses based standalone distilleries and grain based distilleries for augmentation of ethanol producing capacity under the Schemes for loan amount of about Rs 76,000 cr to be availed from banks for which interest subvention @ 6% maximum p.a for five years is being borne by the Government. Under the scheme, loans amounting to about Rs. 10,013 crores have been sanctioned to 151 projects which involves an interest subvention of only about Rs. 2200 crore & involve a capacity creation of 409 crore ltrs. Out of 151 projects which have been sanctioned loans, Rs. 5030 Cr has been disbursed to 114 projects.

5.15 As a result of these measures, the All-India cane price arrear of farmers have come down to Rs.199 crore from the peak arrears of about Rs.23,232 crore for sugar season 2017-18; and for sugar season 2018-19, cane price arrears of farmers have come down to Rs.410 crore (as on 31.01.2021) from peak arrears of Rs.28,222 crore. For sugar season 2019-20, payment of about Rs. 74,079 crores have been done against total cane dues of about Rs. 75,845 crore and cane arrears of only Rs. 1766 crore are pending, as on 31.01.2021.For the sugar season 2021-22 cane price of Rs. 13,193 crores are due for payment (about 75% cane dues have been cleared) as on 10.02.2022.

5.16 When asked about upto what extent raising of percentage of blending of Ethanol from 5% to 10% has been able to minimize Cane Price Arrears, the Department in its written replies stated that the payment of cane price arrears is an ongoing process. The increase of blending percentage of ethanol from 5% to 10% into motor fuel as well as fixation of remunerative prices of ethanol produced from different feedstock has increased the production of ethanol from 138 crore liters in 2013-14 to 302 crore liters in ESY 2020-21 for which mills are getting remunerative price thereby improving the liquidity position of sugar mills. This generation of additional revenue from sale of ethanol to OMCs has helped the sugar mills to clear the cane dues of the farmers. In ESY 2020-21, about 22 LMT of sugar was diverted to production of ethanol leading to revenue of more than Rs. 13,500 crores to the sugar mills leading to faster clearing of cane price arrears.

5.16 The Department was asked to furnish details of Sugar Mills, e-Ethanol Distilleries. In response, the Department in their written replies submitted that the Department of Food & Public Distribution has given in-principle approval to 1028 ethanol projects of sugar mills, molasses based standalone distilleries and grain based distilleries for augmentation of ethanol producing capacity under the Schemes for loan amount of about Rs 76,000 cr to be availed from banks for which interest subvention @ 6% maximum p.a for five years is being borne by the Government. Under the scheme, loans amounting to about Rs. 10,013 crores have been sanctioned to 151 projects which involves an interest subvention of only about Rs. 2200 crore & involve a capacity creation of 409 crore ltrs. Out of 151 Projects which have been sanctioned loans, Rs. 5030 Cr has been disbursed to 114 Projects.

5.17 On the matter of Ethanol Blending, in their sitting held on 24.02.2022, the representatives of the Department briefed the Committee as under:-

> "With regard to ethanol, I will give you a very comprehensive reply.
>
> Last year we produced 302 crore liters of ethanol. Out of 302 crore liters of ethanol produced, only 2 crore liters of ethanol was produced from FCI rice. Most of the grains which are used by the distilleries are the broken rice which is available in the market at a much cheaper rate. It is available at Rs. 13-14 per kg. Whereas the FCI rice costs Rs. 20 per kg. So, they will use FCI rice only when the broken rice is not available in the market and their distillation capacity is not fully utilized. Then only they will take it.
>
> I would like to just supplement it. Sugarcane is produced only in a couple of States, like UP and Maharashtra. Transporting this sugarcane to the far-flung areas may not be very economical commercially. That is why we should also have ethanol production from grains. That is the limited point which I wanted to highlight."

5.18 The Committee note that Government is encouraging production of Ethanol under Ethanol Blending Programme (EBP) by diverting excess sugar. The EBP has been extended to the entire country except UT of Andaman & Nicobar and Lakshadweep w.e.f. 01.04.2019. To promote this bio-fuel, the Government has scaled up the blending targets from 5% to 10% under EBP by 2022 and 20% by 2025. The Government has also allowed production of Ethanol from B-heavy molasses, sugarcane juice, sugar syrup and sugar. The Committee have also been apprised that production of sugar since 2017-18 sugar seasons is surplus and is much higher than demand in the country. The excess stock of sugar has been depressing the sugar prices thereby affecting liquidity position of sugar mills. As such, in order to overcome the problem of excess stock of sugar, Govt. has also permitted the production of ethanol from sugar cane juice, B-Hy molasses, sugar and sugar syrup and has fixed the remunerative ex-mill price of ethanol derived from C-heavy @ Rs. 46.66/litre , B-heavy molasses/partial sugarcane juice @ Rs.59.08/litre, 100% sugarcane juice/syrup/sugar @ Rs.63.45 per litre and from damaged foodgrains/maize @ Rs. 52.92/litre to improve the liquidity of sugar mills to enable them to clear their cane dues. The Committee while appreciating the versatile efforts of the Government in the direction of Ethanol Blending, strongly recommend the Department to think in terms of making it mandatory for the Sugar Mills - having high production of sugar to convert some portion of sugar to Ethanol. This move will not only generate revenue resulting in reduced cane price arrears but eventually generate employment, as well.

(c) Cane Price Arrears

5.19 State wise details of cane price arrears(on SAP/FRP basis wherever applicable) for 2021-22, 2020-21, 2019-20 and & earlier Sugar Seasons is as under:-

Sl.No.	State	Cane Dues Payable (in Rs Cr)			Cane Dues Paid (in Rs Cr)			Cane Price Arrears (in Rs Cr)						
		2019-20	2020-21	2021-22	2019-20	2020-21	2021-22	2016-17 & earlier	2017-18	2018-19	2019-20	2020-21	2021-22	Total
1	Uttar Pradesh	35898	33014	15939	35898	32458	11230	22.29	20	0	0	556	4709	5308
2	Maharashtra	14157	32144	17205	14157	31822	15589	178	27	67	0	322	1616	2210
3	Karnataka	10554	13402	13594	10548	13402	9675	27	0	9	6	0	3919	3961
4	Gujarat	2973	3149	1251	2973	3105	325	35	1	0	0	44	926	1006
5	Tamil Nadu	2418	2672	726	2418	2647	479	1320	60	73	0	25	247	1725
6	Bihar	2039	1421	1210	2000	1417	1072	39	0	50	39	4	138	270
7	Haryana	2374	2628	872	2374	2606	372	0	0	0	0	22	500	522
8	Punjab	1740	1881	852	1705	1872	415	0	0	0	35	8	437	480
9	Madhya Pradesh	877	141	636	877	141	398	8	0	0	0	0	238	246
10	Uttrakhand	1316	1219	740	1316	1219	400	25	75	105	0	0	340	545
11	Andhra Pradesh	876	635	338	833	598	236	1	0	37	43	37	102	220
12	Telangana	415	365	NR	415	365	NR	0	0	0	0	0	NR	0
13	Chhattisgarh	208	132	61	208	68	40	0	2	6	0	64	21	93
14	Odisha	0	77	NR		77	NR	3	0	0	0	0	NR	3
15	Rajasthan													0
16	Puducherry			NR			NR	21		0	0	0	NR	21
17	Goa									2				2
18	Rest of India													
	All India	**75845**	**92880**	**53424**	**75722**	**91797**	**40231**	**1679**	**185**	**349**	**123**	**1082**	**13193**	**16612**
All India position during the corresponding period last year														

5.20 The Department informed the Committee that with a view to with a view to improve the liquidity position of sugar mills and to enable them to make timely payment of cane dues of farmers, Central Government has taken various measures during the last three sugar seasons, which are as under:

SUGAR SEASON 2018-19:

- Extended Assistance to sugar mills @Rs.13.88/quintal of cane crushed for sugar season 2018-19 to offset the cost of cane amounting to about Rs.3000 crore.
- Extended Assistance to sugar mills for defraying expenditure towards internal transport, freight, handling and other charges to facilitate export of sugar from the country in sugar season 2018-19 and reimbursing about Rs. 900 crore under this scheme.
- Extended soft loans amounting to Rs 7402 crore to sugar mills through banks to clear cane price arrears, for which interest subvention of about Rs 518 crore @ 7% for one year is being borne by the Government.

SUGAR SEASON 2019-20

- Allocated buffer stock of 40 Lakh Metric Tonne (LMT) of sugar amongst sugar mills for a period of one year from 1st August, 2019 to 31st July, 2020 for which Government is reimbursing carrying cost of Rs.1674 crore towards maintenance of buffer stock.
- Providing assistance to sugar mills @ Rs 10448/MT to facilitate export of sugar for expenses on export of 60 LMT of sugar in sugar season 2019-20 for which an estimated expenditure of Rs 6268 Cr is being borne by Government.

SUGAR SEASON 2020-21

Central Government is providing assistance to sugar mills @ Rs 6000/MT to facilitate export of sugar for expenses on export of 60 LMT of sugar for which an estimated expenditure of Rs 3500 Cr is being borne by Government.

Interest Subvention Scheme to Project Proponents For Installing Distilleries For Production Of Ethanol Under Ebp Programme

Ethanol Blended Petrol (EBP) programme was launched in year 2003 in 9 States i.e. Maharashtra, Gujarat, Goa, Uttar Pradesh, Haryana, Punjab, Karnataka, Andhra Pradesh, Tamilnadu and 4 Union Territories for supply of 5% ethanol blended petrol. There was a need to extend this programme to whole of India which was extended to the entire country except Union Territories of Andaman Nicobar and Lakshdweep islands w.e.f. Ist April, 2019 by the present Government.

- To promote this bio-fuel, the Government of India has scaled up the blending targets from 5% to 10% under EBP by 2022 and 20% by 2025.

- Fixed multiple ethanol procurement prices, depending on raw material used.
- Government has also allowed production of ethanol from B-Heavy Molasses, sugarcane juice, sugar syrup and sugar.
- Has been fixing the remunerative ex-mill price of ethanol derived from C-heavy molasses, B-heavy molasses and ethanol derived from sugarcane juice/sugar/sugar syrup for ethanol season.

(d) Sick Sugar Units

5.21 The Committee asked the Department to furnish the details with respect to the present scenario regarding sick sugar units in the country. In response, the Department in its written reply submitted to the Committee informed that the main reasons for sickness of the sugar mills are non-availability of adequate raw material, poor recovery from sugarcane, uneconomic size, lack of modernization, up-gradation and diversification, high cost of working capital, declaration of high State Advised Price (SAP) of sugarcane by some States, lack of professional management, overstaffing etc. During current sugar season 2021-22, out of 756 installed sugar mills in the country, 506 mills are in operation and 250 sugar units had not operated due to various reasons including financial crunches, non availability of raw material and obsolete Plant & Machinery etc.

5.22 The Committee note that total of Rs. 16612 Crore Sugarcane Arrears are outstanding. Though, the Cane Price Arrears have reduced considerably but they are still very high. The Committee is surprised to note that despite the provisions for making payment of Sugarcane within 14 days of the supply of sugarcane by the farmer, it is rarely done. The Cane Price Arrears pertaining to the Sugar Season 2016-17 and earlier are still outstanding and no action has been taken against the Sugar Mills for recovery of Cane Price Arrears along with the interest @ 15% as per the provisions of Sugarcane (Control) Order, 1966. The Committee feel that non-payment of Sugarcane Arrears in time can be discouraging and might refrain the farmers from growing Sugarcane and they may be forced to opt out for growing other crops. The Committee feel that the sale of Ethanol to OMCs at remunerative prices has increased the liquidity of Sugar Mills. This makes it more imperative on the part of Sugar Mills to clear the arrears of the farmers at the earliest. The Committee feel that farmers need to be paid remunerative price immediately on delivery of their Agricultural Produce. They, therefore, strongly recommend the Department to take appropriate measures by pressing on the Sugar Mills in order to liquidate all the arrears and ensure immediate payment to the farmers. The Committee would like to be apprised of the Action Plan worked out/specific steps taken for the purpose.

5.23 The Committee also note that out of 756 installed Sugar Mills in the country, 506 Mills are in operation and 250 Sugar Units had not been operating due to various reasons including financial crunches, non-availability of raw material and obsolete Plant and Machinery, etc. Considering the large outstanding amount of Sugarcane Arrears as also the number of non-operational Sugar Mills, the Committee recommend the Department to frame a comprehensive policy for revival of the Sick Sugar Mills by providing them capital assistance, easy and cheaper loans, etc. which, in turn, will generate additional revenue and thereby paving the way for faster clearing of Cane Price Arrears. The Committee are also of the view that while considering the revival of the Sick Sugar Units, the important factor like linkage of such units with partial Ethanol Production may also be explored.

<u>NEW DELHI;</u>	**SUDIP BANDYOPADHYAY,**
16 March, 2022	**Chairperson,**
25 Phalguna 1943 Saka	**Standing Committee on Food,**
	Consumer Affairs and Public Distribution

APPENDIX -I

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2021-2022) HELD ON THURSDAY, 24 FEBRUARY, 2022

The Committee sat from 1415 hrs. to 1530 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Sh. Sudip Bandyopadhyay - Chairperson

Members

Lok Sabha

2. Shri Shafiqur Rahman Barq
3. Shri Khagen Murmu
4. Shri Mitesh Rameshbhai (Bakabhai) Patel
5. Smt. Kavita Singh
6. Shri Ganesan Selvam
7. Shri Saptagiri Ulaka
8. Shri Rajmohan Unnithan

Rajya Sabha

9. Smt. Roopa Ganguly
10. Shri Ramji
11. Sh. G.K.Vasan

SECRETARIAT

1. Shri Shiv Kumar	-	Joint Secretary
2. Dr. Vatsala Joshi	-	Director
3. Shri Ram Lal Yadav	-	Additional Director
4. Dr. Mohit Rajan	-	Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to take oral evidence of the representatives of Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in connection with examination of the Demands for Grants (2022-23).

Representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)

Sl No.	Name	Designation
1.	Shri Sudhanshu Pandey	Secretary
2.	Shri G. Srinivas	AS&FA (DFPD)
3.	Shri Atish Chandra	CMD, FCI
4.	Shri T.K. Manoj Kumar	Chairman (WDRA)
5.	Shri Subodh Kumar Singh	Joint Secretary (Policy, FCI/Sugar & Administration)
6.	Shri S. Jagannathan	Joint Secretary (BP & PD)
7.	Shri Partha Sarathi Das	Joint Secretary (Impex & IC)
8.	Ms. Nandita Gupta	Joint Secretary (Storage & PG)
9.	Smt. Mamta Shankar	Sr. Economic Advisor
10.	Shri Shailendra Kumar	Chief Controller of Accounts
11.	Shri Rabindra Agarwal	ED (T/S&C/Silo/IT/QCI)
12.	Shri Sudeep Singh	ED (Executive Director) (QC/Proc/Sales)
13.	Ms. Vanita R. Sharma	ED (Finance)
14.	Shri Bijay Kumar Singh	ED (Pers/Engg.)
15.	Shri Amit Kumar Singh	Director (Marketing & Corporate Planning)
16.	Shri Prabhas Kumar	Director (Finance & Budget)

[The witnesses were then called in.]

3. Thereafter, the representatives of the Department of Food and Public Distribution were called to depose before the Committee, in connection with the examination of Demands for Grants (2022-23). The Hon'ble Chairperson then welcomed the representatives of the Department of Food and Public Distribution to the sitting and

invited their attention to the provisions contained in Direction 55 of the Directions by the Speaker, Lok Sabha regarding the proceedings to be treated as confidential.

4. The Hon'ble Chairperson in his welcoming remarks requested the witnesses to elaborate on various issues such as Construction of Godowns by FCI/State Governments, Assistance to Warehousing Development and Regulatory Authority, Strengthening of PDS Operations, creating awareness amongst TPDS beneficiaries, Quality Control Mechanism, functioning of the Department including the problems, if any, in implementation of these Schemes including subsidy for foodgrains to FCI, Decentralized Procurement Scheme, creation of Storage Capacities in the wake of implementation of National Food Security Act, construction of Silos, fortification of rice and its distribution under PDS, current status of implementation of scheme on 'One Nation One Ration Card' in various States/UTs, etc.

5. The representatives of Department of Food and Public Distribution with the permission of Chairperson made a power point presentation highlighting major functions of the Department, Budget Allotment – 2021-22 and 2022-23, Expenditure 2021-22, Scheme-wise allocation for financial year 2022-23, Allocation for SC/ST Welfare under Budget, Current Procurement Scenario, Standardized Procurement Operations – Minimum Threshold Parameters (MTP), Measures taken by Government to boost Sugar Sector, Initiatives of GOI to control the Prices of Edible Oils, Fortification of Rice and its Distribution under Public Distribution System, Fair Price Shop (FPS) Transformation, Storage and Transportation, etc.

6. The Secretary also briefed the Committee on various aspects of the Demands for Grants (2022-23) of the Department and highlighted various initiatives taken by them concerning the Department of Food and Public Distribution. Besides, the matters such as Construction of Godowns, Food Subsidy to DCP States, Likely benefits from 20% Ethanol Blending from 2025, Food Security Response to COVID-19 Crisis etc., were also discussed.

7. The Committee then sought certain clarifications on the issues related to the Demands for Grants (2022-23) of the Department of Food and Public Distribution regarding Food Subsidy to FCI, Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), Strengthening of PDS Operations, Integrated Management of PDS, etc.

8. The Secretary, Department of Food and Public Distribution replied to some of the queries. The Chairperson thanked the Secretary and other officials of the Department for appearing before the Committee for providing valuable information and also directed the Department to furnish written replies to the queries in respect of which the information was not readily available with them at the earliest.

9. The evidence was concluded.

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

APPENDIX II

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2021-2022) HELD ON WEDNESDAY, 16 MARCH, 2022

The Committee sat from 1030 hrs. to 1100 hrs. in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi on 16 March, 2022.

PRESENT

Shri Sudip Bandyopadhyay - Chairperson

Members

Lok Sabha

2. Dr. Farooq Abdullah
3. Ms. Debasree Chaudhuri
4. Shri Anil Firojiya
5. Shri Khagen Murmu
6. Shri Mitesh Rameshbhai (Bakabhai) Patel
7. Smt. Himadri Singh
8. Shri Ganesan Selvam
9. Shri Rajmohan Unnithan
10. Sh. Ve. Vaithilingam

Rajya Sabha

11. Smt. Roopa Ganguly
12. Shri K.G.Kenye
13. Dr. Fauzia Khan
14. Shri G.K.Vasan

SECRETARIAT

1. Shri Shiv Kumar	-	Joint Secretary
2. Dr. Vatsala Joshi	-	Director
3. Shri Ram Lal Yadav	-	Additional Director
4. Dr. Mohit Rajan	-	Deputy Secretary

2. At the outset, Hon'ble Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the Draft Report on Demands for Grants (2022-23) relating to the (i) Department of Food and Public Distribution, and XXXX XXXX XXXX XXXX under the Ministry of Consumer Affairs, Food and Public Distribution.

3. Thereafter the Committee took up for consideration the following two Draft Reports :-

(i) The Demands for Grants (2022-23) of the Department of Food & Public Distribution; and

(ii) XXXX XXXX XXXX XXXX XXXX XXXX XXXX XXXX

4. After some deliberations, the Committee adopted the Draft Report without any amendments/modifications.

5. The Committee then authorized Hon'ble Chairperson to finalize the aforesaid Draft Report.

6. The Committee also decided to undertake an on-the-spot Study Visit after the current Budget Session of Parliament 2022.

The Committee then adjourned.

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XXXXXXXXXXX Matter does not relate to the Report.

APPENDIX III

IMPORTANT RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

Sl, No.	Para No.	Recommendations/Observations
1.	2.	3.
1.	**2.10**	**The Committee note that total BE for Revenue Schemes during the Financial Year 2021-22 is Rs. 251248.34 Crore, was revised at RE Stage to Rs. 299363.35 crore, however, the Actual Expenditure as on 23.02.2022 is Rs. 238524.73 Crore, i.e. 77.28% of RE 2021-22. Similarly, total BE for Capital Schemes during the Financial Year 2021-22 is Rs. 52725.96 Crore, which was reduced at RE Stage to Rs. 12636.65 Crore but the Actual Expenditure as on 23.02.2022 is only Rs. 2600.39 Crore. Further, the BE 2022-23 for Revenue has been kept at Rs. 213929.91 crore i.e. 28.5% less than RE 2021-22.** **The reasons specified by the Department for less allocation of funds for the year 2022-23 include non-provision of funds for PM-GKAY, closing of some Sugar Sector Schemes and slow progress of expenditure under few Schemes. The Committee are, however, constrained to note that Department has not been able to utilize allocated funds during the year 2021-22 due to slow progress of expenditure under few schemes. The Committee deprecate this anomalous situation arising out of a seemingly unplanned method of projecting outlay *viz-a-viz* Actual Expenditure. Less utilization of allocated funds indicates not only lack of proper planning at the initial stage on the part of the Department but also inadequate monitoring. The Committee, therefore, urge the Department to work out on the developing Standard Operating Procedures (SOPs) for expenditure with improvised monitoring for proper**

		and rightful utilization of funds.
2.	**2.12**	**The Committee are surprised to note that under the Revenue Scheme- Central Assistance to States/UTs for meeting expenditure on Intra-State movement, handling of foodgrains – FPS Dealers' margin under NFSA (Grant), during the year 2021-22, BE was Rs. 4000 Crore which was raised to Rs. 6000 Crore at RE Stage but Actual Expenditure could be only Rs. 3602.22 Crore. The Committee fail to understand the reason for enhancing BE 2022-23 to Rs. 6572 Crore, when RE of Rs. 6000 crore during the year 2021-22 has not been fully utilized. The Committee have been informed that in view of the spread of Covid-19, Government is allocating foodgrains under the scheme Pradhan Mantri Garib Kalyan Anna Yojana, which has been extended till March, 2022. Under this Scheme, the entire expenditure towards intra-State movement & handling of foodgrains and Fair Price Shop Dealers' Margin is to be borne by the Central Government. To meet this expenditure, higher funds has been sought at BE 2022-23. On the face of it, the Committee are not convinced with the reply given by the Department. However, they are constrained to note that the upward/downward variation of funds at BE/RE/AE Stages indicate lack of proper planning on the part of the Department, which needs to be avoided in future. Keeping in view the fact that the Department of Food and Public Distribution has been entrusted with a very important responsibility of ensuring Central Assistance to States/UTs for meeting expenditure on Intra-State movement, handling of foodgrains, the Committee strongly urge the Department to strictly monitor the expenditure of funds from the initial stage itself so that the allocated funds are properly utilized during the Financial Year itself. To achieve this, the Committee recommend the**

		Department to prepare a realistic workable action plan to utilize such funds evenly throughout the year.
3.	**3.7**	**The Committee regret to note that after 24 years of launching of the Scheme and despite repeated recommendations of the Committee for taking concrete steps to convince the remaining States/UTs to adopt Decentralized Procurement Scheme (DCP), the Scheme has been adopted by only 9 States/UTs for Wheat and 16 States/UTs for Rice. While noting that procurement of foodgrains is more effective under the DCP Scheme since non-Decentralized procurement involves one additional handling transaction of FCI taking over the stock of foodgrains and releasing them to the State Government, the Committee are fully convinced that the remaining States/UTs should also adopt the DCP Scheme at the earliest possible. It is all the more imperative for the States/UTs to adopt the DCP Scheme in order to make sure an effective implementation of National Food Security Act, 2013. The Committee, therefore, strongly recommend that the Department should make earnest efforts to motivate the remaining States to adopt the Scheme and try to cordially address their problems, if any, in implementation of the Scheme and provide maximum possible assistance to them to achieve this objective.**
4.	**3.8**	**The Committee are dismayed to note that though on the request of the Department, an Evaluation Advisory Committee under NITI Aayog was constituted to carry out performance evaluation of the DCP Scheme in the year 2017, yet despite several reminders, the evaluation has not been concluded till date. The Evaluation Study of Decentralized Procurement Scheme for the procurement of Wheat/Paddy by Institute of Economic Growth also has not been completed yet. The**

		Committee desire the Department to prioritize this work and take the matter at highest level for completion of the aforesaid Evaluation and pursue both the Agencies to complete their respective jobs within a span of six months after submission of this report and the Committee would like to be apprised thereof accordingly.
5.	**3.15**	**The Committee note that allocation of funds - in respect of Food Subsidy during 2021-22 is Rs. 290573.11 Crore but Actual Expenditure as on 11.02.2022 is Rs. 220445.61 Crore only i.e. 76% of allocation. However, the Committee appreciate the efforts being made by the Department for reducing the Bill on Food Subsidy during 2021-22 in comparison to 2020-21. However, the Committee feel that it is still very high and there is still scope to reduce it further. The Committee, therefore, urge the Department to optimize the Food Subsidy Bill without compromising the demands of beneficiaries as well as being prepared for addressing unwarranted situations like COVID-19 pandemic in future by preparing a back-up plan.**
6.	**3.25**	**The Committee note that total percentage of Aadhaar Seeding with Ration Card in different States/UTs in the country is 93.8%. The Department has stated that the progress of Aadhaar Seeding in North-Eastern States is low mainly due to poor Aadhaar generation in Assam and Meghalaya. The Committee express their displeasure over the fact that in States such as Arunachal Pradesh, Assam, Meghalaya and West Bengal, the process of seeding of Aadhaar Card with Ration Cards is still under way and only 60%, 47%, 28% and 80% of Seeding has been completed respectively. The Committee strongly recommend the Department to 100 % complete the work of Aadhaar Seeding with Ration Cards. They further desire that**

		the issue of Aadhaar Seeding with Ration Card should be sorted out at the highest level so that under the 'One Nation One Ration Card' Scheme, aiming to empower all migrant beneficiaries in lagging States may be realized, enabling poor people to reap the seemless benefits of Welfare Schemes of the Government.
7.	**3.27**	**The Committee note that Computerization of Supply Chain Management has been implemented in 31 States/UTs and in Arunachal Pradesh and Manipur, Computerization is still under way and this activity is not applicable in Chandigarh, Lakshadweep and Puducheery since all the three come under Direct Benefit Transfer Scheme (DBT). The Committee, therefore, recommend the Department to figure out the reasons for delay in Computerization of Supply Chain Management and complete the Computerization of Supply Chain Management in the remaining North-Eastern States within a fixed time period.**
8.	**3.34**	**The Committee note that COVID-19 Pandemic has affected the entire country in multiple ways. It has impact the Food Delivery System with direct and indirect consequences on lives and livelihood of people, especially the most vulnerable sections of the society. The Committee applaud the Government that they had launched scheme like Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) under the Pradhan Mantri Garib Kalyan Package as part of the Economic Response to COVID -19, for additional allocation of food-grains from the Central Pool @ 5 kg per person per month free of cost for all the beneficiaries covered under Targeted Public Distribution System (TPDS)/National Food Security Act(NFSA) (Antyodaya Anna Yojana (AAY) & Priority Households(PHH)) including those covered under Direct Benefit Transfer (DBT) for a total period of 19 months during the year 2020-21 and 2021-22. The**

		Committee, however, observe that the Department has not carried out or proposed a Study or an objective assessment of the Scheme - in terms of Capital Outlay and Expenditure and their final outcome on the lives of beneficiaries. The Committee, therefore, recommend the Department to make an objective assessment to find out, upto what extent the Scheme has helped beneficiaries and how long it needs to be continued further.
9.	**3.43**	**The Committee note that to address anaemia and micro-nutrient deficiency in the country, the Government of India approved a Centrally Sponsored Pilot Scheme on 'Fortification of Rice and its distribution under PDS' for a period of 3 years beginning from 2019-20 with a total outlay of Rs. 174.64 Crore. The Committee have also been informed that the States of Kerala, Karnataka, Assam and Punjab have not started distribution of Fortified Rice. It is not clear why Punjab has been selected for distribution of fortified rice under the known fact that the rice is not distributed through PDS in Punjab. It seems that no methodological selection of States has been done at the time of selecting the States/Districts for Pilot Project. The Committee would like to know the criteria on the basis of which these States have been selected for Pilot Project. The Committee feel that the Scheme is simple, cost-effective and aims to eliminate mal-nutrition and nutritional deficiency among its beneficiaries. The Committee, therefore, strongly recommend the Department to implement the Scheme throughout the country in a phased manner in order to address the problem of malnutrition especially in States; where rice is the staple diet. The Committee also suggest the Department that while preparing the plan to implement the Scheme of**

		distribution of Fortified Rice in all the states, the States opting Decentralized Procurement of rice should be encouraged to distribute Fortified Rice through PDS and develop requisite infrastructure required for the purpose.
10.	**4.7**	**The Committee note with concern that a large amount of dues are outstanding against the Ministry of Rural Development and Ministry of Human Resource Development (now Ministry of Education) on account of foodgrains provided to them by FCI for various Welfare Schemes on payment basis. The Committee have been informed that an amount of Rs. 2454.03 Crore is outstanding as on 31.12.2021 for payment to FCI by Ministry of Rural Development against the foodgrains supplied under Sampoorna Gramin Rojgar Yojana (SGRY) Scheme upto 31.02.2008 i.e, when the scheme was closed. Further, an amount of Rs. 350.42 crore is outstanding (as on 03.12.2021) in respect of Ministry of Education (HRD) against the foodgrains supplied under the Mid-Day-Meal Scheme (MDM), whereas an amount of Rs. 56.46 Crore is outstanding in respect of Ministry of External Affairs for wheat issues to World Food Programme (WFP) for supply of Fortified Biscuits to Afganistan under Government of India's donation to Afganistan. The Committee feel that inability to liquidate the outstanding dues of FCI over the years would adversely affect the functioning of FCI and put burden on ever rising Food Subsidy Bill. The Committee, therefore, strongly recommend that Department should make sincere efforts towards the settlement of outstanding dues by constituting a Recovery Cell of Higher Officials for regular persuasion of the matter at highest level with other Ministries; to recover the outstanding dues, which will eventually reduce the liabilities of FCI.**

11.	**4.10**	**The Committee note that during the Financial Year 2021-22, the Establishment Cost of FCI, which is reimbursed by the Government along with the expenditure incurred on procurement, transportation and storage of foodgrains in the form of Food Subsidy is very high, i.e. Rs. 2430 Crore indicating a large portion of the Food Subsidy goes towards meeting the Establishment Cost. The Committee appreciate the concerted efforts taken by FCI to rationalize its manpower to optimize the effectiveness of human resources. The Committee have also been informed that the recommendations of Third Party Audit of Staffing Norms of the Corporation are under examination for implementation. The Committee desire to be apprised of the status of implementation of the aforesaid recommendations. Taking into consideration, ever rising Food Subsidy Bill over the years, the Committee recommend that the FCI should take appropriate measures to rationalize the Establishment Cost especially in the wake of Audit Report of Centre for Good Governance for Staffing Norms and attempt to reduce it further.**
12.	**4.16**	**The Committee are disappointed to note the non-achievement of Physical and Financial Targets set during the Financial Years 2019-20, 2020-21 and 2021-22 in respect of construction of Godowns under Central Sector Scheme.** **In the North-Eastern States, Physical target set during the Financial Year 2021-22 was 30020 MT but only 20000 MT has been achieved till 08.02.2022, i.e. 66.6%. The Financial Target set was Rs. 25 Crore but its achievement has been only Rs. 14.28 crore till 08.02.2020, i.e. 57%. In States other than North-East, Physical target set during the Financial Year 2021-22 was 26220 MT but its achievement was NIL. The reasons**

		cited for slow progress in achievement of Physical and Financial Targets are Nationwide lock down due to COVID -19 Pandemic; State Govts. have not been able to timely hand over land parcels in different states of NE; Inclement weather; Local interference and Law and order situation; and Difficult Geographical Terrain. The Committee believe that inadequacy of storage space badly hampers the running of an efficient Public Distribution System in North-Eastern States thereby putting them in disadvantaged condition. The Committee, therefore, strongly recommend that as COVID-19 Pandemic situation has now subsided considerably, FCI should gear up their efforts in stepping up the construction of godowns specially in the North-Eastern Regions and Regions other than the North-East on priority basis so that benefits of Public Distribution System percolate down to the people living in the far East areas of the country.
13.	4.22	The Committee note that during Financial Years 2019-20, 2020-21 and 2021-22, value of Transit Losses is Rs. 257.92 Crore, Rs. 426.85 Crore and Rs. 295.65 Crore (till December, 2021) respectively. Though, in terms of value, Transit Losses have come down to Rs. 295.65 Crore during 2021-22 till December, 2021, the amount is still more than the year 2019-20 i.e. Rs. 257.92 Crore. The Committee feel that these losses are still too high and needs to be reduced further. The Committee further note that total number of regular/surprise checks undertaken by the Headquarter Vigilance Squad during the last three years, 2019-20, 2020-21 and 2021-22 are 76, 31 and 58 respectively, which is very less, keeping in view the magnanimity of transition work involved. Any damage of foodgrains that occurs due to human error should be thoroughly investigated

		and responsibility for the, losses should be fixed. Regular monthly inspection and constant monitoring are also required to check the losses. The Committee, therefore, recommend that vigorous efforts should be made to minimize the Transit Losses and to increase the number and frequency of surprise checks. The Committee also desire that FCI should evolve its own procedures so as to make sure that the losses to the Corporation are minimized.
14.	**4.27**	**The Committee note that Steel Silos Storage with bulk handling facility is a highly mechanized and a scientific way of bulk storage of foodgrains. These ensure better preservation of foodgrains and enhances its shelf life. The Committee also feel, if silo storage is adopted, it would minimize storage, transit and pilferage losses as compared to storage in conventional Godowns/Warehouses. Silos can be operated round the clock, so it will improve overall efficiency. The Committee think that setting up of smaller size Silos near procurement and consumption locations throughout the country will immensely reduce the transport cost of FCI as it will help in avoiding operations at multiple locations. The Committee have also been informed that it had been proposed to construct 111-125 LMT Wheat Silo under Hub and Spoke Model and its construction would be taken up in 3 Phases. The document for phase 1 has been submitted to Department by FCI for appraisal and approval. The Committee would like to be informed of the status of the proposal. Further, the Committee strongly recommend the Department to create network of Silos on Hub and Spoke Model in the entire country in a planned manner. They further desire that these Silos should be uniformly spread in all States and the location of setting up**

		Silos should also be thoughtfully identified.
15.	**5.7**	**The Committee are happy to note that since 2017-18 Sugar Season, the production of Sugar has been higher than the domestic demand. During the Sugar Season 2021-22, production of sugar is 308 LMT as against the demand of 270 LMT. This increase in sugar production over the years can be attributed to efforts of the Government and improved variety of Sugarcane. The Committee expect that the Sugarcane/Sugar Production is likely to remain surplus in coming Sugar Seasons with the reduction in cyclicity in Sugar production. The Committee hope that while fixing the Fair and Remunerative Price of Sugarcane, the interests of the Sugarcane Farmers are taken into consideration. Further, the excess stock of Sugar has been depressing the sugar prices thereby affecting liquidity position of Sugar Mills. As such, in order to overcome the problem of excess stock of Sugar, the Government has also permitted the production of Ethanol from sugar cane juice, B-Heavy molasses, sugar and sugar syrup, to improve the liquidity of Sugar Mills to enable them to clear their cane dues. The Committee hope that the Department will continue to take appropriate steps to increase sugarcane production and declare Fair and Remunerative Price of Sugarcane well in time to encourage farmers for cultivation of Sugarcane in the coming years.**
16.	**5.18**	**The Committee note that Government is encouraging production of Ethanol under Ethanol Blending Programme (EBP) by diverting excess sugar. The EBP has been extended to the entire country except UT of Andaman & Nicobar and Lakshadweep w.e.f. 01.04.2019. To promote this bio-fuel, the**

		Government has scaled up the blending targets from 5% to 10% under EBP by 2022 and 20% by 2025. The Government has also allowed production of Ethanol from B-heavy molasses, sugarcane juice, sugar syrup and sugar. The Committee have also been apprised that production of sugar since 2017-18 sugar seasons is surplus and is much higher than demand in the country. The excess stock of sugar has been depressing the sugar prices thereby affecting liquidity position of sugar mills. As such, in order to overcome the problem of excess stock of sugar, Govt. has also permitted the production of ethanol from sugar cane juice, B-Hy molasses, sugar and sugar syrup and has fixed the remunerative ex-mill price of ethanol derived from C-heavy @ Rs. 46.66/litre , B-heavy molasses/partial sugarcane juice @ Rs.59.08/litre, 100% sugarcane juice/syrup/sugar @ Rs.63.45 per litre and from damaged foodgrains/maize @ Rs. 52.92/litre to improve the liquidity of sugar mills to enable them to clear their cane dues. The Committee while appreciating the versatile efforts of the Government in the direction of Ethanol Blending, strongly recommend the Department to think in terms of making it mandatory for the Sugar Mills - having high production of sugar to convert some portion of sugar to Ethanol. This move will not only generate revenue resulting in reduced cane price arrears but eventually generate employment, as well.
17.	5.22	The Committee note that total of Rs. 16612 Crore Sugarcane Arrears are outstanding. Though, the Cane Price Arrears have reduced considerably but they are still very high. The Committee is surprised to note that despite the provisions for making payment of Sugarcane within 14 days of the supply of sugarcane by the farmer, it is rarely done. The Cane Price

		Arrears pertaining to the Sugar Season 2016-17 and earlier are still outstanding and no action has been taken against the Sugar Mills for recovery of Cane Price Arrears along with the interest @ 15% as per the provisions of Sugarcane (Control) Order, 1966. The Committee feel that non-payment of Sugarcane Arrears in time can be discouraging and might refrain the farmers from growing Sugarcane and they may be forced to opt out for growing other crops. The Committee feel that the sale of Ethanol to OMCs at remunerative prices has increased the liquidity of Sugar Mills. This makes it more imperative on the part of Sugar Mills to clear the arrears of the farmers at the earliest. The Committee feel that farmers need to be paid remunerative price immediately on delivery of their Agricultural Produce. They, therefore, strongly recommend the Department to take appropriate measures by pressing on the Sugar Mills in order to liquidate all the arrears and ensure immediate payment to the farmers. The Committee would like to be apprised of the Action Plan worked out/specific steps taken for the purpose.
18.	**5.23**	**The Committee also note that out of 756 installed Sugar Mills in the country, 506 Mills are in operation and 250 Sugar Units had not been operating due to various reasons including financial crunches, non-availability of raw material and obsolete Plant and Machinery, etc. Considering the large outstanding amount of Sugarcane Arrears as also the number of non-operational Sugar Mills, the Committee recommend the Department to frame a comprehensive policy for revival of the Sick Sugar Mills by providing them capital assistance, easy and cheaper**

		loans, etc. which, in turn, will generate additional revenue and thereby paving the way for faster clearing of Cane Price Arrears. The Committee are also of the view that while considering the revival of the Sick Sugar Units, the important factor like linkage of such units with partial Ethanol Production may also be explored.