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No.2(1)/2014-SP-I(Pt)

Government of India

Ministry of Consumer Affairs, Food and Public Distribution

Department of Food and Public Distribution

Krishi Bhawan, New Delhi.

Dated 26<sup>th</sup> February, 2015.

STG  
APC

To

Principal Secretary/ Secretary,  
Department of Food and Civil Supplies,  
All States Governments/UT Administrations,  
(As per list attached)

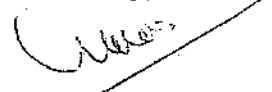
Subject: Revised guidelines for reimbursement of sugar subsidy to States/UTs for distribution under Public Distribution Systems (PDS).

Sir,

I am directed to refer to D.O. letter of even number of dated 7.2.2015 from Joint Secretary (Sugar) regarding the decisions taken by the Central Government while reviewing the existing system of distribution of sugar through the Public Distribution System (PDS) (copy enclosed) and to enclose herewith revised guidelines for reimbursement of sugar subsidy to States/UTs for distribution under PDS. The guidelines are also available on the website of the Department i.e. www.dfpd.nic.in

Encls. : As above.

Yours faithfully,



( G. S. Sahu )

Deputy Secretary (Sugar Policy)

Tele No. 23383760

Copy also to :

- (i) Deputy Secretary (Finance)
- (ii) Chief Director (Sugar), Dte. of Sugar

STG  
2/3

DC II : pl. examine & discuss

MB (PDS) : Advance copy

✓ Put on (u)

**Prashant Trivedi**  
**Tele. No.:23382529**



संयुक्त सचिव  
भारत सरकार  
उपभोग्य सामग्री, खाद्य और सार्वजनिक वितरण विभाग  
खाद्य और सार्वजनिक वितरण विभाग  
कृषि भवन, नई दिल्ली - 110001  
JOINT SECRETARY  
GOVERNMENT OF INDIA  
MINISTRY OF CONSUMER AFFAIRS,  
FOOD & PUBLIC DISTRIBUTION  
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION  
KRISHI BHAWAN, NEW DELHI-110001

**D.O. No. 2(1)/2014-SP.I**

**Dated 7<sup>th</sup> February, 2015**

Dear Sir/Madam

You would be aware of the new dispensation for distribution of sugar through Targeted Public Distribution System (TPDS) after de-regulation of the sugar sector in April, 2013. Under the new system, State Governments/UT Administrations are required to procure sugar from open markets for the TPDS. Presently the Retail Issue Price (RIP) has been fixed at 13.50 per kg and the Central Government reimburses a fixed subsidy @ 18.50 per kg limited to quantities based on existing allocations.

2. The Central Government has received requests for modifying the system from participating States/UT Administrations; some States/UTs have desired an increase in the rate of subsidy, others have requested flexibility to determine the RIP of sugar while some have requested extension of coverage to include beneficiaries identified under National Food Security Act (NFSA). Keeping in view the above requests, the Central Government has reviewed the existing system of distribution of sugar through the PDS and has decided that:-

(i) The current level of subsidy at Rs. 18.50 per kg being given by Central Government will be continued for existing levels of allocation at the current level of allocation for a State/UT administration.


(ii) The State Governments /UT Administrations may either absorb the additional cost, if any, on account of handling, transportation and dealer's commission or pass it on to consumers by including it in the Retail Issue Price.

(iii) If the State Governments / UT Administrations, implementing NFSA, want to extend coverage to beneficiaries covered under NFSA, they may do so at their expenses without exceeding the existing aggregate allocation of sugar.

3. Pursuant to the above decisions, requisite amendments/modifications are being carried out in the guidelines issued by the Department for release of sugar subsidy and shall be issued shortly.

With regards,

Yours sincerely,

  
(Prashant Trivedi)

To,

Chief Secretaries /Lt. Governors of all States/ UT Administrations (by name) (List attached).

F. No. 2(1)/2014-SP-1  
Government of India  
Ministry of Consumer Affairs, Food and Public Distribution  
Department of Food and Public Distribution

Krishi Bhawan, New Delhi.  
26.11.15 February, 2015.

**Revised guidelines for reimbursement of sugar subsidy to States/UTs for distribution under Public Distribution System (PDS)**

The Government of India vide letter. F. No. 19(2)/2013-SP1 dated 17<sup>th</sup> May 2013 had issued "Guidelines for reimbursement of sugar subsidy to States/UTs for distribution under Public Distribution System (PDS) from 1<sup>st</sup> June, 2013".

2. The guidelines were issued as a new dispensation for distribution of sugar through Targeted Public Distribution System (TPDS) that was put in place after de-regulation of the sugar sector in April, 2013 whereunder State Governments/UT Administrations are required to procure sugar from open markets for the TPDS. The Retail Issue Price (RIP) fixed at Rs.13.50 per kg and the Central Government reimburses a fixed subsidy @ Rs. 18.50 per kg limited to quantities **actually distributed** based on existing allocations limit.

3. Central Government has reviewed the existing system of distribution of sugar through PDS. Accordingly, in supersession of the earlier guidelines, the revised guidelines for reimbursement of sugar subsidy to States/UTs for distribution under PDS would be as follows:-

(i) **The current level of subsidy at Rs. 18.50 per kg being given by Central Government will be continued for existing levels of allocation at the current level of allocation for a State/UT administration (as per projected population as on 01.03.2000 and as per existing per capita norms)**

which, inter-alia, also means universal coverage for North-East States, Hilly States (J&K, Uttarakhand, Himachal Pradesh) and Island territories (Andaman & Nicobar and Lakshadweep) and coverage restricted to BPL families in all other states/ UTs. **However, if State Governments / UT Administrations, implementing National Food Security Act (NFSA), want to extend coverage to beneficiaries covered under NFSA, they may do so at their expense not exceeding the existing aggregate allocation of sugar.** In addition, Government of India would continue to subsidize the existing festival quota to each State/ UT for sugar distribution through PDS. The copy of State/ UT wise regular and festival quota for sugar distribution is attached as enclosure-I for reference.

(ii) The States / UTs distributing sugar (conforming to ISS grade) under the Public Distribution System (PDS) will be reimbursed the subsidy, limited to the quantity based on the existing allocations for the states/ UTs @ Rs.18.50 per kg, based on the actual distribution of sugar under PDS. **However, the State Governments /UT Administrations may either absorb the additional cost, if any, on account of handling, transportation and dealer's commission or pass it on to consumers by including it in the Retail Issue Price (RIP).**

(iii) The task of procuring sugar should be undertaken by the States/ UTs through a transparent procurement system. The role of Central Government shall be limited to providing the agreed amount of subsidy. Any dispute between the procuring agencies/ suppliers and States/UTs are to be settled between them.

(iv) State/UT Governments shall monitor and ensure that the distribution of sugar is timely and reaches to the targeted beneficiaries.

(v) The Central Government will grant advance subsidy to facilitate State govt for procurement of sugar. The advance would be limited to 90% of the estimated quarterly subsidy claim of the State/UT for distribution of sugar through PDS to

those States/UTs who make a request for the same. The willing States/UTs are required to submit a proposal in the enclosed **Proforma-I** (Advance sugar subsidy pre receipted bill). The amount of the advance subsidy would be reduced by the un-lifted pending levy sugar. The subsidy would be calculated @ Rs 18.50/- per kg. for the net quantity arrived at in this regard. **The quantity of advance sugar subsidy for any subsequent quarter would be based on the actual distribution of sugar through PDS during the preceding quarter.** The proposal for advance subsidy for the subsequent quarter(s) are to be submitted along with the Utilization Certificate (UC) of the previous quarter(s) (**Proforma-II** enclosed).

(vi) States/UTs shall be required to submit the subsidy claim in the enclosed **Proforma-III** alongwith the **Annexures-I to III** and shall also be required to submit prior intimation about the authorized signatories, the Department/ Nominated agency for the scheme and the account details etc. in whose favour the subsidy reimbursements are to be released, which invariably will be through ECS.

(vii) The reimbursement claims of States/UTs, complete in all respects, will be settled on quarterly basis. Normally, distribution of sugar for a particular quarter will not be allowed to be extended in the future quarters. However, such aberration(s) may be considered on case to case basis certification by competent authority of the State govt.

(viii) In cases where the Central Government is in a position to meet some of the requirements of sugar for PDS (through the pending levy obligations on the sugar mills), till the levy account is finally settled, the fixed subsidy @ Rs. 18.50 per Kg. would be disbursable for the remaining quantity procured from open market for distribution and for the requirements met through levy route, the subsidy reimbursements would be through FCI as was being done under the previous system.

(ix) The nodal office with regard to all communications and subsidy claims shall be Department of Food & PD, Ministry of Consumer Affairs, Food & Public Distribution, Krishi Bhawan, New Delhi 110001. (Tel. no. 011-23383760 Fax No. 011-23382373). The subsidy claims are to be submitted through on-line module of the Department at the web address . A signed hard copy of the advanced sugar subsidy claim as well as subsequent claims need to be sent to office of Director (Sugar and Vegetable Oil).

(x) The new guidelines would come into effect from the date of issue of this guidelines and will remain in force till further orders.

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## PRE-RECEIPTED BILL

## Advance Sugar Subsidy Bill reimbursable by Govt. of India for New PDS Scheme

Name of the State/UT : \_\_\_\_\_

Department of \_\_\_\_\_

## PRE-RECEIPTED BILL

No. :

Date :

Period :

Item	Scheme	PDS sugar quota of the state (in MT)				Qty. likely to be distributed during the quarter	Availability of sugar through levy route	Sugar likely to be procurement through open market(7-8)	Rate of subsidy (Rs /MT)	Total Amount of advance subsidy(in Rs.) 90% of (9X10)
		For the month	For the Quarter	Festival Quota during the quarter if any	Total (4+5)					
1	2	3	4	5	6	7	8	9	10	11
									Rs. 18500/-	
Less : Advance subsidy received during previous quarter and remaining unutilized as per UC of previous quarter										
Net amount to be received from Govt. of India										

It is certified that:-

1. The claim has been prepared only for procurement and distribution of sugar through PDS limited to the quantity based on existing quota allocation of the state.
2. The claim is based on likely distribution of sugar through PDS at the Retail Issue Price.
3. The claim has not been preferred earlier.

Financial Head  
(Signature with name, date and official seal)

Authorized Signatory  
(Signature with name, date and official seal)

Pr. Secretary/Secretary  
Food and Civil Supplies  
(Signature with name, date and official seal)

Note : - : - The certificate may be signed by the Financial head and the authorized signatory of the department concerned where procurement and distribution is done by the Department of the State Government or by the Financial head and authorized signatory of the nominated agency where procurement and distribution is done by the nominated corporation of the State Government.



**PROFORMA-II**

Form GFR-19-A  
[See Rule 212(1)]  
**Form of Utilisation Certificate**

S. No.	Sanction No. & Date	Amount (in Rs.)
1		
	Total	

Certified that out of Rs. \_\_\_\_\_ of advance Sugar Subsidy sanctioned during the period \_\_\_\_\_ in the favour of \_\_\_\_\_ under this Ministry / Department letter given in the above table and Rs. \_\_\_\_\_ on account unspent balance of the previous period, a sum of Rs. \_\_\_\_\_ has been utilized for the purpose of procurement and distribution of sugar under the PDS Scheme for which it was sanctioned and that the balance of Rs. \_\_\_\_\_ remaining unutilized at the end of the year has been surrendered to Government (Vide no \_\_\_\_\_ dated \_\_\_\_\_) will be adjusted toward the subsidy payable during the next period.

2. Certified that I have satisfied myself that the conditions on which the sugar subsidy was sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money was actually utilised for purpose for which it was sanctioned.

**Kinds of Check exercised:**

- 1.
- 2.
- 3.
- 4.
- 5.

Financial Head  
(Signature with name, date and official seal)

Authorized Signatory  
(Signature with name, date and official seal)

Pr. Secretary/Secretary  
Food and Civil Supplies  
(Signature with name, date and official seal)

Note : - :- The certificate may be signed by the Financial head and the authorized signatory of the department concerned where procurement and distribution is done by the Department of the State Government or by the Financial head and authorized signatory of the nominated agency where procurement and distribution is done by the nominated corporation of the State Government .

**PROFORMA-III**

**Subsidy Claim (Final bill) for distribution of sugar under Public Distribution System for the Period from \_\_\_\_\_ to \_\_\_\_\_**

1. Name of the State/UT :
2. Claim for the quarter ending :
3. Bill No.
4. Calculation of subsidy :

Quantity Distributed out of levy allocations (Qty. in MT)	Quantity Distributed out of Open Market Purchases (Qty. in MT)	Total Distribution (Qty. in MT) (1+2)	Subsidy Amount @ Rs. 18.50 per KG on quantity distributed against column No. 2 [In Rs.]
1	2	3	4
<b>Total</b>			

Subsidy claim for the quarter ending \_\_\_\_\_ is Rs. \_\_\_\_\_ (Rs. \_\_\_\_\_ in words)

1. Certified that the above information is correct.
2. It is also certified that the sugar has been distributed in PDS under the scheme at retail issue price of Rs. \_\_\_\_\_ per kg. which is not more than the difference between cost of sale of sugar including handling, transportation, dealer commissions etc. and Rs. 18.50 per kg.
3. The Annexures I to III duly certified are enclosed herewith.

Financial Head  
(Signature with name, date and official seal)

Authorized Signatory  
(Signature with name, date and official seal)

Pr. Secretary/Secretary  
Food and Civil Supplies  
(Signature with name, date and official seal)

Note : - :- The certificate may be signed by the Financial head and the authorized signatory of the department concerned where procurement and distribution is done by the Department of the State Government or by the Financial head and authorized signatory of the nominated agency where procurement and distribution is done by the nominated corporation of the State Government .

Government of India  
Ministry of Consumer Affairs, Food and Public Distribution  
Department of Food and Public Distribution

**State/UT wise quota of sugar for PDS as per existing norms of GOI**

Sl.	STATES/U.TS	Qty In MTs	
		Monthly quota	Annual Festival quota
1	ANDHRA PRADESH	9690	7614
2	ARUNACHAL PRADESH	834	94
3	ASSAM	18337	2896
4	BIHAR	20516	7527
5	CHHATISGARH	4512	2013
6	DELHI	2610	2316
7	GOA	120	150
8	GUJARAT	5841	4878
9	HARYANA	2485	1924
10	H.P	4698	608
11	J&K	6962	868
12	JHARKHAND	6948	2551
13	KARNATAKA	8636	5350
14	KERALA	4103	3600
15	M.P	12441	5523
16	MAHARASHTRA*	13917.5	9014
17	MANIPUR	1763	208
18	MEGHALAYA	1704	200
19	MIZORAM	666	78
20	NAGALAND	1179	128
21	ORISSA	8707	3730
22	PUNJAB	1385	2392
23	RAJASTHAN	7342	5092
24	SIKKIM	391	50
25	T.N	10820	6790
26	TRIPURA	2647	302
27	U.P	33013	15154
28	UTTARAKHAND	6033	782
29	W. BENGAL	14087	7796
30	A & N ISLANDS	389	74
31	CHANDIGARH	62	112
32	D & N HAVELI	48	14
33	DAMAN & DIU	11	12
34	LAKSHADWEEP	115	22
35	PONDICHERRY	243	88
	<b>G.TOTAL</b>	<b>213255.5</b>	<b>99950</b>

(\*)Maharashtra Levy quota reduced from 16792.0 MT to 13917.5 w.e.f. January,2002.

Name of the State/ UT \_\_\_\_\_  
 Department of \_\_\_\_\_

Subsidy claim: \_\_\_\_\_  
 Bill No: \_\_\_\_\_  
 Date: \_\_\_\_\_

1. Statement of showing details of procurement of sugar through Open Market during the period from \_\_\_\_\_ to \_\_\_\_\_

Date	Purchase from #	Method of Purchase *	Quantity (In MT)	Value (In Rs.)	Average Rate (In Rs.)
1	2	3	4	5	6
Total during the quarter					

# Indicate the name of the sugar mill/ trading agency etc.

\* Indicate whether through Tender, MOU or any other arrangement.

2. Statement showing details of procurement of sugar through levy route during the period from \_\_\_\_\_ to \_\_\_\_\_

Levy R.O. No. and Date	Name of the Sugar Mill	Allocated quantity (in MT)	Date of Lifting	Lifted Quantity (In MT)	Value (In Rs.)	Rate (In Rs.)
1	2	3	4	5	6	7
Total during the quarter						

Certified that:

- The open market procurement has been made by following transparent procedure as per State Government/ UT Administration norms.
- The quantity procured is as per ISS specifications

Financial Head  
 (Signature with name, date and official seal)

Authorized signatory  
 (Signature with name, date and official seal)

Pr. Secretary / Secretary  
 Food and Civil Supplies  
 (Signature with name, date and official seal)

Note: The certificate may be signed by the financial head and the authorized signatory of the department concerned where procurement and distribution is done by the department of the State Govt. or by the Financial head and the authorized signatory of the nominated agency where procurement and distribution is done by the nominated corporation of the State Government.

## Annexure – II

Name of the State/ UT \_\_\_\_\_  
 Department of \_\_\_\_\_

Subsidy claim: \_\_\_\_\_

Bill No: \_\_\_\_\_

Date: \_\_\_\_\_

Statement showing quarter wise actual quantity of sugar distributed during the period \_\_\_\_\_ to \_\_\_\_\_

Quarter/ Year	Quota as per Govt.			Distribution			Cumulative Qty.
	Regular (Monthly Quota × 3)	Festival	Total	For Regular Quota	For Festival Quota	Total	
1	2	3	4	5	6	7	8
1st Quarter (April to June)							
2nd Quarter (July to September)							
3rd Quarter (October to December)							
4th Quarter (January to March)							

1. Certified that quantity shown above were actually distributed during the quarter to the targeted beneficiaries as per GOI norms.

Financial Head  
 (Signature with name, date and official seal)

Authorized signatory  
 (Signature with name, date and official seal)

Pr. Secretary / Secretary  
 Food and Civil Supplies  
 (Signature with name, date and official seal)

Note: The certificate may be signed by the Financial head and the authorized signatory of the department concerned where procurement and distribution is done by the department of the State Govt. or by the Financial head and the authorized signatory of the nominated agency where procurement and distribution is done by the nominated corporation of the State Government.

Annexure – III

Name of the State/ UT \_\_\_\_\_  
 Department of \_\_\_\_\_

Subsidy claim: \_\_\_\_\_  
 Bill No: \_\_\_\_\_  
 Date: \_\_\_\_\_

Statement showing quarter wise procurement, Distribution and stock of sugar during the period \_\_\_\_\_ to \_\_\_\_\_

(Qty. in MT)												
Quarter/ Year	Opening Balance			Procurement			Distribution			Closing Balance		
	Through Open Market	Through Levy Route	Total	Through Open Market	Through Levy Route	Total	Through Open Market	Through Levy Route	Total	Through Open Market	Through Levy Route	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
1st quarter (April to June)												
2nd Quarter (July to September)												
3rd Quarter (October to December)												
4th Quarter (January to March)												
Total												

Certified that above information is correct.

Financial Head  
 (Signature with name, date and official seal)

Authorized signatory  
 (Signature with name, date and official seal)

Pr. Secretary / Secretary  
 Food and Civil Supplies  
 (Signature with name, date and official seal)

Note: The certificate may be signed by the financial head and the authorized signatory of the department concerned where procurement and distribution is done by the department of the State Govt. or by the financial head and the authorized signatory of the nominated agency where procurement and distribution is done by the nominated corporation of the State Government.