

PRESS NOTE

1. PDS system in India is one of the largest social sector programme in the world and it has played an important role in making foodgrains available at subsidized prices to the poor and vulnerable sections in this country.
2. There has been impressive growth in production and procurement of foodgrains during last 3-4 years. Between 2004 and 2010, MSP of wheat and Paddy have been increased by approximately 75%, resulting into wheat production of 807.1 LMT in 2009-10 from 694 LMT during 2005-06. The wheat procurement during the said period increased from 92 LMT to 225 LMT. The trend is more or less same for the paddy. The Government policy on procurement has been a great success. Because of remunerative MSP, farmers are ploughing back the returns into farming and producing more and more foodgrains. The farmers of this country deserve great appreciation for increasing the production of wheat and paddy over the years.
3. Position of foodgrains stocks in Central Pool as a result of good procurement is very comfortable for meeting our TPDS and other requirements. Approximately 314.78 lakh tonnes of Rice and 225.25 lakh tonnes of Wheat is procured during KMS 2009-10 & RMS 2010-11 respectively. This year also due to good Monsoon, it is expected that there will be a record production and procurement of wheat and rice.
4. In order to control foodgrains prices in the market, 48.56 lakh tones of wheat and 14.95 lakh tonnes of rice has been allocated under OMSS(D).
5. The offtake under TPDS which was just 293 LMT in 2004 -05 has jumped to 424 LMT. Thus with the larger production and larger procurement more and more food grains are pushed through the PDS benefitting the poorest of the poor.

6. In the last six months the Govt. of India has allotted additional quantity of approximately 45 LMT of wheat and 46 LMT of rice. However, the overall lifting has only been to the tune of 20% which is extremely low. Therefore, the State government should initiate immediate measures for lifting of this allocated quantity so that foodgrains can be distributed to the targeted beneficiaries and space is created for storage of fresh crop.
7. State Governments should also reciprocate by increasing their off take and start picking up their allotted quantities in full and on time, which will surely address a significantly to our storage problem.
8. Today, a vibrant and efficient PDS is essential for ensuring food security for the needy and deserving sections of our society. Government of India with the support from the state governments has initiated various reforms viz. computerization of the PDS network, use of Global Positioning System in tracking movement of vehicles transporting PDS items, use of SMS for informing beneficiaries on arrival of stocks in the Fair Price Shops, biometric identification of beneficiaries and use of smart cards to replace the conventional ration cards, for streamlining and strengthening the Targeted Public Distribution System. Government is also working with Unique Identification Authority of India to make use of AADHAAR in the PDS. State Govt. should take due diligence in selection of fair price shops(FPS) dealers and also involve Panchyati Raj Institutions (PRI), cooperatives and self help groups (SHG) in Public Distribution System.
9. There is a need to periodically review the BPL list at the field level as per provisions of the PDS (Control) Order 2001 so that only deserving families get the benefit. Such periodical reviews could also help in weeding out of bogus ration cards that provide a channel for diversion and leakages. Proper selection of FPS dealers and improving their viability is also important if they are to provide better and focused service to beneficiaries and reduce diversion and leakages.
10. Government is also financing the establishment of Village Grain Banks in the villages through which foodgrains are allocated free of cost to States to loan the grains to families especially in remote and inaccessible areas during lean seasons. The Government of India

provides financial assistance to States for undertaking training under TPDS and for publicity and States may take advantage of the same.

11. Due to insufficiency of covered space for storage of foodgrains and due to progressively increasing government stocks, considerable amount of foodgrains had to be stored under open Cover and Plinth (CAP) storage, having more susceptibility to damage. However, the quantum of food grain damaged in FCI godowns was as high as 2.12 LMT in 1999-2000 which was successfully brought down to just 6702 MT in 2009-10, because of our commitment of 'zero tolerance' towards grain damages. This year the quantity of damaged foodgrains is around 12800 MT.
12. A clear distinction should be made between the damages to the stocks held by FCI and held by the State Agencies. Till the stock is formally taken over by FCI, the State Governments/Agencies are responsible for the maintenance of stocks for which they are paid custody & maintenance charges (including interest) by FCI. Therefore state governments are requested to increase the surveillance on the stocks maintained by them so that we do not lose these precious commodities.
13. The Department of Food & Public Distribution has formulated a scheme for construction of storage godowns through private entrepreneurs and so far the HLC of FCI has approved construction of 150.80 lakh tonnes of additional covered storage capacity in 19 States of the country. Apart from that, CWC and SWCs are constructing 4.9 and 13.53 lakh tonnes respectively under the Scheme. To make the Scheme more attractive, guarantee period offered by FCI has been increased from 5 years to 7 years and finally to 10 years. Now the states need to take it further.
14. The decline in the production of sugar in the country during 2008-09 (147 lakh tonnes) and 2009-10 (188 lakh tonnes), has necessitated the increase in levy obligation of sugar mills from 10% to 20 % for the sugar season 2009-10. The higher levy obligation on sugar mills increased availability of levy sugar to meet the annual requirement of PDS which is about 28 lac tons.
15. This year we expect bumper production of sugarcane.
16. The streamlining and strengthening of the targeted public distribution system has assumed urgency and importance as Govt. of

India is likely to enact National Food Security Act which will provide a statutory basis for assured food security to targeted beneficiaries.

17. As regards to the news regarding distress sale of bajra by the farmers of Rajasthan, the Minister announced that he has requested Rajasthan Government to intervene and start procurement at MSP rate. A part of it will be consumed under PDS and balance will be sold through tender. The loss if any, in the process will be reimbursed by FCI on priority. The Minister strongly advocated that it is his duty to ensure that farmer's interest are protected.