

GOVERNMENT OF INDIA  
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION  
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

**LOK SABHA**  
UNSTARRED QUESTION NO. 465  
**TO BE ANSWERED ON 23<sup>RD</sup> JULY, 2025**

**IMPLEMENTATION OF REFORMS IN FCI**

**465. SHRI RAMASAHAYAM RAGHURAM REDDY:**

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

- (a) whether the Government has plans to implement reforms as suggested by the Shanta Kumar Committee to restructure Food Corporation of India to improve its financial management and operational efficiency in procurement, storage and distribution of foodgrains;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor; and
- (d) the details of other such measures being taken by the Government to ensure that the functioning of FCI is streamlined and fast-paced

**A N S W E R**  
MINISTER OF STATE FOR MINISTRY OF CONSUMER AFFAIRS,  
FOOD & PUBLIC DISTRIBUTION  
**(SHRIMATI NIMUBEN JAYANTIBHAI BAMBHANIYA)**

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(a) to (b): Yes sir.

A High Level Committee (HLC) on restructuring of Food Corporation of India (FCI), chaired by Shri Shanta Kumar, conducted a comprehensive review of the administrative, functional and financial structure of FCI and submitted its report.

The action taken on its recommendations related to improving FCI's financial management and operational efficiency in procurement, storage and distribution of food grains are at Annexure-A.

(c) N/A.

(d) The details are enclosed at **Annexure-A**.

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ANNEXURE REFERRED TO IN REPLY TO PART (d) OF THE UNSTARRED QUESTION NO.465 FOR ANSWER ON 22.07.2025

**Recommendations of High Level Committee, decisions taken by Government of India and Action  
Taken by FCI thereon**

Sl. No.	Recommendations	Action Taken
1.	HLC recommends that FCI hand over all procurement operations of wheat, paddy and rice to states that have gained sufficient experience in this regard and have created reasonable infrastructure for procurement. These States are Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Odisha and Punjab.	<p>FCI has already handed over procurement operations fully to State Government in Andhra Pradesh, Telangana, Kerala, Tamil Nadu, Chhattisgarh, Madhya Pradesh, Maharashtra, Gujarat, Himachal Pradesh, Uttarakhand, Bihar, Jharkhand, West Bengal, Odisha and Tripura. Recently, Assam has adopted DCP mode of Procurement for Rice in two districts namely Bongaigaon and Bishwanath Districts from KMS 2023-24. FCI is participating in procurement operations in Punjab and Haryana on the request of concerned State Governments.</p> <p>FCI procured around 0.2% of paddy and around 7% of wheat during KMS 2023-24 and RMS 2025-26, respectively, out of total procurement done for Central Pool. Remaining procurement is done by State Government and its Agencies.</p> <p>The details of DCP States for procurement of wheat and rice are as under:</p>

		<table> <tr> <th colspan="3">DCP States for Rice &amp; Wheat</th></tr> <tr> <th>Sl. No.</th><th>RICE</th><th>WHEAT</th></tr> <tr><td>1</td><td>Andhra Pradesh</td><td>Bihar</td></tr> <tr><td>2</td><td>Bihar</td><td>Chhattisgarh</td></tr> <tr><td>3</td><td>Chhattisgarh</td><td>Gujarat</td></tr> <tr><td>4</td><td>Gujarat</td><td>Madhya Pradesh</td></tr> <tr><td>5</td><td>Karnataka</td><td>Maharashtra</td></tr> <tr><td>6</td><td>Kerala</td><td>Punjab</td></tr> <tr><td>7</td><td>Madhya Pradesh</td><td>Uttarakhand</td></tr> <tr><td>8</td><td>Maharashtra</td><td>West Bengal</td></tr> <tr><td>9</td><td>Odisha</td><td>Himachal Pradesh</td></tr> <tr><td>10</td><td>Tamil Nadu</td><td></td></tr> <tr><td>11</td><td>Telangana</td><td></td></tr> <tr><td>12</td><td>Tripura</td><td></td></tr> <tr><td>13</td><td>Uttarakhand</td><td></td></tr> <tr><td>14</td><td>West Bengal</td><td></td></tr> <tr><td>15</td><td>Himachal Pradesh</td><td></td></tr> <tr><td>16</td><td>Jharkhand</td><td></td></tr> <tr><td>17</td><td>Assam (Only in two districts i.e. Bongaigaon and Bishwanath)</td><td></td></tr> </table>	DCP States for Rice & Wheat			Sl. No.	RICE	WHEAT	1	Andhra Pradesh	Bihar	2	Bihar	Chhattisgarh	3	Chhattisgarh	Gujarat	4	Gujarat	Madhya Pradesh	5	Karnataka	Maharashtra	6	Kerala	Punjab	7	Madhya Pradesh	Uttarakhand	8	Maharashtra	West Bengal	9	Odisha	Himachal Pradesh	10	Tamil Nadu		11	Telangana		12	Tripura		13	Uttarakhand		14	West Bengal		15	Himachal Pradesh		16	Jharkhand		17	Assam (Only in two districts i.e. Bongaigaon and Bishwanath)	
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2.	FCI will accept only the surplus(after deducting the needs of the states under NFSA) from these state governments ( Non- millers) to be moved to deficit states.	For decentralized procurement ( DCP) states only surplus foodgrains are accepted by FCI.																																																									

3.	<p>FCI should move on to help those states where farmers suffer from distress sales at prices much below MSP, and which are dominated by small holdings, like Eastern Uttar Pradesh, Bihar, West Bengal, Assam etc.</p>	<p>Continuous efforts and hand holding to the State Govt. agencies have been extended in the Eastern and North-Eastern States to increase the penetration of MSP operation. In KMS 2021-22, 107.31 LMT paddy (in terms of rice) was procured in Eastern/ North - Eastern States as against 105.77 LMT paddy (in terms of rice) procured during KMS 2020-21. In KMS 2022-23 and KMS 2023-24 a quantity of 99.36 LMT and 76.83 LMT paddy (in terms of rice) respectively has been procured in Eastern States. During KMS 2024-25, 90.36 LMT Paddy (in terms of rice) has been procured in Eastern States up to 15.07.2025.</p> <p>Emphasis has also been given on procurement of wheat in Eastern States such as UP &amp; Bihar. Procurement of wheat in Bihar and UP has increased during RMS 2025-26 in comparison to last two marketing seasons due to early and vigorous efforts from DFPD, FCI as well as State Govts.</p>
4.	<p>Quality checks in procurement have to be adhered to, and anything below the specified quality will not be acceptable under central pool. Quality checks can be done either by FCI and/ or any third party accredited agency in a transparent manner with the help of mechanized processes of quality checking.</p>	<p>1. Random Samples of food-grains procured &amp; stored in various FCI godowns are periodically referred to FSSAI notified NABL accredited labs for quality checks.</p> <p>3. FCI has set up an ultra-modern Quality Control Lab at Institute of Food Security (IFS) Gurugram which is equipped with modern analytical equipments. Further, four (04) Modern Zonal Labs at Panchkula, Hyderabad, Raipur and Bhubaneswar with facilities for testing of chemical parameters of food grains including level of fortificants in fortified rice has also been set up.</p>

6	<p>HLC recommends that FCI should outsource its stocking operations to various agencies.</p>	<p>FCI continuously assesses and monitors the storage capacity and based on the storage gap assessment, storage capacities are created/hired. The requirement of Storage capacity in FCI depends upon the level of procurement, requirement of buffer norms and PDS operations for Rice and Wheat mainly.</p>
5	<p>To liquidate stock in OMSS or in export markets whenever stocks go beyond the buffer stock norms.</p>	<p>A total quantity of 46.53 LMT and 15.41 LMT of Rice have been liquidated under OMSS (Open Market Sales Scheme) of years 2024-25 and 2023-24 respectively. A total quantity of 40.93 LMT and 101.38 LMT of Wheat have been liquidated during OMSS 2024-25 and 2023-24 respectively.</p>
		<p>3. FCI has introduced a scientifically validated mixed indicator method for determining the age of custom milled raw rice from KMS 2021-22 onwards to differentiate between old and freshly milled raw rice at the time of procurement from Rice millers to curb the tendency of millers to deliver any recycled old rice in the Public Procurement.</p> <p>4. 400 AI based Automatic Grain Analysers have been installed at major rice procurement centres in order to bring transparency in the foodgrains procurement process and to reduce human subjectivity.</p> <p>5. All laboratories functioning in FCI from depot level to Hqrs level have been integrated through Quality Management System (QMS) application. Analysis of samples during procurement, subsequent super check inspections and other inspections during storage of foodgrains carried out by FCI are now being reported through the QMS.</p>

<p>FCI has made all efforts to increase capacity for storage of foodgrains whenever required. FCI augments storage capacity through private investor participation and done on competitive bidding process by the following schemes: -</p> <ol style="list-style-type: none"> <li>1. Private Entrepreneurs Guarantee (PEG) Scheme</li> <li>2. Construction of SIO's under PPP mode</li> <li>3. Construction under asset monetization</li> </ol>																													
<p>In order to upgrade and modernize the storage facilities, Government of India has approved an Action Plan for construction of Silos across the country under PPP mode.</p> <p>The Silos completed and put-to use are as under –</p> <table border="1" data-bbox="544 298 1379 920"> <tr> <td colspan="2"><b>Model of Silos</b></td></tr> <tr> <td>Circuit Based Model (2007-09)</td><td>5.50</td></tr> <tr> <td>Railway Siding &amp; Road Fed Model</td><td>19.25</td></tr> <tr> <td>Hub &amp; Spoke Phase-1(DBFOT)</td><td>3.00</td></tr> <tr> <td colspan="2">Grand Total</td></tr> <tr> <td colspan="2">27.75</td></tr> <tr> <td colspan="2"><b>Silos under construction are as under -</b></td></tr> <tr> <td colspan="2"><b>Model of Silos</b></td></tr> <tr> <td>Railways Siding &amp; Road Fed Model</td><td>5.00</td></tr> <tr> <td>Hub &amp; Spoke Phase-I(DBFOT)</td><td>7.125</td></tr> <tr> <td>Hub &amp; Spoke Phase-1(DBFOO)</td><td>24.75</td></tr> <tr> <td colspan="2">Grand Total</td></tr> <tr> <td colspan="2">36.875</td></tr> <tr> <td colspan="2"><b>Capacity (LMT)</b></td></tr> </table>	<b>Model of Silos</b>		Circuit Based Model (2007-09)	5.50	Railway Siding & Road Fed Model	19.25	Hub & Spoke Phase-1(DBFOT)	3.00	Grand Total		27.75		<b>Silos under construction are as under -</b>		<b>Model of Silos</b>		Railways Siding & Road Fed Model	5.00	Hub & Spoke Phase-I(DBFOT)	7.125	Hub & Spoke Phase-1(DBFOO)	24.75	Grand Total		36.875		<b>Capacity (LMT)</b>		<p>India needs more bulk handling facilities a silo capacity of about 100 LMT together for wheat and Rice should be created in the next 3-5 years.</p>
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<p>In order to create covered capacity in wheat procuring states specially Punjab and Haryana, new Capacity (90 LMT) was sanctioned in Punjab and Haryana to phase out Open Storage.</p>	<p>Covered and plinth (CAP) storage should be gradually phased out with no grain stock remaining in CAP for more</p>																												
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**1. Depot Online System (DOS):** Depot Online system with the goal of computerization/automation of procurement, storage and movement operation was launched on 01.12.2018 and currently operative in all own FCI depots as well as hired depots.

**2. WINGS:** To automate the tagging of rice mills with depots, as well as allocation of stack space in the depots, FCI has developed the Warehouse Inventory Network & Governing System (WINGS). Automated linkage plans generated by the system promote heightened transparency among millers. This automated system empowers the millers to book stack spaces in depots and ensures efficient utilization of depot spaces. This system is now fully operational in all rice procuring region from KMS 2023-24.

**3. The Central Foodgrains Storage Portal (CFSP),** launched in 2022 by the NIC and FCI, aims to create a unified national platform for managing decentralized procurement (DCP) stocks. The CFSP enhances efficiency, transparency, and reliability in foodgrain storage, supporting better decision making and stronger management of national food reserves.

	than 3 months. Silo bag technology and conventional storages where ever possible should replace CAP.	
9	<p>HLC observed huge disparity in wages of various kind of labour force engaged by FCI. This happens because of the incentive system in notified depots, and widely used proxy labour. This must be fixed, either by de-notifying these depots, or handing them over to states or private sector on service contracts, and by fixing a maximum limit on the incentives per person that will not allow him to work for more than say 1.25 times the work agreed with him.</p> <p>These depots should be put on priority for mechanization so that reliance on departmental labour reduces. If need be, FCI should be allowed to hire people under DPS/ NWNP system.</p> <p>HLC recommends that the condition of contract labour, which works the</p>	<ul style="list-style-type: none"> <li>• Ministry of Labour and Employment vide notification dated 06.07.2016 exempted all 226 depots/railheads from the applicability of Section 10 of Contract Labour (R&amp;A) Act 1970 for a period of 2 years and since then they have been granting extension of exemption.</li> <li>• Nodal Officers have been appointed at field level for improving the working condition of contract labour and to ensure better facilities and adequate welfare provisions like EPF, Minimum wages, ESI, Workmen Compensation etc and facilities like canteen/restroom, urinals, drinking water facilities.</li> <li>• The Departmental Labour cadre has been declared a 'Dying Cadre' by the Ministry of Consumer Affairs, Food &amp; Public Distribution, in accordance with the judgment dated 20.11.2015 by the Hon'ble High Court of Bombay, Nagpur Bench, in PIL No. 84/2014.</li> <li>• The Voluntary retirement scheme for DLS workers has been introduced with the approval of the Ministry of CA, F&amp;PD for initially 90 days. Subsequently, on request of field offices/ labour unions was extended till 20.01.2025. As on 20.01.2025, a total of 1,212 Departmental Labourers opted for VRS.</li> </ul>



	<p>hardest and are the largest in number, should be improved by giving them better facilities.</p>	
10.	<p>HLC recommends total end to end computerization of the entire food management system, starting from procurement from farmers, to stocking, movement and finally distribution through TPDS. It can be done on real time basis, and some states have done a commendable job on computerizing the procurement operations. But its dovetailing with movement and distribution in TPDS has been a weak link, and that is where much of the diversions take place.</p>	<p>The Anna Darpan Project is a direct implementation of the vision set forth by the Shanta Kumar Committee.</p> <p>The <b>Anna Darpan Project</b> of FCI, which is currently under development, aligns with the vision of the Shanta Kumar Committee (2015), which strongly recommended the end-to-end digitisation of the entire supply chain management system—from the procurement of foodgrains to their storage, movement, and final issuance to beneficiaries through designated agencies. The project is being developed as a centralized, integrated digital platform covering key functional areas such as procurement, storage, movement, sales, contract and inventory management, quality control and labour. Once implemented, it will enable real-time monitoring, integration with state procurement portals and enhance transparency and accountability through digital workflows and audit trails. Thus, Anna Darpan represents a major step toward modernizing FCI's operations in line with the committee's recommendations.</p>

		<p><b>4. Central Food Grains Procurement Portal (CFPP):</b> Department of Food &amp; Public Distribution (DFPD), GoI has envisioned an application ecosystem, wherein the MSP procurement done by government agencies is available at a single source by integrating all State procurement portals, with common parameters, for monitoring and strategic decision making. The digitization of the entire procurement operations has been put in place with effect from Kharif Marketing Season (KMS) 2021- 22.</p> <p><b>5. Vehicle Location Tracking System (VLTS) :</b> Food Corporation of India (FCI) under the supervision of Department of Food &amp; Public Distribution is working to have a robust monitoring mechanism for transportation of food grains using Road Transport Contractors (RTCs) from dispatching depot till receiving depot. In this regard, GPS enabled live tracking solution viz. Vehicle Location Tracking System (VLTS) has been developed to, enable e-surveillance of food grains in-transit (Rail as well as Road) and also curb the possibilities of pilferage of foodgrains enroute. State/UT Governments are also in the process of implementing Vehicle Location Tracking System (VLTS) for live tracking of end to end movement of foodgrains in the public distribution system. As on 04.07.2025 total 304 transporters have been onboarded and total completed trips are 105301.</p>
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