**Executive Summary**

A large percentage of the Indian population is still lying below poverty line. Even after a record production of food grains, the food consumption pattern of the people hadn’t changed much. So the problem does not lie with the production. The problems are with the post harvest government policies consisting mainly of procurement, storage and distribution of the food grains.

Government is already spending a lot of money in the name of subsidies. As the food security bill is going to be implemented, this spending is to rise further. But can such a bill ensure a better consumption by poor as far as the government policies of procurement and distribution be the same?

I tried to analyse the current food grain management policies of the government and the main reasons for the poor functioning of the same.

In the first part of my project, I tried to include the basic theoretical aspects of Welfare economics, free market, some reasons for market failure and why the government’s role is important in a market. Then I moved on to the Indian food grain management with a brief history of Food grain management policies and the formation of Food Corporation of India (FCI). I had mentioned the main objectives of FCI. Then I have provided the salient features of the Food Security Bill.

In the next part I tried to analyse the food procurement policies of India. In this section I had discussed about the minimum support price (MSP) given to the farmers, the buffer stock norms of FCI. High MSP and high procurement policies of Government from 2007 and how they affected the price of the food grains is discussed in detail in this section. High MSP affected the open market price and high procurement influenced the availability of grains in market.

Next part is on the storage of food grains. In this part I discussed the loss to government in terms of money as well as in food grains due to the inefficient and insufficient storage facilities. I tried to explain the problems with CAP storage facilities and also I had discussed various government plans and policies to improve the storage capacity and efficiency. Since quality of grains mainly depend on the conditions at which they are stored like temperature, moisture etc scientific improvement in storage facilities is necessary.

In the next part, I worked on the distribution of food grains. Food grains are distributed mainly through two methods namely Open Market Sale Scheme (OMSS) and Public Distribution System (PDS). I focussed mainly on PDS since one of its main purposes is to provide food to poor. I tried to focus on almost all the problems with the current system including identification of poor, bogus ration cards, corruption, quality of food grains etc. I have mentioned almost all the government efforts for improving the current system. Even though these policies are good, their implementation is still a major problem in India. If we hire separate vigilance committees or monitoring commissions, it will be end up in another way for corruption.

Since the case of direct cash transfer has been proposed in the previous Union Budget, I tried to compare the theoretical models of cash transfer and in kind transfer. Then with the theoretical support, I tried to look in to the Indian conditions and previous forms of cash transfer in India as well as in other countries and analysed their performance.

After analysing all these aspects I tried to come up with some recommendations which can improve the current system. Since the problem is with the improper implementation, I had come up with some technological recommendations which can reduce the human involvement and thus reduce corruption.

My recommendations include giving food grains as a part of NREGA wages, giving FPS license to SHG members, using Biometrics for identification of beneficiaries and the installation of Point of Sale (PoS) machines in FPSs.