

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

LOK SABHA
UNSTARRED QUESTION NO. 3597
TO BE ANSWERED ON 11TH AUGUST, 2015

SUBSIDY ON FOOD

3597. SHRI B.S. YEDIYURAPPA:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether any study has been conducted recently regarding providing allocation and disbursement of subsidies to the States;
- (b) if so, the details and the outcome thereof; and
- (c) the amount of food subsidy likely to be provided to the States during the current and ensuing year, State-wise?

A N S W E R

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI RAM VILAS PASWAN)

(a)&(b) No Madam. No specific study has been conducted recently on the issue of allocation and disbursement of subsidies to the States. However, the High Level Committee (HLC) constituted under the Chairpersonship of Shri Shanta Kumar, M.P. on the issue of restructuring of Food Corporation of India (FCI), has made some recommendations, which have a bearing on the allocation and disbursement of food subsidy to the States. The details of such major recommendations of HLC and decision taken by the Government thereon is at Annex-I.

(c) In this regard, it is submitted that under Targeted Public Distribution System (TPDS), National Food Security (NFSA) Scheme and Other Welfare Scheme (OWS), foodgrains at subsidized rates are allocated to States/Union Territories by Government of India and released to States through Food Corporation of India (FCI). The Food Subsidy against the foodgrains lifted by the State Government from FCI is provided to the FCI directly and not to the State Government.

However, in case of those States which have adopted Decentralised Procurement Scheme (DCP), food subsidy is directly released to the State Government for the quantity of food grains distributed by them. Since release of subsidy depends upon allocation and actual offtake of food grains, it is not possible to give any estimate regarding likely release of subsidy in ensuing year. However, a statement indicating the amount of Food Subsidy likely to be released to FCI and DCP States during the financial year 2015-16 is at Annex-II.

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) & (b) OF THE UNSTARRED QUESTION NO. 3597 DUE FOR ANSWER ON 11.08.2015 IN THE LOK SABHA

Decisions taken by the Government with regard to Recommendations of High Level Committee (HLC) having impact on Allocation and Disbursement of food subsidy to the States

HLC has recommended to have a relook at the current coverage of 67 per cent of population; priority households getting only 5 kgs/person as allocation; and central issue prices being frozen for three years at Rs.3/2/1/kg for rice/wheat/coarse cereals respectively. HLC's examination of these issue reveals that 67 per cent coverage of population is on much higher side, and should be brought down to around 40 per cent, which will comfortably cover BPL families and some even above that; 5 kg grain per person to priority households is actually making BPL households worse off, who used to get 7 kg/person under the TPDS. On central issue prices, HLC has recommended that while Antyodaya households can be given grains at Rs.3/2/1 per kg for the time being, but pricing for priority households must be linked to MSP, say 50 per cent of MSP.

Government has examined these recommendations and decided not to implement them as there is no proposal at present to make amendments in the National Food Security Act, 2013.

2. HLC has recommended for gradual introduction of cash transfers in Public Distribution System (PDS), starting with large cities with more than one million population; extending it to grain surplus states, and then giving option to deficit states to opt for cash or physical grain distribution.

Government has decided to implement this recommendation with an appropriate strategy to maintain a balance between the cash transfer of subsidy and availability of foodgrains in the market. Further, Government has decided to implement it only in those States/UTs, which are agreed to and ready for it.

ANNEX-II

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF THE UNSTARRED QUESTION NO. 3597 DUE FOR ANSWER ON 11.08.2015 IN THE LOK SABHA

Subsidy estimated to be released to DCP States and FCI during the financial year 2015-16

(Rupees in crores)

Sl. No.	Name of the State/ FCI	Subsidy likely to be released as per Budget Estimates of 2015-16
1	FCI	97000
2	Bihar	1830
3	Punjab	100
4	Madhya Pradesh	5900
5	Andhra Pradesh	1000
6	Telangana	1350
7	West Bengal	2900
8	Chhattisgarh	3550
9	Uttarakhand	410
10	Tamil Nadu	910
11	Odisha	3900
12	Karnataka	160
13	Gujarat	50
14	Kerala	759
15	Rajasthan	100
