

# BUDGET INSIGHTS

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Trends in Finances for the Department of  
Food and Public Distribution

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## KEY HIGHLIGHTS



In FY 24-25 Budget Estimates (BEs), the allocation for the Ministry of Consumer Affairs Food & Public Distribution stood at ₹2,23,323 crore, increasing by 0.5 per cent from previous year's allocation.



The largest scheme of the Ministry is the Food Subsidy programme, which provides food security to 81.03 crore Indian citizens under the National Food Security Act, 2013.



As a share of GDP, Food Subsidy has declined to 0.68 per cent in FY 24-25 (BEs), the lowest in five years.



The Food Subsidy bill has increased over time, particularly due to the Central Issue Prices (CIP) for rice and wheat being unchanged since 2013; since 2023, the CIP is zero as food grains are now provided free of cost.



The recently released Household Consumption Expenditure Survey (HCES) 2022-23 highlights the falling share of monthly per capita expenditure on protein-rich items. The Public Distribution System only provides cereals, with no allocation for protein-rich items like pulses.

## KEY POLICY ANNOUNCEMENTS



Pradhan Mantri Gareeb Kalyan Anna Yojana extended for five years starting from 1 January 2024.<sup>1</sup>



Sugar Subsidy scheme for Antyodaya Anna Yojana (AAY – Ultra Poor) households extended till March 2026.<sup>2</sup>

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# OVERVIEW

The Ministry of Consumer Affairs, Food, and Public Distribution (MoCAF&PD) is responsible for ensuring food security and looking after consumer affairs. On 7 July 2013, the Government of India (GoI) passed the National Food Security Act (NFSA) which legally entitles up to 75 per cent of the rural households and 50 per cent of urban households to receive subsidised foodgrains under the Targeted Public Distribution System (TPDS). Under the Act, as a step towards women empowerment, the eldest woman of the household of age 18 years or above is mandated to be the head of the household for the purpose of issuing of ration cards.<sup>3</sup>



For FY 24-25 Budget Estimates (BEs), allocations for MoCAF&PD stand at ₹2,23,323 crore, an 8.5 per cent increase from the previous year's BEs which stood at ₹2,05,764 crore, and a 0.5 per cent increase from previous year's Revised Estimates (REs) which stood at ₹2,22,233 crore.



The allocations for the Ministry were the highest in FY 20-21 at ₹4,50,687 crore – nearly triple the previous year's allocation. Since then, allocations have been decreasing steadily.

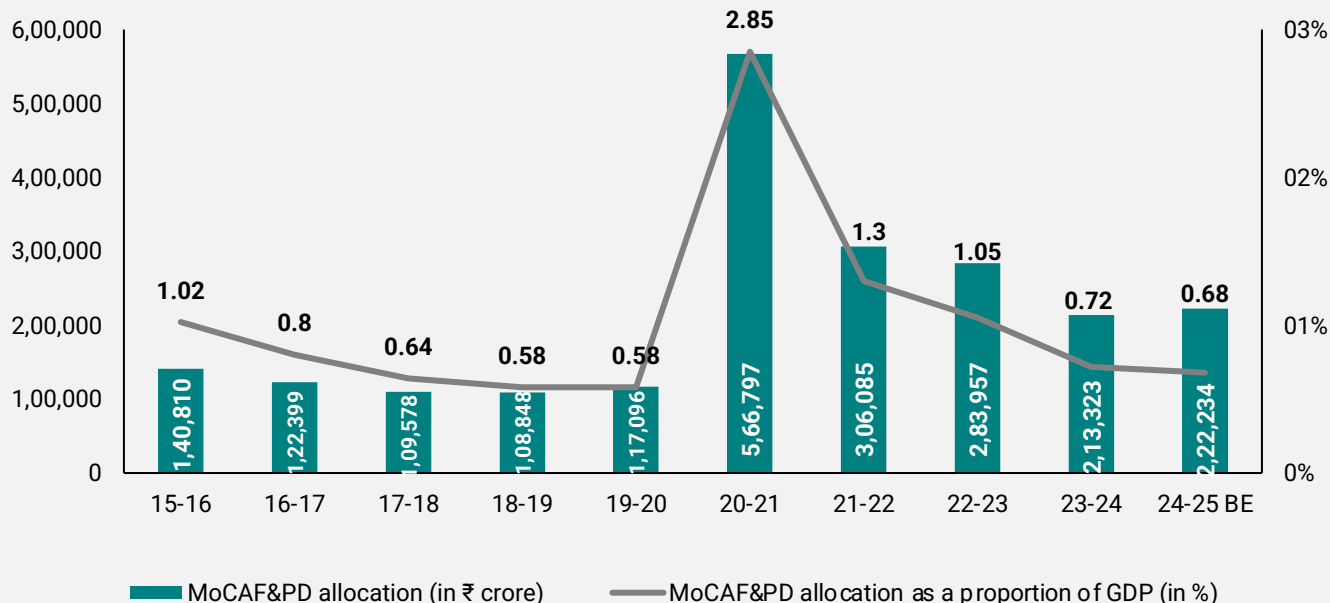


Expenditures for the Ministry, or releases to states and Union Territories (UTs) by GoI, as a percentage of Gross Domestic Product (GDP), have averaged 1 per cent of the GDP. Spending crossed 2 per cent in FY 20-21, due to COVID-related expenditures, especially the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) and the payback of loans accumulated by the Food Corporation of India. (FCI)



In FY 24-25 BEs, allocations for the Ministry as a share of GDP are lowest in 8 years at 0.68 per cent of the GDP.

**Figure 1: MoCAF&PD Spending Trends and Share of GDP**



**Source:** (1) Union Expenditure Budget, MoCAF&PD, FY 17-18 to FY 24-25. Available online at: <https://www.indiabudget.gov.in>. (2) Annual and Quarterly Estimates of GDP at current prices, 2011-12 series, MoSPI. Available online at: <https://www.mospi.gov.in/data>. Last accessed on 23 July 2024.

# HOW DOES THE MoCAF&PD ALLOCATE?

- MoCAF&PD consists of two departments:



**Department of Consumer Affairs (DCA)** which is responsible for safeguarding consumer rights; and



**Department of Food and Public Distribution (DFPD)** which is responsible for ensuring food security.

- In FY 24-25 BEs, allocations for DCA increased by 32 per cent, compared to the previous year's REs, while those for the DFPD decreased by 4 per cent to stand at ₹2,13,020 crore.
- The increase in DCA's allocation for FY 24-25 comes entirely from an allocation of ₹10,000 crore for the Price Stabilisation Fund. In FY 23-24 REs, allocations for the Fund stood at ₹0.01 crore. The Price Stabilisation Fund provision is for maintaining buffer stock of pulses, onions, and potatoes, and making sufficient availability of these commodities in the market to cool down prices when required.
- As per the Outcome Budget of FY 24-25, specific retail price targets have been specified under the Price Stabilisation scheme. This includes various pulses, as well as onions. Overall, a target for restricting the inflation rate for these items to within 4 per cent has also been specified.<sup>4</sup>
- The rest of this brief will focus on DFPD.

**Table 1: MoCAF&PD allocations by Department (in ₹ crore)**

Year	Department of Consumer Affairs	Department of Food and Public Distribution	Total
16-17	3,810	1,40,178	1,43,988
17-18	3,716	1,45,892	1,49,608
18-19	1,782	1,77,874	1,79,655
19-20	2,050	1,15,240	1,17,290
20-21	12,038	4,38,649	4,50,687
21-22	2,454	3,02,000	3,04,454
22-21	223	2,96,304	2,96,526
23-24	309	2,21,925	2,22,234
24-25 BE	10,304	2,13,020	2,23,323

**Source:** Union Expenditure Budget, MoCAF&PD, FY 17-18 to FY 24-25. Available online at: <https://www.indiabudget.gov.in>. Last accessed on 23 July 2024.

**Note:** All figures are REs except for FY 24-25 which are BEs.

# DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION



## Establishment Expenditure (EE)

These are costs incurred in the maintenance and operation of government offices and institutions.



## Other Central Expenditure (OCE)

OCE is spent on centrally funded and implemented schemes managed by autonomous bodies, public sector undertakings, and statutory bodies.



## Centrally Sponsored Schemes (CSSs)

CSS schemes are largely funded by the GoI along with a smaller contribution from states. For larger states the fund sharing ratio stands at 60:40 while for northeastern and hilly states its 90:10. State governments are responsible for implementing CSS schemes.



## Central Sector Schemes (CS)

These are designed, funded and implemented entirely by the GoI. This is the single largest type of expenditure in MoCAF&PD.

- EE allocations have included spending on the National Sugar Institute in Kanpur, along with spending on food, storage, and warehousing. EE allocations have accounted for less than 0.1 per cent of the Department's budget. In FY 24-25 BEs, the EE allocation is ₹168 crore, a 62 per cent decline from the previous FY's REs of ₹445 crore.
- OCE includes spending on autonomous bodies like the Warehouse Development and Regulatory Authority, and on Public Sector Undertakings. OCE is also spent on evaluation, monitoring, and research on the PDS. OCE allocations have accounted for less than 1 per cent of total allocations but have been seeing a decline over time. In FY 24-25 BEs, OCE allocations were ₹27 crore, accounting for only 0.01 per cent of DFPD's budget.
- The DFPD had negligible CSS expenditure till FY 22-23, and since then it has accounted for around 3 per cent of total allocations. In FY 22-23, the "Assistance to State Agencies for intra-state movement of foodgrains and FPS dealers' margin under NFSA" provision was shifted from CS to CSS, which led to the increase in CSS allocation. This provision is for aiding States and UTs for meeting expenditure on intra-state movement and handling of food grains and Fair Price Shop dealer's margin under NFSA. In FY 24-25, ₹7,125 crores have been budgeted for this provision, a 17 per cent decline from the previous FY.

- Food Subsidy remains the largest and only major programme of the DoFPD, and it has accounted for 96 to 99 per cent of the Department's CS spending over the last decade. CS allocations are also spent on developing the sugar industry through various initiatives, for instance maintaining a sugar buffer stock, assisting sugar mills on new research, and storage and transport costs. Sugar industry-related allocations have accounted for between 0.1 and 3.2 per cent of CS allocations. In FY 24-25, allocations for sugar industry-related initiatives are at ₹450 crore, a 12 per cent increase from the previous year's REs.
- Additionally, CS expense is also on strengthening various aspects of the Public Distribution System (PDS). These include spending on storage and godowns, on spreading awareness amongst PDS eligible citizens, and on digitisation of the PDS. This expense has decreased significantly in FY 24-25, adding up to only ₹0.6 crore<sup>i</sup>.

## DEEP DIVE INTO FOOD SUBSIDY

- Under the Food Subsidy programme, foodgrains are procured by the FCI and by state governments from farmers and are then sold at subsidised prices to eligible households.
- The National Food Security Act, 2013, mandates subsidised food grains should be provided to 75 per cent of the population in rural areas and 50 per cent of the population in urban areas.
- There are broadly two types of households identified under the Act:



**Antyodaya Anna Yojana** (AAY, i.e., the poorest of poor families) who are eligible to receive 35 kgs of foodgrains per month; and

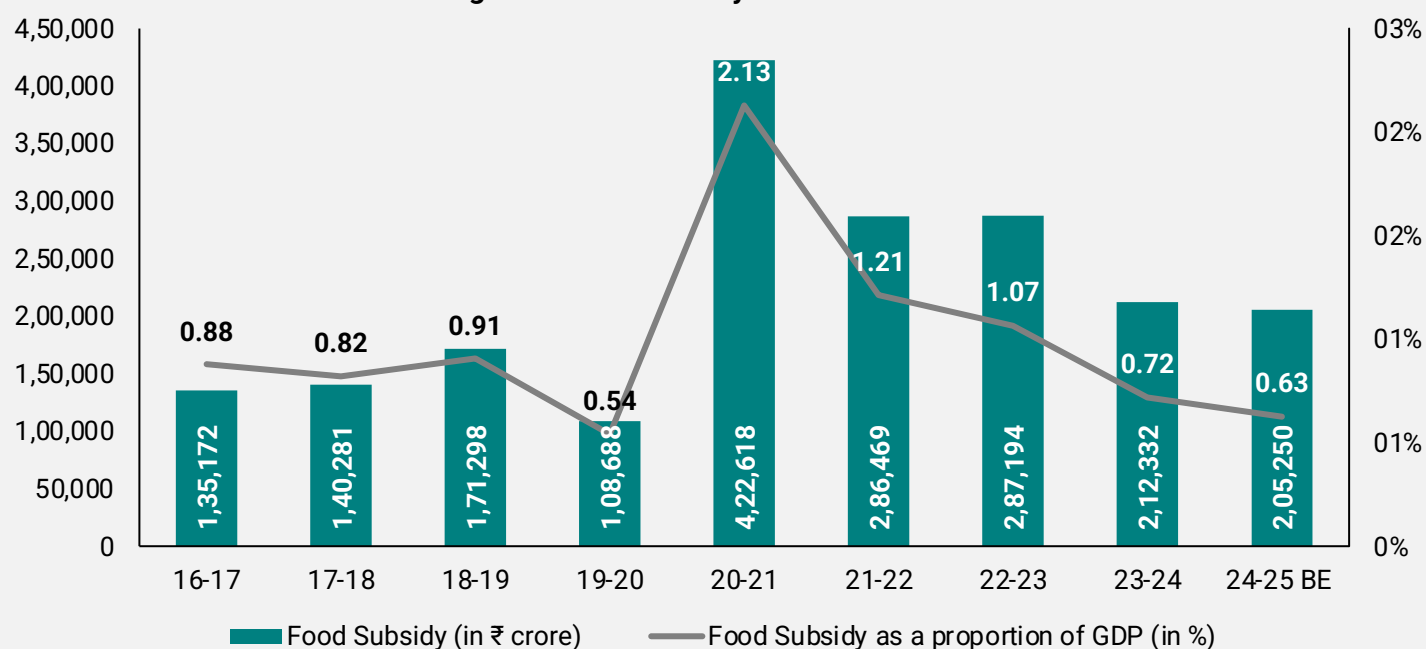


**Priority Households** (PHH) who are eligible to receive 5 kg of foodgrains per person per month at subsidised prices.

- Under NFSA, foodgrains are to be made available at a subsidised rate of ₹3 per kg for rice, ₹2 per kg for wheat, and ₹1 per kg for coarse grains to all PHH and AAY households.
- During the COVID-19 pandemic, the GoI also announced the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), through which it would provide additional foodgrains to eligible citizens free of cost. Since then, multiple extensions of the scheme have been announced. Most recently, the Union Cabinet decided to extend the scheme for five years, beginning in January 2024.

<sup>i</sup>This includes Strengthening of PDS Operations and Integrated Management of PDS.

**Figure 2: Food Subsidy as a Share of GDP**



**Source:** (1) Union Expenditure Budget, MoCAF&PD, FY 17-18 to FY 24-25. Available online at: <https://www.indiabudget.gov.in>. (2) Annual and Quarterly Estimates of GDP at current prices, 2011-12 series, MoSPI. Available online at: <https://www.mospi.gov.in/data>. Last accessed on 23 July 2024.

**Note:** Figures are Actuals between FY 16-17 and FY 22-23, REs for FY 23-24 and BEs for FY 24-25. Expenditures reflect Gol releases to states and UTs.

- Subsidies account for a significant proportion of the Gol's expenditure, with Food Subsidy accounting for the highest share amongst all subsidies. Total subsidies peaked in FY 20-21, reaching 20 per cent of total expenditure, driven mainly by food subsidies. In FY 24-25, total subsidies account for 8 per cent of total Gol expenditure.<sup>5</sup>
- As a share of GDP, Food Subsidy has occupied 0.5 to 2 per cent of the GDP. In FY 24-25 BEs, Food Subsidy accounts for 0.63 per cent of the GDP, down from 0.72 per cent in FY 23-24 REs.

## COMPONENT-WISE ANALYSIS

The Food Subsidy programme consists of the following sub-components:



**Subsidy to the FCI** is the amount received by FCI for procuring food grains from farmers at government notified prices and selling them at lower subsidised prices. The FCI also receives subsidy for the storage cost incurred in maintaining buffer stocks.



**Subsidy to States:** under the decentralised procurement scheme, states may choose to undertake the operations of procurement, storage, and distribution on behalf of FCI. In such cases, states are provided with subsidy.



**Sugar subsidy:** Under this, 1 kg of sugar per family per month is provided at subsidised rates to families covered under AAY.



**PMGKAY:** While PMGKAY was introduced in FY 20-21, there was no separate allocation provided for it. The allocation to the FCI included the additional expense on PMGKAY. However, in the FY 24-25 budget, PMGKAY has been allocated a separate amount.

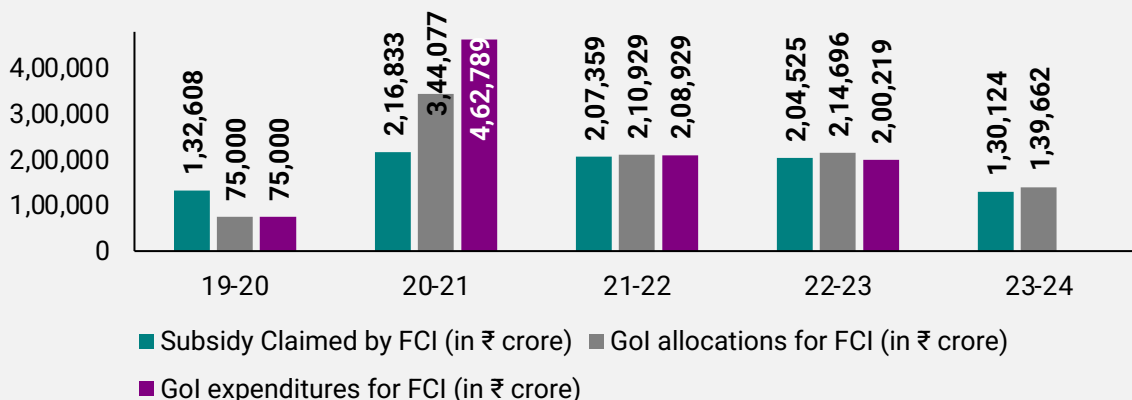
- Till FY 23-24, disaggregated data on allocations for each of these components was given. The FY 24-25 budget statement (both interim and final) did not follow this trend. Instead, the entire Food Subsidy allocation has been given under the PMGKAY sub-head, with no allocations provided for FCI or states, and only a ₹0.01 crore allocation for the sugar subsidy.

## FOOD SUBSIDY TO FCI

### FCI FINANCES

- The largest share of Food Subsidy is released by Gol to the FCI sub-component. In FY 23-24 REs, it accounted for 66 per cent of total Food Subsidy allocations.
- Over the years, there have been differences between subsidy claimed by FCI for the year, allocations made in the budget, and actual funds utilised, resulting in varying levels of dues for the FCI. Between 2014 and 2020, due to low releases by Gol, FCI's debt burden saw a threefold increase.

**Figure 3: FCI Subsidies Claimed, Allocated, and Released**



**Source:** (1) Subsidy position of FCI, Food corporation of India. Available online at <https://fci.gov.in/headquarter/view/BUDGET-AND-COST-584>. Last accessed 28 July 2024. (2) Union Expenditure Budget, MoCAF&PD, FY 19-20 to FY 24-25. Available online at: <https://www.indiabudget.gov.in>.

**Note:** Data as of 30 June 2024.



- The trend however changed in FY 2020-21 when, against a claim of ₹2,16,833 crore, Gol released ₹4,62,789 crore or over twice the subsidy claimed during the year. This was due to a one-time pre-payment by Gol of around ₹1.5 lakh crore for outstanding Food Subsidy related loans of the FCI. As a result, FCI's outstanding debt fell significantly to ₹60,209 crore for the year.
- In FY 23-24, against a claim of ₹1,30,124, the Gol released ₹1,39,661 crore, keeping the debt at ₹51,607 crore for the FY.
- Since the breakup of Food Subsidy to FCI is not available in FY 24-25, thus, it is unclear what the impact on the debt and borrowings for the year will be.
- The FCI is also responsible for providing foodgrains to various Ministries for other welfare schemes. This includes the Ministries of Rural Development, Women and Child Development, Education, etc. The Lok Sabha Standing Committee noted that there were significant outstanding dues against these Ministries that had been accumulating since FY 18-19. By the end of FY 22-23, dues had accumulated to more than ₹2,500 crores.<sup>6</sup>

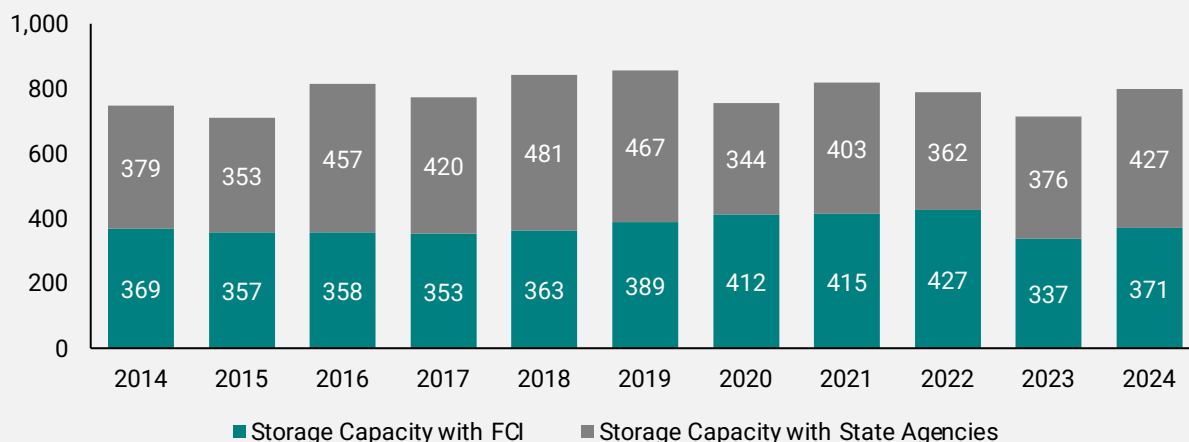
## PROCUREMENT OF FOODGRAINS BY FCI

- There are two main types of procurement of foodgrains: the Centralised Procurement System (CPS) and the Decentralised Procurement System (DCP).
- Under the CPS, the FCI is responsible for procurement, storage, transportation, and bulk allocations of foodgrains to the state governments. The operational responsibility, such as allocations within the state and UTs, identification of eligible families, issuance of ration cards, and supervision of Fair Price Shops (FPS), rests with individual state governments.
- Under the DCP, states are responsible for directly procuring foodgrains. This is discussed in detail under the section on Food Subsidy to state governments.

## STORAGE AND STOCKING OF FOODGRAINS

- Storage is very important in Food Subsidy because of the requirement to hold large inventories of foodgrains over significant periods of time. Additionally, buffer stock is to be maintained to ensure food security.
- FCI has its own storage capacity, and hires storage from Central Warehousing Corporations, State Warehousing Corporations, State Agencies, and Private Parties for both short- and long-term periods.

**Figure 4: Storage Capacity for Central Pool Stocks as on 1 April Since 2014 (in Lakh Metric Tonnes (LMT))**



**Source:** Storage Overview, Food Corporation of India. Available online at <https://fci.gov.in/headquarter/view/Conventional-Storage-307>. Last accessed 28 July 2024.

- FCI’s own storage capacity has remained between 350 to 415 LMT over the last ten years. The capacity was the highest in 2020-21, during the pandemic, but has since witnessed a decline. In 2024, FCI’s capacity has increased by 10 per cent compared to the previous year.
- Hired storage from State Agencies has also varied between 350 and 480 LMT. Hired capacity was at its highest between 2016 and 2019, when it was above 420 LMT, but has since decreased. In 2024, hired capacity saw an increase of 14 per cent and reached 427 LMT.
- Storage capacity utilisation varies between Agencies, and across months. For the month of June 2024, overall utilisation of FCI owned and hired storage facilities was at 94 per cent. This was the highest in the North Zone (100 per cent), and the lowest in the East Zone (76 per cent).<sup>7</sup>
- Consistently since 2016, FCI’s hired capacity has been greater than their owned capacity. The MoCAF&PD stated that this was because hiring or outsourcing the construction to private agencies was found to be more cost-effective and made it easier to shift storage if procurement or offtake patterns changed.<sup>8</sup>
- As per GoI guidelines, FCI is to maintain a certain amount of foodgrain stock in the Central Pool to meet operational requirements of TPDS and other welfare schemes, plus food security stocks in case of any shortfall in procurement.
- Over the years, the stock of foodgrains available in the Central Pool has been increasing and is significantly higher than the stocking norms. In 2021, for instance, quarterly stocks available were more than twice the required stocking norms. This was despite the additional allocations and distribution of foodgrains as part of the relief measures to mitigate the impact of the COVID-19 pandemic.

**Table 2: Stocking Norms and Central Pool Stock between April 2023 and July 2024**

Month and Year	Rice		Wheat	
	Stocking norms	Central Pool Stock in FY 23-24	Stocking norms	Central Pool Stock in FY 23-24
April 2023	135.8	248.6	74.6	83.45
July 2023	135.4	253.49	275.8	301.45
October 2023	102.5	221.87	205.2	239.95
January 2024	76.1	181.76	138	163.53
April 2024	135.8	301.57	74.6	75.02
July 2024	135.4	326.14	275.8	282.61

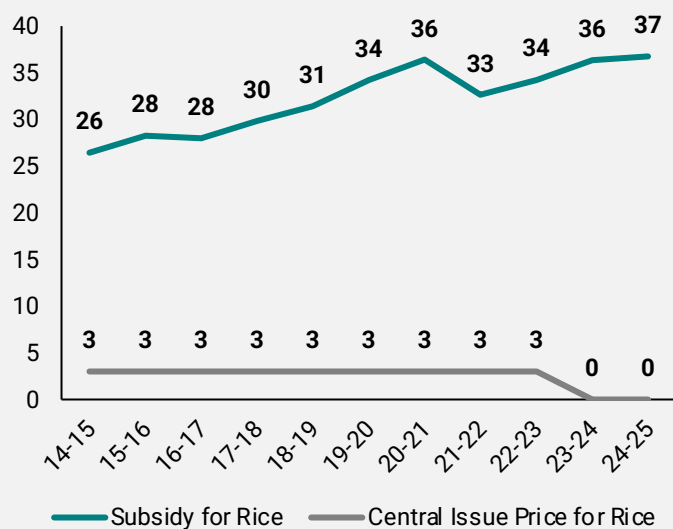
**Source:** Foodgrain Bulletin, June 2024, Department of Food and Public Distribution. Available online at <https://dfpd.gov.in/Home/DocumentReport?language=1>. Last accessed 28 July 2024.

**Note:** All data is as of the 1<sup>st</sup> of the month. Figures in lakh tonnes.

## FOOD SUBSIDY - PROCUREMENT

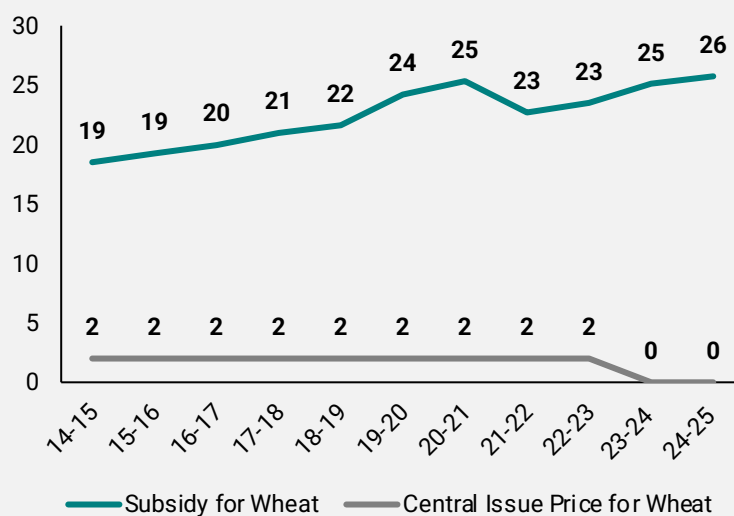
- Food Subsidy broadly consists of both consumer subsidy and producer subsidy. This entails buying and then selling the grain to poorer households at a subsidised rate. Some part of the subsidy is also spent on maintenance of buffer stocks and other administrative costs.
- Under the CPS, FCI buys grains from farmers at the Minimum Support Price (MSP). These are then given to PDS shops at subsidised rates known as Central Issue Price (CIP). Foodgrains are also provided for several other welfare schemes such as the PM Poshan, previously Mid-Day Meal scheme, POSHAN 2.0, Hostel scheme etc.
- Economic cost refers to the costs for procurement, acquisition, and distribution of foodgrains. The difference between the CIP and Economic Cost is known as Food Subsidy and is transferred to the FCI every year.
- Over the years, the economic cost of rice has grown significantly from ₹29.5 per kg in FY 14-15 to ₹39.8 per kg in FY 24-25. During the same period, it has grown for wheat from ₹20.5 per kg to ₹27.7 per kg.
- The CIP has not been revised since 2013; and since 2023, CIP has in fact become zero as the Govt is supplying foodgrains free-of-cost under the integrated PMGKAY-NFSA scheme. The 15<sup>th</sup> Finance Commission also noted the need to revise the CIP of subsidised foodgrains to offset the rising economic cost.<sup>9</sup>
- As can be seen in Figures 5 and 6, considering just the CIP for NFSA, the quantum of funds needed for providing Food Subsidy has been increasing significantly.

**Figure 5: Subsidy Price and Central Issue Price Trends for Rice (₹/kg)**



**Source:** Foodgrain Bulletin, June 2024, Department of Food and Public Distribution. Available online at <https://dfpd.gov.in/Home/DocumentReport?language=1>. Last accessed 28 July 2024.

**Figure 6: Subsidy Price and Central Issue Price Trends for Wheat (₹/kg)**



**Source:** Foodgrain Bulletin, June 2024, Department of Food and Public Distribution. Available online at <https://dfpd.gov.in/Home/DocumentReport?language=1>. Last accessed 28 July 2024.

## FOOD SUBSIDY TO STATES

- The GoI has encouraged state governments to adopt the DCP system for wheat, paddy, and rice to enhance the efficiency of procurement, encourage procurement in non-traditional states, and to save on transit losses and costs. Additionally, this enables the procurement of foodgrains that are suited to local tastes.<sup>10</sup>
- Under this, state governments undertake direct purchase of foodgrains and are also responsible for the storage and distribution under NFSA and other welfare schemes. Excess stocks procured by the states are returned to the FCI in the Central Pool, and the cost incurred on these excess stocks are reimbursed by FCI to state governments, as per GoI costs sheets. GoI assumes the responsibility for the entire expenditure incurred during the procurement operations, as per pre-approved costing.
- The DCP for foodgrains was introduced by the GoI in 1997-98. In 2021, the Lok Sabha Standing Committee noted that even after 23 years of its inception, only 8 states were conducting decentralised procurement for wheat, and 15 states for rice. The Committee directed the Ministry to take vigorous steps to include the remaining states under DCP. In its reply in 2022, the Ministry informed the Committee that now 9 states were undertaking DCP for wheat, and 16 for rice.<sup>11</sup>

**Table 3: States and UTs with Decentralised Procurement**

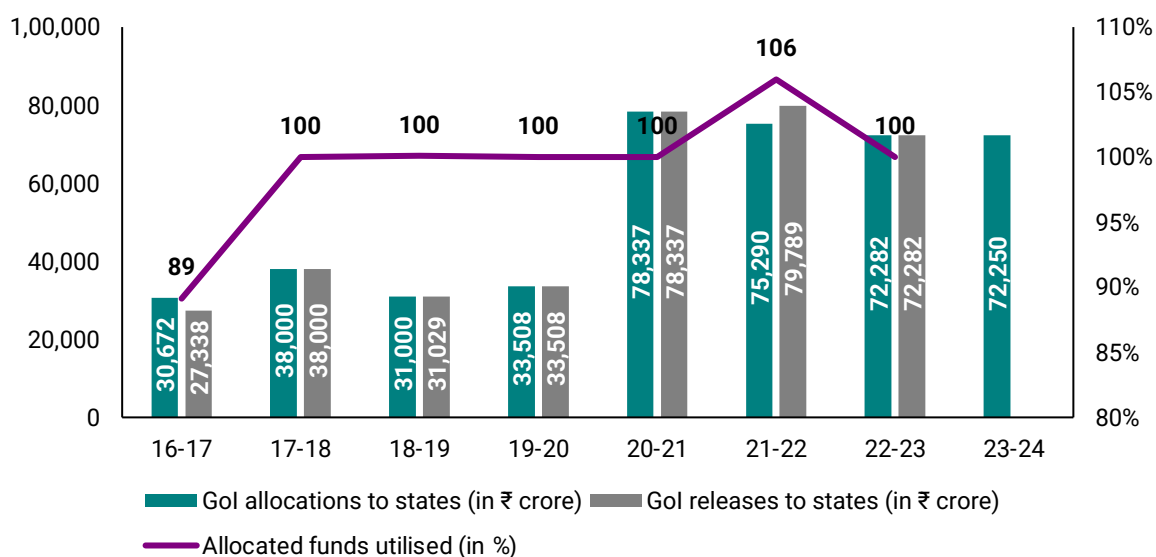
State/UT	DCP adopted for
Andaman & Nicobar	Rice
Andhra Pradesh	Rice/Wheat
Bihar	Rice/Wheat
Chhattisgarh	Rice/Wheat
Gujarat	Rice/Wheat
Jharkhand (9 districts)	Rice
Kerala	Rice
Karnataka	Rice
Madhya Pradesh	Rice/Wheat
Maharashtra	Rice
Odisha	Rice
Punjab	Wheat
Rajasthan (9 districts)	Wheat
Tamil Nadu	Rice
Telangana	Rice
Uttarakhand	Rice/Wheat
West Bengal	Rice/Wheat

**Source:** Procurement Policy and System, Food Corporation of India. Available online at <https://fci.gov.in/headquarter/view/Policy-and-System-684>. Last accessed 28 July 2024.

## Allocation and Utilisation Trends for Food Subsidy to States

- Allocations to states for the DCP for foodgrains have increased over time. Allocations more than doubled in FY 20-21 during the pandemic, and they have remained high. In FY 23-24 allocations stood at ₹72,250 crore, a negligible decline of only ₹32 crore from the previous FY.
- Utilisation trends have also been consistently high. Since FY 17-18, utilisation remains at 100 per cent, even reaching 106 per cent in FY 21-22.
- The subsidy to states is not depicted separately in FY 24-25 Budget.
- The DFPD also released revised guidelines for the procurement of coarse grains by State Agencies, which had begun in 2018. Under the revised guidelines, State Agencies must submit a procurement plan well in advance of each Marketing Season (Rabi/Kharif) and submit details of the distribution of coarse grains before the start of the subsequent season. The coarse grains include Jowar, Ragi, Bajra, and Maize.<sup>12</sup>

**Figure 7: Allocation and Utilisation Trends for Food Subsidy to States**

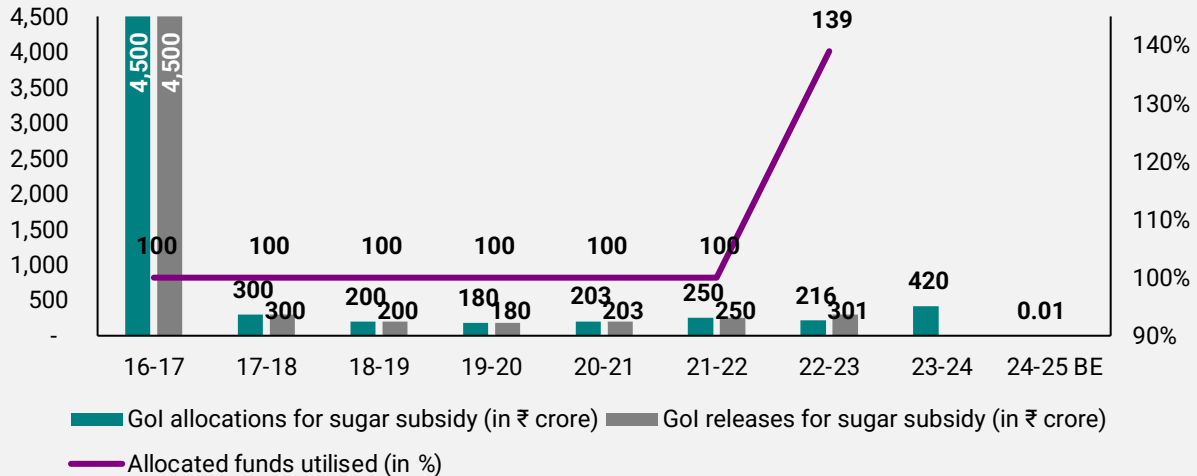


**Source:** Union Expenditure Budget, MoCAF&PD, FY 157-18 to FY 24-25. Available online at: <https://www.indiabudget.gov.in>.

## SUGAR SUBSIDY

- The Directorate of Sugar and Edible Oils monitors the production, sale, export, and stock management of sugar in the country to ensure sufficient availability of sugar for domestic consumption at stable prices.<sup>13</sup>The sugar industry impacts livelihoods of 5 crore sugarcane farmers, and around 5 lakh workers directly and indirectly employed in sugar mills. India is the second-largest producer of sugarcane globally.<sup>14</sup>
- The Department is also responsible for formulating policies and regulations for the sugar sector. This includes setting the Fair and Remunerative Price (FRP) of sugarcane, which is payable to farmers, training in sugar technology, R&D, and the regulation of the supply of free sugar.
- FRPs for sugarcane have seen a steady increase since 2013. Between sugar seasons 13-14 and 24-25, sugarcane FRP has increased from ₹210/quintal to ₹340/quintal – an increase of 62 percentage points.<sup>15</sup>
- The issue of outstanding dues to sugarcane farmers has persisted for several years. By November 2021, ₹4,940 crore were pending in dues. In 2023, the MoCAF&PD announced that 99.9 per cent of dues pending up till 21-22 had been cleared, and 92 per cent of the dues for sugar season 2022-23 had been cleared as on 17 July 2023.<sup>16</sup>

**Figure 8: Allocations and utilisation for Sugar Subsidy**



**Source:** Union Expenditure Budget, MoCAF&PD, FY 17-18 to FY 24-25. Available online at: <https://www.indiabudget.gov.in>.

**Note:** Figures in crores of rupees and are REs except for FY 24-25 which are BEs.

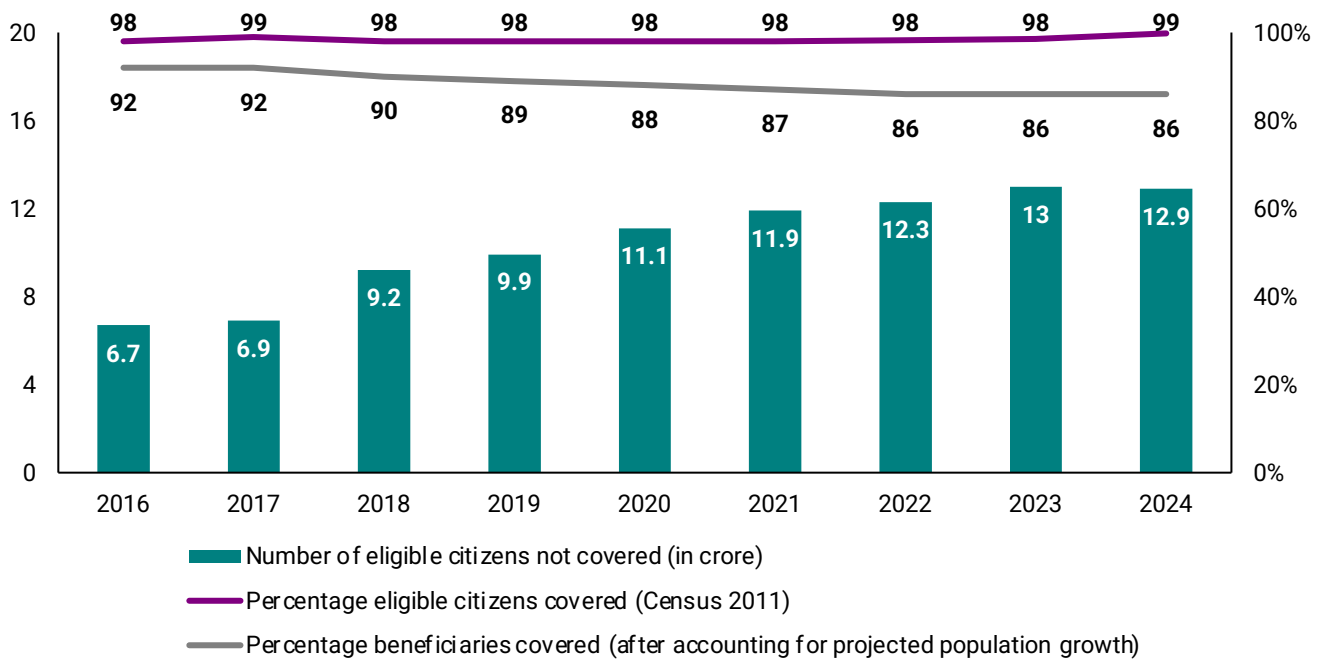
- Sugar subsidy allocations were declining between FY 16-17 and FY 19-20. Even during the pandemic year, FY 20-21, the sugar subsidy increased only marginally. However, since FY 20-21, the subsidy has been increasing every year. The utilisation of the subsidy was at a 100 per cent every year, till FY 22-23, when it reached 139 per cent.
- The sugar subsidy scheme, which provided subsidised sugar to all AAY cardholders, has been extended till 31 March 2026. The Union Cabinet reiterated its commitment to the citizens of the country and added that this decision would also improve their health.<sup>17</sup>
- Under this decision, Gol gives subsidy of ₹18.5 per kg per month of sugar to AAY households. States are responsible for the procurement and distribution.

## NFSA COVERAGE

- State-wise rural and urban coverage under NFSA was determined by the erstwhile Planning Commission using the National Sample Survey (NSS) Household Consumption Survey data for 2011-12 and based on Census 2011 population estimates. While Gol determines the total state-wise number of people to be covered under the scheme, states are responsible for identification of eligible households. As per Section 10 of the NFSA Act, states identify AAY households based on scheme guidelines, while the remaining households are covered as PHH in accordance with state-specific guidelines.
- Two-thirds or 67 per cent of India’s population are legally mandated to be covered under NFSA – 50 per cent of urban population, and 75 per cent of rural population. Using India’s current projected population of 139.85 crore for 2024, NFSA would need to cover 93.69 crore people.<sup>18</sup>

- Since 2016, after all the states and UTs were included in NFSA, the gap in percentage of eligible citizens covered and actual citizens covered has been increasing. For 2024, as of July 2024, 81.03 crore eligible citizens were covered under NFSA. This accounts for 99.8 per cent of those eligible as per Census 2011.<sup>19</sup>
- However, considering population growth and projected population, coverage falls to 86.2 per cent of the eligible population. Therefore, approximately 12.9 crore eligible citizens are excluded under the current coverage.

**Figure 9: NFSA Coverage and Number of Eligible Citizens Excluded**

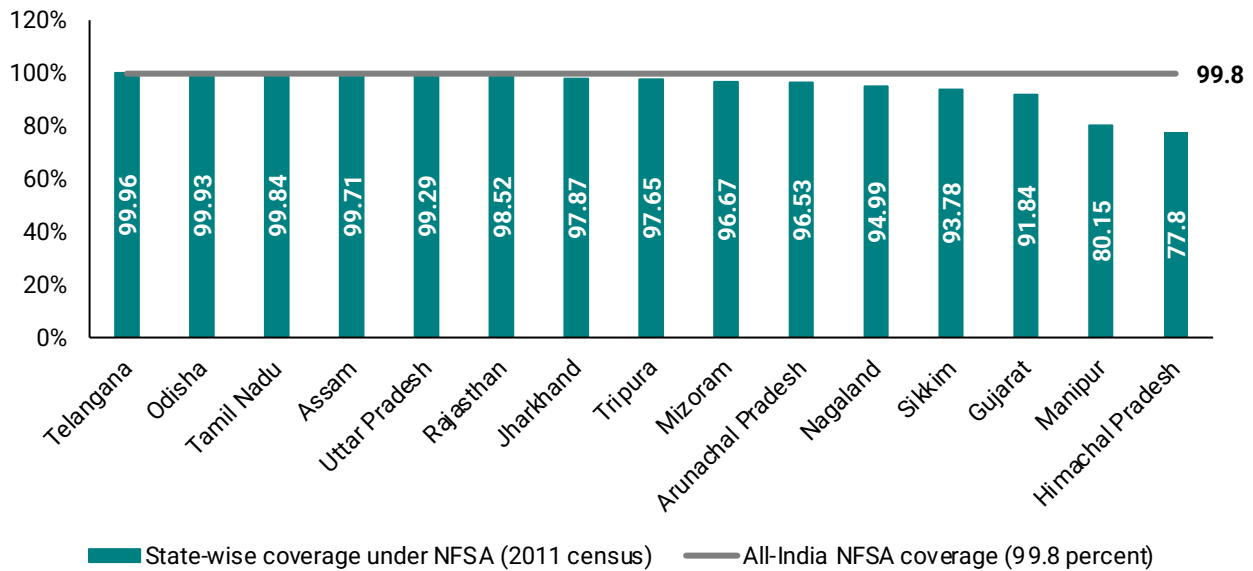


**Source:** (1) Persons/families covered under National Food Security Act, 2013 till June 2024. Food Grain Bulletin, Department of Food and Public Distribution. Available online at: <https://dfpd.gov.in/Home/DocumentReport?language=1> Last accessed on 25 July 2024. (2) Projected Population figures as per Ministry of Health and Family Welfare (MoHFW). Available online at: [https://nhm.gov.in/New\\_Updates\\_2018/Report\\_Population\\_Projection\\_2019.pdf](https://nhm.gov.in/New_Updates_2018/Report_Population_Projection_2019.pdf). Last accessed on 25 July 2024.

- There are variations across states in NFSA coverage. Andhra Pradesh, Bihar, Chhattisgarh, Goa, Haryana, Karnataka, Kerala, Meghalaya, Punjab, Uttarakhand, and Uttar Pradesh have reached 100 per cent coverage of the NFSA quota as per the 2011 Census. Himachal Pradesh and Manipur have the lowest coverage, at 78 per cent and 80 per cent, respectively.



Figure 10: State-wise NFSA Coverage



**Source:** (1) Persons/families covered under National Food Security Act, 2013 till July 2024. Food Grain Bulletin, Department of Food and Public Distribution. Available online at: <https://dfpd.gov.in/Home/DocumentReport?language=1> Last accessed on 20 July 2024.

## PRADHAN MANTRI GARIB KALYAN ANNA YOJANA



- On 26 March 2020, due to the COVID-19 pandemic, GoI announced the PMGKAY, which provided 5 kgs of rice or wheat to eligible people, free of cost. This was in addition to the regular quota of foodgrains.
- After initially being implemented for a period of three months from April 2020 to June 2020 (PMGKAY-I), the scheme was extended multiple times. In November 2023, the Union Cabinet announced that the scheme would be extended for five years, with effect from 1 January 2024. This decision is expected to cost around ₹11.8 lakh crore over the five-year period.<sup>20</sup>
- As of 1 January 2023, the GoI decided to merge PMGKAY with NFSA, providing the NFSA-mandated foodgrains to AAY and PHH households for free to all eligible citizens. This was aimed at more effective and uniform implementation, and at reducing the logistics and cost of implementation.<sup>21</sup>

- Consequently, PMGKAY subsumed both Food Subsidy to the FCI and Food subsidy to states for decentralised procurement of foodgrains.<sup>22</sup>
- Between January to November 2023, 447.82 LMT of food grains were distributed under the new Integrated PMGKAY. This data includes provisional distribution figures for November 2023.<sup>23</sup>
- The Standing Committee in its report noted that the performance of PMGKAY in both physical and financial terms has been outstanding.



Over the first 7 phases of PMGKAY, 89 per cent of the allocated foodgrains were distributed, i.e., 1,015 LMTs out of an allocation of 1,118 LMTs.



₹3.42 lakh crore was incurred, which amounts to a utilisation of 87.5 per cent of the planned outlay.<sup>24</sup>

**Table 4: PMGKAY Phase-wise Allocation and Utilisations Trends**

Phase	Foodgrains allocated (in LMT)	Foodgrains distributed (in LMT)	Financial Outlay planned (in ₹ crore)	Provisional Actuals (in ₹ crore)
Phase I (Apr 20-June 20)	120	113	44,834	42,379
Phase II (June 20 – Nov 20)	201	186	68,351	63,439
Phase III (May 21 – June 21)	80	75	26,602	25,000
Phase IV (July 21 – Nov 21)	199	187	67,266	62,380
Phase V (Dec 21 – March 22)	159	149	53,344	48,702
Phase VI (April 22 – Sept 22)	239	217	85,838	71,710
Phase VII (Oct 22 – Dec 22)	120	88	44,763	13,832
Phase VIII (Jan 23 – Dec 23)	-	447.82	-	-
<b>Total</b>	<b>1,118</b>	<b>1,015</b>	<b>3,90,998</b>	<b>3,27,442</b>

**Source:** (1) Rajya Sabha Unstarred Question 1994, 23 December 2022. Available online at <https://pqar.nic.in/annex/258/AU1994.pdf> Last accessed 29 July 2024. (2) PMGKAY, Department of Food and Public Distribution. Available online at <https://dfpd.gov.in/Home/ContentManagement?Url=pmgka.html&Manuld=3&language=1>. Last accessed 28 July 2024.

**Note:** Data for Phase VIII includes Actuals till October 2023, Provisionals for November 2023, and no data for December 2023. Data on Foodgrains allocated and Financial Outlays and expenditure is not available for Phase VIII.

## ONE NATION ONE RATION CARD

- The 'One Nation, One Ration Card' (ONORC) scheme was launched in August 2019, to allow for nationwide portability of NFSA benefits. The scheme provides flexibility to migrant eligible citizens to lift their foodgrains from any FPS of their choice in most parts of the country, by using their existing ration card with biometric authentication of identity on an e-Pos device.
- For eligible citizens to avail the facility, a copy of either their ration card or seeded Aadhaar card is required.
- As of December 2023, all 36 states and UTs had enabled ONORC, covering 80 crore eligible citizens (which amounts to nearly 100 per cent of NFSA eligible citizens).<sup>25</sup>
- Since 2019, more than 125 crore portability transactions have been recorded under ONORC, delivering upwards of 241 LMT foodgrains. During 2023, approximately 28 crore portability transactions were recorded till November.<sup>26</sup>
- However, there are wide variations in the percentage of intra- and inter-state portable transactions across states. For most states, zero or less than 1 per cent of total transactions are inter-state, and less than 10 per cent are intra-state.

**Table 5: Intra-state and Inter-state Transactions as a Proportion of Total Ration Withdrawal Transactions in April 2024**

State	Intra-state Transactions (in %)	Inter-state Transactions (in %)
Andhra Pradesh	22	0
Bihar	44	0
Delhi	35	17
Haryana	38	1
Jharkhand	6	0
Karnataka	9	0
Madhya Pradesh	10	0
Maharashtra	7	0
Rajasthan	22	0
Telangana	30	0

**Source:** Integrated Management of Public Distribution System portal. Available online at <https://impds.nic.in/sale/stateUnautomated?month=4&year=2024>. Last accessed 29 July 2024.

# HOUSEHOLD CONSUMPTION EXPENDITURE SURVEY

- The HCES collects information on the consumption of goods and services by households. First conducted in 1950-51, the current edition of the survey was conducted in 2022-23. Prior to this, the HCES had last been conducted in 2011-12.
- The primary indicator the HCES examines is Monthly Per Capita Expenditure (MPCE). HCES 22-23 has covered 2.61 lakh households – 59 per cent rural, and 41 per cent urban. The survey divides consumption into Food and non-Food items.
- The survey finds that on average a rural household spends ₹185/month on cereal and cereal substitutes, which is a 4.9 percentage share in their MPCE; urban households spend ₹235/month, which is a 3.6 percentage share in their MPCE.
- For pulses and their by-products, rural households spend ₹76/month, a 2 per cent share in MPCE; urban households spend ₹90/month, at 1.4 per cent.

**Table 6: Trend in Composition of Cereals and Pulses out of MPCE since 1999 (in %)**

Consumption Items & Geography		1999-00	2004-05	2009-10	2011-12	2022-23
Cereal	Rural	22	17	14	11	5
	Urban	12	10	8	7	4
Pulses	Rural	4	3	3	3	2
	Urban	3	2	2	2	1

**Source:** Tables 3.11R and 3.11U, Survey on Household Consumption Expenditure: 2022-23. Available online at [https://www.mospi.gov.in/sites/default/files/publication\\_reports/Report\\_591\\_HCES\\_2022-23New.pdf](https://www.mospi.gov.in/sites/default/files/publication_reports/Report_591_HCES_2022-23New.pdf). Last Accessed 28 July 2024.

- The survey also finds that there has been a decline in the per capita quantity consumption of both cereals and pulses in rural and urban areas since the 1999-2000 survey.
- Foodgrains distributed under the NFSA are primarily cereals, i.e. wheat, rice, and coarse grains. This has remained unchanged since the NFSA was implemented in 2013, despite recommendations that the PDS commodities be diversified over time.<sup>27</sup> In the first 2 phases of PMGKAY the GoI had additionally distributed 1 kg of daal (pulses) to eligible citizens, but that was discontinued from phase III.
- Protein intake has remained low in India, and the latest HCES figures indicate that as a share of food consumption expenditure, expenditure on pulses, which are significantly more protein-rich than cereals) has declined with time.

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## About ResGov

The Foundation for Responsive Governance (ResGov) is a Section 8 not-for-profit working to strengthen the capabilities of government and communities to ensure public initiatives reach the most vulnerable.

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