

SIGNIFICANT ACHIEVEMENTS - 2015

- **Number of States/UTs implementing National Food Security Act, 2013 increased from 11 to 25**
- **Major reforms in Public Distribution System (PDS) during 2015.**
- **Digitisation of Ration Cards completed in 34 States.**
- **Online foodgrains allocation started in 19 states.**
- **Procurement policy modified to provide benefits of MSP to more farmers for paddy procurement**
- **Sustained efforts bring the cane price arrears due to farmers from a peak of Rs.21,000 crore to Rs. 3476 crore**
- **New provisions to promote quality products & services and to boost consumer protection**
- **New initiative taken to upgrade and modernize storage capacity.**

The National Food Security Act which was enacted in 2013, had been implemented in only 11 States/UTs. By then end of 2015, the number of States/UTs implementing the Act has increased to 25.

The Government achieved significant milestones in the reforms of PDS by making it more transparent and leak proof. During 2015 digitisation of ration cards has been completed in 34 States while it was just 19 in the beginning of the year, the number of States with online foodgrains allocations increased from 9 to 19 during the year and online grievance redressal has been introduced by 36 States/UTs. Direct cash transfer of food subsidy to the beneficiaries started in Chandigarh and Puducherry in September, 2015.

Based on the recommendation of High Level Committee (HLC) on restructuring of FCI, procurement policy for paddy modified to ensure increased reach of MSP operations to more farmers. Millers levy on rice was abolished. The Government also provided relief to the farmers during the year by relaxing procurement norms for their crops affected by the unprecedented rains & hailstorms.

Due to sustained efforts to facilitate payment of sugarcane dues to the farmers, the arrears have come down to Rs. 3476 crore at the end of December, 2015 from a peak of Rs. 21,000 crore in the sugar season of 2014-15.

Highlights of other initiatives are as under:

Improving Foodgrain Management

- A High Level Expert Committee under the Chairmanship of Shri Shanta Kumar, MP, was constituted to make recommendations on re-structuring of FCI. Based on the recommendations, several measures have been initiated to improve the functioning of FCI and to bring in cost efficiency in its operations.
- To bring all operations of FCI Godowns online and to check leakage, “*Depot Online*” system initiated and integrated security system is being set up in all sensitive depots.
- *Sufficient food grains are available* in Central Pool Stocks of FCI. Stocks as on 01.12.2015 are 368.26 lakh MT, comprising 268.79 lakh MT wheat and 99.47 lakh MT rice.
- Besides 12 States/UTs which are already under Decentralised Procurement(DCP), Telangana has become a new DCP State for procurement of rice and Andhra Pradesh & Punjab have also adopted this system partially during 2014-15 to improve the efficiency of foodgrains procurement and distribution operations.
- The Government of India has approved approximately 111 lakh MT of wheat and 20 lakh MT of Grade-A rice for sale in the year 2015-16 under Open Market Sale Scheme (OMSS), out of which, 36.87 lakh MT of wheat and 0.57 lakh MT of Grade-A rice was sold by the end of December, 2015.
- Adequate supply of food grains made using *multi-modal transport in North Eastern States* despite disruption in rail route due to gauge conversion from Lumding to Badarpur. 80,000 MT foodgrains moved through roads every month besides creating additional storage of 20000 MT in the region. Foodgrains also inducted into Tripura via Bangladesh through riverine route during Mega Block.
- 1,03,636 MTs of Rice have been moved from Andhra Pradesh to Kerala for the *first time through riverine/coastal movement* in 2014-15.
- Adequate supplies of food grains maintained during natural calamities of Hud-Hud cyclone in Andhra Pradesh and devastating floods in J&K.
- The Government has *revised the buffer norms* w.e.f. January, 2015 and Nomenclature of buffer norms has been changed to “Foodgrain stocking norms for the Central Pool”. The Government has revised the norms for better management of foodgrain stocks.
- During 2015-16 both *storage losses and transit losses have been reduced* to (-) 0.03% due to storage gain in wheat and 0.39% against MoU target of 0.15% and 0.42% respectively.

- 100 MT of rice was sent to Myanmar to help the flood affected pocket near Manipur border.
- 796.08 lakh MT storage capacity is available for central pool stocks of food grains.
- *New Godowns having capacity of 10 lakh MT under Private Entrepreneur Guarantee (PEG) Scheme in 20 States, 20000 MT under Plan Scheme in North East and 1.78 lakh MT through CWC in 12 States have been added.*
- A transformation plan for the Warehousing Development and Regulatory Authority (WDRA) has been initiated to streamline the warehousing sector. The work for creation of IT platform and rewriting of rules and procedures has been initiated.
- Request For Proposal (RFP) for *construction of steel silos for bulk storage of wheat* has been floated for 3 locations - Whitefield , Katihar and Kotkapura on PPP mode with Viability Gap Funding (VGF). Approval for VGF has been received for 3 more locations - Narela, Sahnewal and Changsari and RFP is to be floated shortly. This effort will add 2.5 lakh MT capacity of modern storage to FCI's capacity.
- *610.08 lakh MT of foodgrains have been allocated to States/UTs for distribution under Targeted Public Distribution System (TPDS) and other Welfare Schemes during 2015-16 (upto 04.01.2016).*
- For maintaining supplies and securing availability and distribution of essential commodity mainly foodgrains under TPDS, in exercise of the powers conferred under Section 3 of the Essential Commodities Act, 1955, the Department has notified the TPDS (Control) Order, 2015 on 20.03.2015. The Order supersedes the existing PDS (Control) Order dated 31.08.2001 and is in consonance with the National Food Security Act, 2013. The Order is in force from the date of its publication in the official gazette i.e. 20.03.2015. The Order empowers the State/UT Governments to take all necessary actions to ensure proper implementation of TPDS within State to ensure that highly subsidised foodgrains reaches to the intended beneficiary. The Department has subsequently notified the Targeted Public Distribution System (control) Amendment Order, 2015 on 29.10.2015 in the Gazette of India Extraordinary Part-II, Section-3, Sub-section (i) vide GSR No. 814 (E) dated 28.10.2015. *The amendment order has done away with the restrictions on identification of new Antyodaya households that had been imposed under provisions of the TPDS (C) Order, 2015 dated 20.03.2015.*
- Implementation of Component-I of the Scheme on End-to-End Computerization of TPDS in States/UTs is in progress. Guidelines for FPS automation shared with all States/UTs. In Jan, 2015, a MoU was signed with STQC (Directorate under DeitY) to certify the PoS devices and Mobile terminal.
- Sustained efforts have resulted in significant reforms in TPDS. As a result thereof by the end of December 2015, *digitisation of ration cards completed in 34 States/UTs, over 24 crore ration cards have been digitized and over 9.5 crore*

ration cards have been seeded with Aadhaar, Supply chain management implemented in 10 states/UTs, Online allocation of foodgrains implemented in 19 states/UTs, 62,680 Fair Price Shops (FPS) automated by installing 'Point of Sale' device, Toll free help lines and online grievance redressal system implemented in all States/UTs to display all operations of TPDS.

- At the end of one year after National Food Security Act, 2013 (NFSA) came into force, i.e, upto July, 2014, implementation of the Act had started in 11 States/UTs. Since then, *14 more States/UTs have started implementing NFSA* and the total number of States/UTs now implementing the Act is 25.
- In order to facilitate direct cash transfer of food subsidy to the beneficiaries, Government has notified "*Cash Transfer of Food Subsidy Rules, 2015*" on 21.08.2015 under the NFSA. These rules provide that Direct Benefit Transfer (DBT) scheme will be implemented in a State/UT with the consent of the concerned State Government/UT Administration. Accordingly, keeping in view of checking of leakage and diversions, this Department is pursuing with States/UTs to opt for DBT scheme in lieu of foodgrains under which subsidy component will be credited to bank accounts of beneficiaries who will be free to buy foodgrains from anywhere in the market. For taking up this model, pre-requisites for the States/UTs would be to complete digitization of beneficiary data and seed Aadhaar and bank account details of beneficiaries. *The scheme has been launched in Chandigarh and Puducherry w.e.f. September, 2015.*
- The Central Government also decided to *share 50% (75% in the case of Hilly and difficult areas) of the cost of handling & transportation of foodgrains* incurred by the states and the dealer's margin so that it is not passed on to the beneficiaries and they get coarse grain @ Rs. 1/Kg, wheat @ Rs. 2/Kg and rice @ Rs. 3/Kg.
- Department Food & PD's 'Group' namely "Food Security" was opened @ myGov portal i.e. www.myGov.in for engaging with citizens by inviting their comments/suggestions on various issues from time to time. Under the said Group 'Food Security' a discussion thread namely 'Improving the TPDS' was opened for a period of one month during February, 2015. Suggestions /comments received from citizens have been shared with the States/UTs as well as within the Department for sending an action taken report on the suggestions accepted and the action taken or to be taken on them for achieving the objective of an improved TPDS.

Relief to the Farmers

- In order to give relief to the farmers affected by the unprecedented rains & hailstorms, *Government relaxed the quality norms* for the wheat procurement to the maximum possible. The Central Government decided to *reimburse the amount of value cut imposed on such relaxation to the State Government/their agencies so that farmers can get full Minimum Support Price (MSP)* even for shrivelled and broken wheat grains having lustre loss. Such a farmer's centric step was taken for the first time by the Central Government.

- Govt. agencies *procured 280.88 lakh MT wheat during RMS 2015-16, providing relief to the farmers affected by freak rains and hailstorm.*
- The Government has *enhanced custom import duty on wheat from 10 % to 25% w.e.f. 19.10.2015 to help the Indian Farmers.*
- The Government has also *relaxed procurement norms of paddy and resultant rice during KMS 2015-16 in affected areas of Andhra Pradesh and Uttar Pradesh on the request of State Government to help the farmers and to avoid the distress sale.*
- The drop in international prices of imported oils was affecting the prices of domestically produced edible oils consequent upon which farmers' interest was affected. Department of Food and Public Distribution had recommended an increase in the import duty on edible oils with a dynamic range which varies according to international prices. Accordingly, Department of Revenue, vide Notification No. 46/2015-Customs dated 17.09.2015 *increased the import duty on Crude oils from existing 7.5% to 12.5% and the import duty on Refined oils from existing 15% to 20%.*

Millers levy on rice abolished

- With effect from 01.10.2015, *levy of rice on millers has been discontinued.* This will save farmers from exploitation and now they will not depend on millers for selling their paddy. This initiative has improved delivery of MSP to the farmers for paddy even in the situation of market prices ruling below the MSP, especially in the states of Andhra Pradesh, Telangana, Uttar Pradesh and West Bengal, where the farmers are substantially dependent on millers for selling their paddy.
- During Kharif Marketing Season (KMS) 2013-14 only a quantity of 8.52 lakh MT of paddy had been purchased directly from the farmers by the State Agencies in unified Andhra Pradesh, but in KMS 2014-15, such direct purchase of paddy has gone upto 36.76 lakh MT in Andhra Pradesh and Telangana together. The reduction of levy in KMS 2014-15 has not resulted in any substantial reduction of overall procurement of rice in these two States till date compared to KMS 2013-14. Similarly in Uttar Pradesh, the procurement of paddy has gone up from 9.07 lakh MT in previous season to 18.18 lakh MT in current season and overall procurement of rice has gone up from 11.05 lakh MT of previous season to 16.10 lakh MT till April, 2015. In West Bengal also, the procurement of paddy has gone up from 5.79 lakh MT in previous season to 13.29 lakh MT in current season and overall procurement of rice has gone up from 8.27 lakh MT to 13.31 lakh MT till April, 2015.

Outreach of MSP increased in Eastern States for paddy farmers:

- In a bid to increase reach of minimum support price (MSP) operations to more farmers and increase procurement of paddy, *a policy for engagement of private*

players in procurement in Eastern States has been formulated this year. Now Private firms have been allowed to procure paddy from farmers in a cluster, indentified by the respective state government in the states of Assam, Bihar, Eastern Uttar Pradesh, Jharkhand and West Bengal, where the Food Corporation of India (FCI) does not have a robust procurement mechanism which often forces farmers to go for distress sale. Private firms would deliver custom milled rice (CMR) at the FCI or state government-owned agency godowns.

Reforms in Sugar Sector & steps taken to liquidate Cane Price Arrears of farmers

- Sugar production during current sugar season is estimated to be sufficient for domestic consumption requirements.
- To facilitate clearance of cane price arrears of the farmers relating to FRP for the sugar season 2014-15, *a scheme for extending soft loans to the extent of Rs. 6000 crore to the sugar industry was notified on 23.06.2015. Rs 4152 crore have been disbursed under the scheme. The government also extended period by one year for achieving eligibility under the soft loan scheme and decided to bear the interest subvention cost to the extent of Rs. 600 crore for the extended period. This will extend benefits to larger number of farmers by enabling more mills to avail the benefits of the scheme. It has also been decided that after clearing cane dues of farmers, subsequent balance, if any, will be credited into the mill accounts. This will benefit about 150 additional sugar mills which had proactively liquidated more than 90 percent of their cane dues payable. This would ensure that mills are incentivized for arranging bridge finances for timely clearance of cane dues to farmers.*
- *Direct Subsidy to farmers, Government decided to pay a production linked subsidy of Rs 4.50 per quintal in 2015-16 seasons, to sugar mills to offset the cost of cane and facilitate timely payment of cane price dues of farmers for sugar season 2015-16. A notification in this regard issued on 2.12.2015. Funds released under the scheme shall be directly credited into farmers' accounts.*
- The export incentive on raw sugar has been increased from Rs 3200/MT to Rs. 4000/MT. Funds have been allocated to support 14 lakh MT of raw sugar exports as against 7.5 LMT achieved last year. In September 2015 Government also announced quotas for mills and co-operatives for mandatory exports of four million tonne of sugar in 2015-16.
- The Government has *enhanced import duty on sugar from 25% to 40% to discourage imports. Also, to prevent leakages of sugar in the domestic markets, the export obligation period has been reduced from 18 months to 6 months under the Advanced Authorization Scheme.*
- *Blending targets under Ethanol Blending Programme (EBP) has been scaled up from 5% to 10%. Remunerative prices for Ethanol supplied under EBP has been*

fixed in the range of Rs. 48.50-49.50 per litre, a substantial increase over previous years. As a result, the supplies of ethanol for blending have increased from about 32 crore litres per year to 103 crore litres per annum. Excise duties on ethanol supplied for blending in the next sugar season has also been waived off to further incentivize ethanol supplies for the blending program. This would further increase the ex mill price of ethanol and help improving liquidity in the industry facilitate payment of cane price arrears.

- In order to mobilise more funds for various intervention to be undertaken to facilitates liquidation of arrear of cane dues, such as interest subvention based soft loans, export incentives and production assistance, *amendment in the Sugar Cess Act, 1982* was introduced in the Parliament.
- Due to sustained efforts to facilitate payment of sugarcane arrears to the farmers, arrears came down to Rs. 3476 crores at the end of December, 2015 from Rs. 21,000 crore in the sugar season 2014-15.
- The Government has *extended the incentive benefits on Marketing and Promotion Services of Raw Sugar Production @ Rs 4000 per MT* for the sugar season 2014-15.
- The *fair & Remunerative Price (FRP) of sugarcane* payable to the farmers in sugar season 2015-16 by sugar mills has been enhanced by Rs. 10/- per quintal to Rs. 230 per quintal.
- A web-based platform to facilitate the sugar mills for submission of inputs has been started. Online data regarding production, cane price arrears, etc. are accessible for States. In order to reduce inventory levels, the Government has notified mill-wise Minimum Indicative Export Quota (MIEQ) to be exported by sugar mills. Also, the Government has *formulated a national grid allocating the concerned mills having ethanol distillation capacity to produce and supply ethanol to Oil Marketing Companies (OMCs) to achieve blending levels of 10%.*

Other Achievements

- *FCI has started procurement of pulses from farmers at market price and is also working on procurement plan for oilseeds to ensure MSP for farmers.*
- *In order to have better targeting of 'Other Welfare Schemes' for poor, a Committee of Ministers set up under the Chairmanship of Hon'ble Minister for Consumer Affairs, Food and Public Distribution. The Committee not only decided continuation of foodgrain allocation for other welfare schemes but also nutritional support by providing milk and eggs etc. under the schemes.*

- The Central Warehousing Corporation (CWC) has achieved an all time high turnover of Rs. 1562 crore in 2014-15 and paid a dividend of Rs.20.21 crores to the Government.

