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**STANDING COMMITTEE ON
FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION
(1998-99)**

TWELFTH LOK SABHA

**MINISTRY OF FOOD AND CONSUMER AFFAIRS
(DEPARTMENT OF FOOD AND CIVIL SUPPLIES)**

**DEMANDS FOR GRANTS
(1998-99)**

THIRD REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

July, 1998/Asadha, 1920 (Saka)

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SUPPLIES AND PUBLIC DISTRIBUTION
(1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF FOOD AND CONSUMER AFFAIRS
(DEPARTMENT OF FOOD AND CIVIL SUPPLIES)

DEMANDS FOR GRANTS
(1998-99)

Presented to Lok Sabha on 10 July, 1998
Laid in Rajya Sabha on 10 July, 1998



LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

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CORRIGENDA TO THE THIRD REPORT (TWELFTH LOK SABHA) OF THE
STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC
DISTRIBUTION (1998-99).

Page	Para	Line	For	Read
(iii)	—	13	Shri Bhanu Pratap Singh	Shri Bhanu Pratap Singh Verma
16	—	10	Add:incessant rain"	before open
78	—	10	0.00 in column 14	0.6 in column 14
80	—	3	1.00 in column 17	0.00 in column 17
80	—	5	0 in column 12	1.00 in column 12
80	—	7	13624 in column 18	1364 in column 18
86	—	13	Shri Bhanu Pratap Singh	Shri Bhanu Pra ap Singh Verma

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COMPOSITION OF THE STANDING COMMITTEE
ON FCS&PD (1998-99)

Shri Raghuvansh Prasad Singh—*Chairman*

MEMBERS

Lok Sabha

- **2. Ch. Vidyasagar Rao
3. Shri Kariya Munda
4. Shri Prabhas Chandra Tiwari
5. Shri Ramchandra Veerappa
6. Shri Gangaram Koli
7. Shri Shyam Bihari Mishra
8. Shri Aditya Nath
9. Shri Bhanu Pratap Singh
10. Shri Ramesh Chandra Dwivedi
11. Shri Abhaysinh S. Bhonsle
12. Shri Sadashivrao Dadoba Mandlik
- *13. Shri Ghasi Ram Yadav
- ***14. Shri Ram Raghunath Chaudhary
15. Shri H.G. Ramulu
16. Shri Madhab Rajbangshi
17. Shri C.P. Mudala Giryappa
18. Shri P. Sankaran
19. Shri Rama Chandra Mallick
20. Shri Bajju Ban Riyan
21. Shrimati A.K. Premajam
22. Shri Daroga Prasad Saroj

* Ceased to be Member of the Committee w.e.f. 8.6.1998.

** Ceased to be Member of the Committee w.e.f. 9.8.1998.

*** Nominated to the Committee w.e.f. 8.6.1998.

23. Shri R. Muthiah
24. Shri Akbar Ahmad Dampy
25. Shri Ranen Barman
26. Shri Prakash Yashwant Ambedkar
27. Shri Bhim Prasad Dahal
- ****28. Shri S.K. Bwiswmuthiary
29. Shri Satnam Singh Kainth
30. Vacant

Rajya Sabha

31. Smt. Urmilaben Chimanbhai Patel
- @32. Shri Shivajirao Giridhar Patil
33. Shri Onward L. Nongtdu
- @34. Shri Mohindar Singh Kalyan
35. Shri Manohar Kant Dhyani
36. Shri Lajpat Rai
- @37. Dr. Ishwar Chand Gupta
38. Shri Khagen Das
39. Shri Yerra Narayanaswamy
- @40. Shri Wasim Ahmad
41. Shri Kushok Thiksey
42. Sardar Balwinder Singh Bhundar
- @43. Shri Mohd. Masud Khan
44. Vacant
45. Vacant

SECRETARIAT

1. Shri G.C. Malhotra — *Additional Secretary*
2. Shri John Joseph — *Joint Secretary*
3. Shri Krishan Lal — *Deputy Secretary*
4. Shri A.S. Chera — *Under Secretary*
5. Smt. Manju Choudhary — *Committee Officer*

**** Ceased to be Member of the Committee w.e.f. 25.6.1998.

@ Ceased to be Members of the Committee w.e.f. 4.7.1998.

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (1998-99) having been authorised by the Committee to submit the Report on their behalf, present this Third Report on Demands for Grants (1998-99) relating to the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies).

2. The Committee examined/scrutinised the Demands for Grants (1998-99) of the Ministry which were laid on the Table of the House on 12th June, 1998.

3. The Committee took evidence of the representatives of the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies) on 18th June, 1998.

4. The Committee wish to express their thanks to the Officers of the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies) for placing before them the detailed written notes on the subject and for furnishing the information to the Committee desired in connection with the examination of the subject.

5. The report was considered and adopted by the Committee at their sitting held on 6th July, 1998.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;
July 7, 1998
Asadha 16, 1920 (Saka)

RAGHUVANSH PRASAD SINGH,
Chairman,
Standing Committee on Food, Civil Supplies
and Public Distribution.

CHAPTER I

REPORT

Introductory

1.1 The Demands for Grants of Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies for 1998-99 was laid on the Table of Lok Sabha on 12th June, 1998. Demand No. 10 of the Ministry contains the figures of Revenue as well as Capital Expenditure which are as follows:—

(Rs. in crores)

	Revenue	Capital	Total
Voted	9032.18	20.00	9052.18
Charged	0.02	11.25	11.27

1.2 The details of the Budget Estimates and Revised Estimates for 1997-98 and Budget Estimates for 1998-99 are as under:—

(Rs. in crore)

Revenue Section	1997-98 Budget				1997-98 Revised			1998-99 Budget		
	Major Head	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
		1	2	3	4	5	6	7	8	9
REVENUE SECTION										
Secretariat Economic Services	3451	0.10	7.00	7.10	0.10	8.86	8.96	9.51	9.51	9.51
Food Storage and Warehousing	2408	2.80	7005.61	7008.41	280	7505.80	7508.60	3.75	9006.99	9010.74
Civil Supplies	3456	0.50	—	0.50	0.47	—	0.47	0.50	—	0.50
Grants-in-Aid to State Governments	3601	11.45	—	11.45	10.74	—	10.74	11.45	—	11.45
Total—Revenue Section		14.85	7012.61	7027.46	14.11	7514.66	7528.77	15.70	9016.50	9032.20

Capital Section

	1	2	3	4	5	6	7	8	9	10
CAPITAL SECTION										
Capital Outlay on Free Storage and Warehousing	4408	20.00		20.00	19.00		19.00	20.00		20.00
Loans and Advances to State Governments	7601	11.25	—	11.25	10.69	—	10.69	11.25		11.25
Total—Capital Section		31.25	—	31.25	29.69	—	29.69	31.25	—	31.25
GRAND TOTAL		46.10	7012.61	7058.71	43.80	7514.66	7558.46	46.95	9016.50	9063.45

The details of recoveries adjusted on account in reduction of expenditure for revenue and capital section are as under—

Revenues	1485	7012.61	7027.46	14.11	7514.66	7528.77	15.70	9016.50	9032.20
Capital	31.25	—	31.25	29.69	—	29.69	31.25	—	31.25
Total	46.10	7012.61	7058.71	43.80	7514.66	7558.46	46.95	9016.50	9063.45

1.3 The Head-wise demands have been discussed in the succeeding paragraphs.

CHAPTER II

PRODUCTION AND PROCUREMENT

2.1 The total production of foodgrains since 1984-95 is given below:—

(in Million Tonnes)

Year	Rice	Wheat	Coarse Cereals	Total Cereals	Total Pulses	Total Foodgrains
1984-85	53.34	44.07	31.17	133.58	11.96	145.54
1985-86	63.83	47.05	26.20	137.08	13.36	150.44
1986-87	60.56	44.32	26.83	131.71	11.71	143.42
1987-88	56.86	46.17	26.36	129.39	10.96	140.35
1988-89	70.49	54.11	31.47	156.07	13.85	169.92
1989-90	73.57	49.85	34.76	158.18	12.86	171.04
1990-91	74.29	55.14	32.70	162.13	14.26	176.39
1991-92	74.68	55.69	25.99	156.36	12.02	168.38
1992-93	72.86	57.21	36.59	166.66	12.82	179.48
1993-94	80.30	59.84	30.81	170.95	13.31	184.26
1994-95	81.81	65.77	29.88	177.46	14.04	191.50
1995-96	76.50	62.10	29.03	168.11	12.31	180.42
1996-97	81.31	69.27	34.26	184.06	14.46	199.32

Procurement Policy

2.2 Procurement of foodgrains is one of the Central pillars of the Food Policy of the Government of India. It serves the twin purpose of providing remunerative prices to the farmers thereby avoiding chances of distress sale of foodgrains at prices below the support prices fixed by the Government of India and also enthruse them to increase production and of building of public stocks of grains. Such stocks are vital to the food management policy of the Government including maintenance of Public Distribution System (PDS). Procurement operations are carried out by the Food Corporation of India (FCI) and State agencies in consultation with State Government. Procurement prices are based on support prices announced by the Ministry of Agriculture.

2.3 Wheat procurement during rabi marketing season 1997-98 (April-March) at 9.30 million tonnes was higher by over 1.16 million tonnes over 1996-97 procurement of 8.14 million tonnes. In the kharif marketing season 1997-98 (Oct. 97-Sept. 98), 12.51 million tonnes of rice has been procured for central pool up to April 17, 1998 as against 10.13 million tonnes procured during the corresponding period last year. Current indications are that procurement of rice in 1997-98 shall be substantially more than the last year's total procurement of 12.22 million tonnes as indicated below.

Procurement of Wheat and Rice (Central Pool)

(Million Tonnes)

Marketing Year	Wheat (April-March)		Rice (Oct-Sept)	
	Qty	% change	Qty	% change
1991-92	7.75	- 29.9	9.24	- 21.3
1992-93	6.38	- 17.7	11.79	27.6
1993-94	12.83	101.1	13.65	157
1994-95	11.87	- 7.5	13.40	- 1.8
1995-96	12.33	3.9	9.95	- 25.7
1996-97	8.14	- 33.6	12.22	22.8
1997-98	9.30	14.2	12.51*	

System of Procurement

2.4 Paddy and wheat were procured from the producers under the minimum support price operations. In addition, rice was also procured through the statutory levy imposed by some State Governments on the millers and traders.

2.5 A Table indicating the minimum support prices of wheat and paddy for the last three years is given below:

MINIMUM SUPPORT PRICES OF WHEAT & PADDY

(Rs. per quintal)

Rabi/Kharif Marketing Year	Wheat	Paddy		
		Common	Fine	Superfine
1995-96	360	360	375	395
1996-97	380	380	395	Grade 'A' 415
1997-98	415*	415		445

(*Excluding Central Bonus of Rs. 60/-per quintal allowed over and above the MSP to farmers for sale of wheat from 1st April to 30th June.)

2.6 Movement of wheat, non-levy rice remained free throughout the country. However, some State Governments like J & K, West Bengal & A.P. have imposed certain restrictions on the movement of paddy/rice. They are being persuaded to remove these restrictions.

Procurement of Wheat

2.7 A quantity of 92.97 lakh tonnes of wheat was procured by FCI/State Agencies during 1997-98 Rabi Marketing Season as against 81.57 lakh tonnes procured during the last Rabi Marketing Season,

1996-97. The State-wise procurement of wheat is given in the following Table:—

PROCUREMENT OF WHEAT
(Marketing Season: April–March)

(In lakh tonnes)

State/UT	1995-96	1996-97	1997-98
1. Haryana	31.02	20.60	22.90
2. Himachal Pradesh	—	—	—
3. Madhya Pradesh	1.69	0.05	1.07
4. Punjab	72.99	56.28	59.61
5. Rajasthan	4.54	2.29	3.20
6. Uttar Pradesh	13.02	2.61	6.17
7. Delhi	Neg.	—	Neg.
8. Bihar	Neg.	—	Neg.
9. Gujarat	0.01	—	—
10. Chandigarh	—	—	0.02
Total	123.27	81.83	92.97

Neg : Below 500 Tonnes.

2.8 As reported upto 31.3.98, a quantity of 133.08 lakh tonnes of rice has been procured during 1997-98 kharif marketing season under price support scheme as compared with 106.15 lakh tonnes procured during the corresponding period last year. State-wise procurement of rice (including paddy in terms of rice) is given in the following Table:—

PROCUREMENT OF RICE (INCLUDING PADDY IN TERMS OF RICE)
Marketing Season:
(October-September)

State/U.T.	(in lakh tonnes)		
	1995-96	1996-97	1997-98 (Upto 31.03.98)
1. Andhra Pradesh	36.82	45.12	27.10
2. Assam	0.02	0.01	—
3. Bihar	Neg.	Neg.	0.21
4. Gujarat	—	—	—
5. Haryana	6.90	12.04	11.34
6. Karnataka	0.78	0.82	0.81
7. Madhya Pradesh	6.87	5.80	9.36
8. Maharashtra	0.38	0.32	0.24
9. Orissa	4.56	4.76	4.82
10. Punjab	34.62	42.35	59.60
11. Rajasthan	0.02	0.03	0.06
12. Tamil Nadu	0.97	7.38	11.43
13. Uttar Pradesh	7.20	8.71	7.21
14. West Bengal	1.33	1.59	0.78
15. Chandigarh	—	0.14	0.09
16. Delhi	—	—	—
17. Pondicherry	—	0.04	0.03
TOTAL	100.47	129.07	133.08

Neg: Below 500 tonnes

Procurement of Coarse Grains

2.9 From 1990-91 Rabi Marketing Season, FCI has been made responsible for the procurement of Rabi and Kharif coarse grains in the country. As arrivals of coarse grains are in small quantities spread over a large number of markets, FCI makes arrangements with State agencies so that their wide spread infrastructure is made use of in providing price support to the coarse grains producing farmers. All legitimate costs incurred by the State agencies are reimbursed by the FCI. As open market prices of coarse grains generally rule higher than minimum support price, not much of coarse grains are procured by the public agencies.

2.10 On being asked as to what arrangement have been made for procurement of wheat/rice, the Ministry in a written reply submitted as under:—

“Wheat and paddy is procured by the FCI in collaboration with State Governments and their procuring agencies under price support scheme to ensure remunerative price to the farmers for their produce. A large number of purchase centres are opened by the FCI and State agencies to facilitate procurement of foodgrains. All the foodgrains offered for sale by farmers at specified purchase centres/mandies and found conforming to the prescribed specifications are purchased by the public procuring agencies under price support scheme at MSP/ Procurement prices fixed by the Government. Control Rooms are set up to monitor the procurement operations. FCI and State procuring agencies ensure that the farmers do not resort to distress sale and any report/or complaint of distress sale is promptly referred to concerned State Govt. and FCI for remedial action/steps.

Rice is procured under a system of statutory levy on rice millers/ dealers.”

2.11 On being asked about procurement of coarse grain and steps to increase procurement from non-traditional areas of potential capacity like Eastern U.P., Bihar and Orissa, the Ministry stated that:—

“The Minimum Support Price of coarse grains is fixed by the Ministry of Agriculture. Coarse grains are procured mainly in

the Western States under price support. However, there has been negligible procurement of coarse grains due to market prices ruling higher than the MSP. The State Governments have been requested to procure coarse grains at MSP for local distribution within the State. However, progress has not been encouraging. Short shelf life of coarse grains and quick deterioration in quality have virtually rendered all steps taken to encourage procurement and distribution of coarse grains futile. The existing MSP of coarse grains is Rs. 360/- pr qtl."

The table below shows quantities of coarse grains procured during past five marketing seasons:—

Procurement of Coarse grains

(Qty. in lakh tonnes)

Marketing Year	Kharif	Rabi
1992-93	3.99	—
1993-94	0.25	0.01
1994-95	Neg.	—
1995-96	—	—
1996-97	0.13	—
1997-98	0.18*	—

*Position as on 08.06.1998.

"It will be seen that only very meagre quantities of coarse grains have been procured under Price Support Scheme.

The State Governments of Bihar, West Bengal and other non-traditional States have been impressed about the need to procure whatever quantity of surplus foodgrains that are available. Primarily, it is the State Governments which decide the number of purchase centres to be opened and their locations keeping in view the level of production, surplus foodgrains available for marketing the mandi level price of foodgrains etc. A meeting of the Food Secretaries of concerned State Governments is usually convened before the commencement of each Rabi/Kharif

marketing season to formulate the procurement policy and to make an assessment of the prospects of procurement.

Certain initiatives in the direction of increasing the procurement of wheat under price support scheme in Bihar were taken in the Rabi Marketing Season 1997-98 by inducting NAFED as a procurement agency. The idea was to make use of the infrastructure of a large number of primary Cooperative Societies operating in the State for procuring wheat from interior regions of the State. However, since the market price of wheat generally ruled higher than the notified MSP plus bonus. This experiment had not proved useful in increasing the procurement of wheat in the State.

An effort is being made for commencing decentralised procurement of rice and wheat in States like UP, Orissa, Madhya Pradesh and West Bengal. Under this system, the State Governments will be required to play a more active role in procurement of foodgrains. This system of procurement has already started in West Bengal in the current Kharif Marketing Season and it will be extended to other States depending on the success achieved in West Bengal, and also the willingness of the State Government to undertake the operation."

Decentralised Procurement of Foodgrains

2.12 Procurement of foodgrains under price support scheme is largely concentrated in a few States. The open market prices of foodgrains in States deficit in foodgrain production invariably tend to be higher than the MSP and consequently not much procurement takes place in these States. Such a large concentration of procurement of foodgrains in a few States has led to problems like levy of taxes at higher percentage/rates, high cost of transportation to distant States, losses during transit, storage, pilferage etc.

2.13 A proposal to decentralise procurement of foodgrains was mooted under which designated agencies in deficit and marginally surplus States may procure, store and issue foodgrains as per allotments for distribution under PDS. The subsidy will be worked out on the basis of differential between the economic cost of foodgrains and the CIP and will be released direct to the concerned State Government.

2.14 The State Government of West Bengal has started procurement of paddy/rice under decentralised procurement scheme from the current 1997-98 Kharif Marketing Season. The State Government of

U.P. and M.P. have shown their willingness to procure wheat under the said scheme in the coming Rabi Marketing Season 1998-99.

Procurement Operations in Tribal and Non-traditional Areas

2.15 The TRIFED under the Ministry of Welfare procures foodgrains in tribal areas on behalf of FCI under price support and foodgrains so procured by TRIFED are handed over to FCI.

2.16 Wheat and paddy is procured by the FCI in collaboration with State Governments and their procuring agencies under price support scheme to maintain food security and ensure remunerative price to the farmers. The minimum Support Price of wheat is announced in the news bulletins of TV and Radio and are also published in the national and local news papers. However the farmers in remote areas still remain unaware of it. This causes the distress sale of their foodgrains. Traders purchase the grains at a rate lower than MSP and sell it on higher prices by creating artificial scarcity which frustrates the objective of food security. It has also been observed that sufficient procurement centres are not opened in some of the States and a sizeable number of procurement centres are inoperative and remain only on paper. The Committee take a serious note of this situation as this compels distress sale by farmers. Since the procurement in the States of Punjab, Haryana and Eastern U.P. has reached its peak, it is imperative to shift the emphasis now to new emerging areas of Eastern UP, Bihar and Orissa. The Committee therefore strongly recommend that decentralised procurement of foodgrains should be undertaken by the Government. Mass publicity of Minimum support price should also be arranged to involve the farmers living in remote areas. Procurement activity in non-traditional areas *i.e.* Orissa, Bihar, West Bengal and Eastern UP may be initiated as procurement has reached its peak in Punjab, Haryana and Western U.P.

STORAGE

2.17 The actual expenditure during 1997-98 was Rs. 19.95 crore out of the total financial outlay of Rs. 20 crore, which was subsequently reduced to Rs. 19 crore in the revised plan allocation in respect of Department of Food & Civil Supplies, in order to achieve 5% saving in the Budgetary support for the Central Plan 1997-98.

2.18 The Corporation has 1590 godowns at various locations. The Corporation is striving to keep sufficient stock in these locations so

that TPDS scheme is not hampered. Location-wise stocks held in various centres are closely monitored at the District & Regional levels only. At Corporate level the Region-wise position is reviewed.

2.19. A statement showing State-wise capacity and stock held by Food Corporation of India as on 30.4.1998 is placed below:—

STATEMENT SHOWING STATE-WISE CAPACITY AND STOCK HELD BY FOOD CORPORATION OF INDIA AS ON 30.4.1998

(Fig. In lakh tonnes)

S.No.	State/UT	Capacity	Stock held
1	2	3	4
1.	Arunachal Pradesh	0.17	0.08
2.	Andhra Pradesh	22.15	19.31
3.	Assam	2.76	1.58
4.	Bihar	5.62	4.22
5.	Goa	0.15	0.13
6.	Gujarat	8.71	4.72
7.	Haryana	15.60	11.31
8.	Himachal Pradesh	0.27	0.27
9.	Jammu & Kashmir	1.01	0.77
10.	Karnataka	4.78	3.56
11.	Kerala	5.31	4.85
12.	Madhya Pradesh	12.34	9.83

1	2	3	4
13.	Maharashtra	14.17	6.55
14.	Manipur	0.13	0.01
15.	Meghalaya	0.16	0.03
16.	Mizoram	0.22	0.03
17.	Nagaland	0.21	0.10
18.	Orissa	4.42	4.21
19.	Punjab	67.10	56.47
20.	Rajasthan	11.40	8.36
21.	Sikkim	0.16	0.15
22.	Tamil Nadu	8.09	6.12
23.	Tripura	0.35	0.17
24.	Uttar Pradesh	26.51	15.93
25.	West Bengal	11.48	6.61
26.	Chandigarh	0.76	0.66
27.	Delhi	3.78	2.47
28.	Pondicherry	0.41	0.28
	Total	228.22	168.78

(iv) Region-wise details of rice, wheat and paddy lying for more than 3 years in storage godowns is as follows:—

(As on 1.5.1998)

(Fig. in MT)

S. No.	Region	Rice	Paddy	Wheat	Total
1	2	3	4	5	6
1.	Bihar	29406	614	635	30655
2.	Orissa	302	—	—	302
3.	West Bengal	7901	—	—	7901
4.	JM (PO) Calcutta	22485	—	—	22485
5.	Assam	1279	—	—	1279
6.	NEF	24	—	—	24
7.	Delhi	4460	—	5074	9534
8.	Haryana	5129	3993	—	9122
9.	J & K	868	—	11	879
10.	Punjab	27836	393	413	28642
11.	Rajasthan	228576	—	6917	235493
12.	Uttar Pradesh	154358	67	9316	163741
13.	Andhra Pradesh	64	6180	—	6244
14.	Kerala	26901	—	—	26901
15.	Karnataka	34420	—	6	34426
16.	Gujarat	29467	—	14	29481
17.	Maharashtra	9858	—	77114	86972
18.	Madhya Pradesh	43233	—	752	43985
19.	Kandla (PO)	6968	—	—	6968
Total		633535	11247	100252	745034

(v) Region-wise commodity-wise position of sound foodgrains transferred to damaged foodgrains alongwith the reasons:—

As on 1.5.98

Fig. in MTs

Name of Region	Wheat	Rice	Paddy	Total stocks	Reasons/Remarks
1	2	3	4	5	6
Bihar	2815	1052	148	4015	Natural calamities like cyclones, floods and rains, open storage and its exposure to vagaries of weather like storms, high velocity wind, ballowing and slowing of LDPE covers.
Orissa	711	61	—	772	—do—
West Bengal	5470	13192	—	18662	—do—
JM (PO) Calcutta	3063	7729	—	10792	—do—
Assam	131	1199	—	1330	—do—
NEF States	4	194	—	198	—do—
Delhi	28	17	—	45	—do—
Haryana	3	2	5227	5232	—do—
H.P.	—	—	—	—	—do—
J & K	—	237	—	237	—do—

1	2	3	4	5	6
Punjab	3156	15995	2695	21846	—do—
Rajasthan	1522	221	—	1743	—do—
Uttar Pradesh	3801	4 92	130	8527	—do—
Andhra Pradesh	528	138	30	696	—do—
Kerala	14	209	—	223	—do—
Karnataka	238	200	—	438	—do—
Tamil Nadu	4	94	—	98	—do—
JM (PO) Madras	258	5	—	263	—do—
JM (PO) Vizag	5	2	—	7	—do—
Gujarat	5300	577	—	5877	—do—
Maharashtra	965	241	—	1206	—do—
Madhya Pradesh	124	3488	—	3612	—do—
JM (PO) Kandla	514	5	—	519	—do—
Country Total	28654	49450	8230	86334	

2.20 Details of storage shortages in FCI godowns is as under:—

DETAILS OF STORAGE SHORTAGES IN FCI GODOWNS

Commodity	%age of stocks issued	1994-95		%age of stocks issued	1995-96		%age of stocks issued	1996-97 (Prov.)	
		Quantity	Value		Quantity	Value		Quantity	Value
Wheat	(-) 0.08	(-) 0.17	(-) 8.41	(-) 0.05	(-) 0.13	(-) 6.40	0.03	(-) 0.12	(-) 7.36
Rice	0.85	1.53	88.18	0.89	2.21	137.05	0.80	2.13	144.52
Paddy (in terms of Rice)	1.98	0.24	15.69	3.29	0.60	42.22	2.10	0.42	28.28
	0.40	1.60	95.46	0.53	2.68	172.87	0.45	2.43	165.44

2.21 the Committee has observed that storage shortages of wheat, rice and paddy in FCI godowns in 1995-96 were 2.68 lakh MTs amounting to a loss of Rs. 172.87 crore. In all probability there will be further increase in storage shortages during 1997-98 and 1998-99. The Committee note that serious efforts are needed to reduce losses occurred on account of storage shortages. Similarly due to mismanagement in storage of sugar, a lot of sugar is perishing. The Committee, therefore, recommend that concerted efforts should be made by FCI to reduce storage losses. FCI should strengthen its vigilance machinery too. The Committee also recommend that the responsibility for the losses should be fixed and suitable action against the concerned authorities be taken.

2.22 Today FCI is a highly centralised agency having just 5 zones i.e. North Zone, South Zone, West Zone, North-east Zone and East Zone. The Committee in its 5th Report (Eleventh Lok Sabha) had recommended the constitution of State Food Corporations to impart competition, efficiency and decentralisation but this has not materialized because of the resources crunch. The Committee note that in addition to the administrative delay in decision making due to having only five Zones the business of FCI is not transacted smoothly. Tonnes of Sugar and foodgrains are perishing and they become unfit for human consumption. Similarly it has come to the notice of the Committee that foodgrains worth about Rs. 700 crore were damaged due to non-sprinkling/mixing the requisite medicine/pesticide in the storage godowns. Though some administrative measures have been taken by FCI, still the desired result has not been achieved. The Committee, therefore, recommend that decentralized restructuring of FCI should be done with a view to imparting greater efficiency. The Committee also desire that the number of Zones be increased. The higher level posts which are lying vacant for long periods should be filled up without delay so that the work of the organisation does not suffer.

CONSTRUCTION OF GODOWNS

2.23 During the financial year 1994-95 an amount of Rs. 10.00 crore out of total plan outlay of Rs. 21.00 crore was released to Food Corporation of India for construction of godowns for meeting a physical target of 0.67 lakh tonnes. During 1993-94, the entire budgeted provision of Rs. 190.00 crore was released to the Corporation. However, it was observed, after financial year was over that the Corporation could

utilise only an amount of Rs. 12.05 crore thereby leaving a balance of Rs. 6.95 crore which was not surrendered at the end of financial year. Moreover, the Food Corporation of India had substantially reduced the physical target from 0.67 lakh tonnes to 0.46 lakh tonnes capacity. Adding the saving of Rs. 6.95 crore from 1993-94 to the released amount of Rs. 10.00 crore during 1994-95, the total funds available at the disposal of Corporation during 1994-95 was Rs. 16.95 crore. This fund was considered adequate to meet the reduced target i.e. 0.46 lakh tonnes capacity. This had resulted in the saving of Rs. 11.00 crore, which was surrendered.

2.24 During the financial year 1997-98 in order to achieve 5% saving in the Budgetary support for the Central Plan 1997-98, the matter was considered and it was decided to make a revised plan allocation in respect of the Plan Scheme of Department of Food & Civil Supplies, Accordingly, the Budget approved for the construction of godowns was reduced from Rs. 20.00 crore to Rs. 19.00 crore.

Assistance for construction of godowns.

2.25 Subsidy is given for construction of godowns to Civil Supply Corporations in North Eastern regions. The actual utilisation of grants in-aid for plan performance for 1996-97 was Rs. 3.80 crore. This amount was increased to Rs. 6.25 crore in BE 1997-98 (Plan) was further reduced to 5.94 crore in RE 1997-98. Now this amount has been pegged at Rs. 6.25 crore (plan) in 1998-99. In this context when the Committee asked about the physical and financial capacity of the godowns in North Eastern regions, the Ministry, in the written reply stated as under:—

“Financial assistance in form of Grant-in-aid (Subsidy) and loan is provided to States/UTs for construction of godowns. Since the inception of the scheme in 1983-84 till 1991-92 the assistance was limited to the North Eastern region. During 1992-93 the scope of the scheme was extended to all States/UTs, in the form of 50% Loan and 50% Grant-in-aid. During 1996-97 an amount of Rs. 7.55 crore was given to 7 States, viz., Nagaland, Assam, Rajasthan, Tamil Nadu, U.P., Andhra Pradesh and Madhya Pradesh. Out of Rs. 7.55 crore the component of grant-in-aid was Rs. 3.80 crore.

(i) Planning Commission approved an increased amount of Rs. 12.50 crore for 1997-98. This amount was provided in the Budget

under the scheme of which Rs. 6.25 crore was in form of Grant-in-aid. However, 5% economic cut was effected in all Plan schemes. Therefore the expenditure was restricted to Rs. 11.88 crore of which Rs. 5.94 crore was grant-in-aid.

(ii) During the years 1996-97 and 1997-98 the following assistance has been provided to North Eastern States:—

State	Number		Capacity (in MT)		Amount (Rs. in lakhs)	
	1996-97	97-98	1996-97	97-98	1996-97	97-98
Assam	4	7	8000	13300	95.04	168.66
Nagaland	17	—	850	—	60.00	—
Mizoram	—	10	—	6000	—	112.44
Tripura	—	6	—	2000	—	83.02
Total:	21	23	8850	21300	155.04	364.12

2 years' time is provided to States/UTs for completing the construction.

(iii) Funds under the centrally Sponsored Schemes are sanctioned only after funds released previously are fully utilized by the concerned States/UT. The delay in utilisation of funds, if any, is taken up with the State Government concerned."

2.26 The proposal formulated by the FCI for creation of 4.55 lakh tonnes of storage capacity for an outlay of Rs. 190 crore during the 9th Five Year Plan period was forwarded to the Ministry of Food and Consumer Affairs. Planning Commission, however, approved only the Annual Plan for the first year of the Ninth Plan *i.e.* 1997-98 and sanctioned an outlay of Rs. 20 crore. Subsequently, the Planning Commission reduced the outlay to Rs. 19 crore consequent to the 5% cut imposed by the Central Government on Plan expenditure.

2.27 When the Committee asked about the percentage of achievement of Plan targets (both in the physical and financial terms) during the 9th Plan period, year-wise and the reasons for slow progress,

if any, in the achievement of the targets, the Ministry in their written reply stated as follows:—

"Year	Physical (in lakh tonnes)		Financial (Rs. in crores)		Percentage of achievement	
	Target	Achievement	Approved outlay	Expenditure	Physical	Financial
1992-93	2.32	1.92	27.49	30.99	83%	113%
1993-94	0.86 0.76 (Revised)	0.76	19.00	12.05	100%	63%
1994-95	0.67	0.46	21.00	22.79	69%	109%
1995-96	1.43	1.18	18.26	25.34	83%	139%
1996-97	0.33	0.22	17.86	22.55	67%	126%
9th Plan 1997-98	0.81	0.29 (upto Jan. 98)	19.00	9.90 (upto Jan. 98)		

Reasons for slow progress in achievement of the targets are explained below:—

1992-93

The shortfall in capacity realisation was on account of the initial delay on the part of NPCC in finalising the contracts for recommencing the balance works and also the subsequent slow pace in claiming reimbursement. The difficult and restricted working conditions in J & K and NEF Regions and slow progress of works at certain locations also contribute to the overall shortfall.

1993-94

The initially sanctioned outlay was Rs. 22 crore which was reduced to Rs. 19 crore during the course of the year. Keeping in view the reduced outlay and also considering that certain new starts contemplated during the year did not really take off, the physical target had to be reduced and was fixed at 0.86 lakh tonnes. After taking into consideration the unprecedented heavy rains which resulted in land slides at Bhairabi and non-vacation of the stay brought by the

defaulting contractor at Dankuni, the target was revised as 0.76 lakh tonnes. This revised target of 0.76 lakh tonnes was realised in full.

Expenditure of Rs. 19.58 crore was incurred as per the expenditure statements received from the field units however, Rs. 12.05 crore was the audited expenditure figures.

1994-95

Due to law and order problem in Mizoram, the progress of works at Bhairabi and Aizwal under execution by FCI and the work at Lawngtlei by NBCC suffered resulting in suspension of the work for a period over 2/3 months. As regards Bellarym, the balance works relating to 10,000 MT capacity godowns could be awarded only in January, 1995 at the risk and cost of the defaulting contractor. Hence a capacity of 0.46 lakh tonnes could be realised during this year.

1995-96

The shortfall in realisation of the storage capacity to the tune of 25,000 MT is due to the dropping the proposed conversion of convertible plinths into godowns at Raibareilly (20,000 MT), slow pace in the progress of works at Kullu (1670 MT) due to several factors and non-resumption of work by NBCC at Lawngtlei in Mizoram (3340 MT)

1996-97

The shortfall in capacity realisation is due to non-resumption of works by the contractors at Kullu (H.P.) despite the decision given to resume the work for a capacity of 1670 MT and slow pace of works at Udupi (Karnataka) for a capacity of 10,000 MT.

As against the outlay of Rs. 17.86 crore sanctioned by the Planning Commission, an expenditure of Rs. 18.51 crore was incurred on construction of godowns, railway sidings and weighbridges. As against Rs. 4.0 crore sanctioned out of the depreciation reserve for provision of essential ancillary facilities, an expenditure of Rs. 4.04 crore was incurred."

2.28 The reasons for variations between plan proposals and as finalised by Planning Commission is as under:—

(Rs. in crores)

CONSTRUCTION OF GODOWNS

Year	Financial outlay proposed by the Ministry	Financial outlay sanctioned by the Planning Commission
1992-93	27.00	27.49
1993-94	24.00	22.00/19.00
1994-95	27.00	21.00
1995-96	35.00	18.26
1996-97	36.00	17.86
1997-98	45.00	20.00/19.00

2.29 Copies of the Annual Plan proposals as originally planned and as modified for 1993-94 to 1997-98 are enclosed. Constraint of funds was the reason cited by the Planning Commission for the reduction in the financial outlay.”

2.30 The storage construction programme, their Annual Plan proposal since 1992-93 are given as under:—

STORAGE CONSTRUCTION PROGRAMME ANNUAL PLAN PROPOSAL 1992-93

Sl. No.	Programme	Physical target (in lakh tonnes)	Budget Estimate (Rs. in crores)
1	2	3	4
1.	Spillover works		
	(i) Ongoing works	1.10	8.00
	(ii) Additional Works	0.67	6.75

1	2	3	4
2.	New Works	0.55	3.75
3.	Railway sidings		
	(i) Spillover sidings	—	1.00
	(ii) New sidings	—	2.00
4.	Minor Capital Works		
	(i) Ancillary facilities	—	5.00
	(ii) Weighbridges	—	0.50
		2.32	27.00
	Tribal sub-plan component (Forming part of the construction programme)	0.2	1.20

**STORAGE CONSTRUCTION PROGRAMME
ANNUAL PLAN 1993-94**

Sl. No.	Programme	Physical target (in lakh tonnes)	Budget estimate (Rs. in crores)
1	2	3	4
1.	Spill over work		
	(i) Ongoing Works	0.08	1.63
	(ii) Additional Works	0.79	9.50
2.	New Works	0.50	2.87
3.	Railway sidings		
	(i) Spill over sidings	—	1.00
	(ii) New sidings	—	4.00

1	2	3	4
4.	Minor Capital Works		
	(i) Ancillary facilities	—	3.50
	(ii) Weighbridges	—	1.50
		1.37	24.00
	Tribal sub-plan component (Forming part of the construction programme)	0.20	1.48

**STORAGE CONSTRUCTION PROGRAMME
ANNUAL PLAN 1993-94**

Revised

Sl. No.	Programme	Physical target (in lakh tonnes)	Budget estimate (Rs. in crores)
1	2	3	4
I.	VII PLAN		
	Spillover works	0.31	4.80
II.	VIII PLAN		
	(a) Spillover works from 1992-93	0.32	2.80
	(b) New starts during 1993-94	0.13	1.60
III.	MINOR CAPITAL WORKS		
	(a) Ancillary facilities	—	5.00
	(b) Weighbridges	—	0.75

1	2	3	4
IV.	Railway Sidings	—	3.89
		0.76	18.93
			Say Rs. 19.00 crore
	Tribal sub-plan component (Forming part of the construction programme)	0.15	1.30

STORAGE CONSTRUCTION PROGRAMME
ANNUAL PLAN 1994-95

Sl. No.	Programme	Total Capacity (in lakh tonnes)	Target	
			Physical (in lakh tonnes)	Financial (Rs. in crores)
1	2	3	4	5
1.	VII PLAN			
	(a) Spillover works	0.05	0.05	1.83
2.	VIII PLAN			
	(a) Spillover works from 1992-93	0.15	0.15	2.60
	(b) Spillover works from 1993-94	0.10	0.10	0.95
			0.30	5.38
	(c) New Starts during 1994-95			
	(i) Godowns	2.14	0.74	8.20
	(ii) Office accommodation/ Residential Quarters	—	—	2.00

1	2	3	4	5
3.	Railway Sidings	—	—	4.90
4.	Minor Capital Works			
	(a) Ancillary facilities	—	—	5.00
	(b) Weighbridges	—	—	0.75
5.	Mechanisation of existing bins	—	—	1.00
		2.44	1.04	27.23
				Say 27.00 crore
	Tribal sub-plan component (Forming part of the construction programme)		0.25	2.25

**STORAGE CONSTRUCTION PROGRAMME
ANNUAL PLAN 1994-95**

(Revised)

Sl. Programme No.	Total Capacity (in lakh tonnes)	Target		
		Physical (in lakh tonnes)	Financial (Rs. in crores)	
1	2	3	4	5
1.	VII PLAN			
	(a) Spillover works	0.05	0.05	10.33
2.	VIII PLAN			
	(a) Spillover works from 1992-93	0.15	0.15	
	(b) Spillover works from 1993-94	0.15	0.15	
	(c) New Starts during 1994-95 Godowns	0.32	0.32	

1	2	3	4	5
3.	Railway Sidings	—	—	4.90
4.	Minor Capital Works			
	(a) Ancillary facilities	—	-	6.00
	(b) Weighbridges	—	-	
		0.67	0.67	21.23
				Say 21.00 crore
	Tribal sub-plan component (Forming part of the construction programme)	0.18	0.18	1.50

**STORAGE CONSTRUCTION PROGRAMME
ANNUAL PLAN 1995-96**

Sl. No.	Programme	Target	
		Physical (in lakh tonnes)	Financial (Rs. in crores)
1	2	3	4
1.	(a) Spillover works from previous year	0.10	4.43
	(b) Expenditure on finalisation accounts of works already completed		
2.	Balance approved works of Annual Plan of 1994-95	0.07	2.05
3.	New Starts during 1995-96		
	(i) Conventional Godowns	1.20	10.35

1	2	3	4
	(ii) Convertible plinths	(0.60)	1.20
	(iii) Conversion of convertible plinths into godowns	1.11	5.00
	(iv) Office accommodation/ residential quarters	—	2.00
4.	Railway sidings	—	3.28
5.	Minor Capital Works		
	(a) Ancillary structures	—	5.00
	(b) Weighbridges	—	1.00
6.	(a) Mechanisation of the existing bins	—	0.50
	(b) Partial mechanisation of godowns operations	—	0.50
		2.48 (0.60)	35.31 or Say Rs. 35 crores
	Tribal sub-plan component (Forming part of the construction programme)	0.15	1.82

ANNUAL PLAN 1995-96

	Revised (Rs. in crores)
1. (a) Spillover works	4.43
(b) Finalisation of accounts	—
2. Balance approved works of Annual Plan 1994-95	2.05
3. (i) New centres proposed for 1995-96—(a) hilly areas/ (b) heavy procurement areas	1.00

(ii)	Conversion of convertible plinths into godowns	5.00
(iii)	Office accommodation/Residential quarters	1.00
4.	Railway sidings	3.28
5. (a)	Ancillary structures	0.50
(b)	Weighbridges	1.00
		18.26

**STORAGE CONSTRUCTION PROGRAMME
ANNUAL PLAN 1996-97**

Sl. No.	Programme	Total capacity (in lakh tonnes)	Target	
			Physical (in lakh tonnes)	Financial (Rs. in crores)
1.	(a) Spillover works	—	—	2.05
	(b) Centres approved in the Annual Plan 1995-96	1.63	0.24	5.65
	(c) New Starts during 1996-97			
	(i) Conventional godowns	6.72	1.25	14.55
	(ii) Conversion of convertible plinths into godowns	0.75	0.75	4.60
2.	Railway Sidings	—	—	3.80
3.	Minor Capital Works			
	(a) Ancillary Structures	—	—	5.00
	(b) Weighbridges	—	—	0.75
		9.10	2.24	36.40
			Say Rs. 36 crores	
	Tribal sub-plan component (Forming part of the construction programme)	0.62	0.15	1.90

STORAGE CONSTRUCTION PROGRAMME
REVISED ANNUAL PLAN 1997-98—PHYSICAL

		Capacity in '000 T.
Sl. No.	Centre/State/Capacity	Physical Target
1	2	3
1.	Spillover works as on 1.4.97 (beginning of the IX Five Year Plan)	
	(a) RPDS Areas	
	(i) Plain areas	
	1. Tumkur/Karnataka/5.00	5.00
	2. Gumla/Bihar/5.0 (TSP)	5.00
	3. Udupi/Karnataka/10.00 (TSP)	10.00
		20.00
	(ii) Hill & Remote Areas	
	1. Baramulla/J & K/5.00	3.34
	2. Srinagar/ J & K/3.33	3.33
	3. Kushalnagar (Coorg) Karnataka/2.50 (TSP)	2.50
		9.17
	(b) Non-PRDS Areas	
	(i) Plain Areas	
	1. Dhamora/UP/25.00 (Rainfed)	25.00
	2. Roza/UP/10.00	10.00

1	2	3
	3. Dhamtari/MP/10.00	10.00
	4. Sholapur/Maharashtra/15.00	15.00
		50.00
(ii)	Hill & Remote Areas	
	1. Kulu/H.P./1.67	1.67
		1.67
	Grand Total	80.84
		Say 0.81 Lakh Tonnes
	RPDS areas	0.29
	Non-RPDS areas	0.52 Lakh Tonnes
	Tribal sub-plan components (TSP)	0.18 Lakh Tonnes

2.31 The Committee are astonished to see that when there is an acute shortage of storage throughout the country, the allocation under this head has not been enhanced in BE for the year 1998-99. The Committee recommend that the provision to construct more godowns should be made and proposals received from remote/Hilly/Non-traditional foodgrowing States should be promptly attended to.

2.32 About 745034 MTs of Rice, Paddy and Wheat are lying in storage godowns of FCI for more than three years. In this regard, the Committee strongly recommend that this stock be cleared with priority within six months. For future, the Committee recommend that first-in first-out principle must strictly be adhered to so that old stock will never be allowed to accumulate.

2.33 The Committee are concerned about stock of foodgrains lying in godowns for more than two/three years. Though the principle of first-in-first-out has been established for the disposal of foodgrains; this principle is not being adhered to and the amount of old stock of foodgrains is increasing day-by-day. Even while

disposing off the old stock by tender/auction the minimum buying unit of foodgrains is fixed very high and many parties do not turn up to avail of this facility. Many small traders and consumers remain deprived of the opportunity. The Committee, therefore, recommend that while fixing the quantities for tender, the buying capacity of traders and consumers must not be overlooked. This will make it easier to dispose off the old stock promptly.

2.34 The dependence of FCI for hired godowns has come down from 103.83 lakh tonnes as on 13.3.1995 to 64.46 lakh tonnes as on 28.2.1998. However even now the dependence is of the order of 34.15% of the requirement. The godowns were mostly hired from CWC, SWCs and State Governments too. The share of private godowns built under Agriculture Refinance Development Corporation (ARDC) and other agencies is still to the tune of 26.33 lakh tonnes. Similarly the Government has owned storage capacity to the extent of 12.41 million tonnes (covered) and 1.60 million tonnes (CAP). The hired capacity is to the tune of 8.26 million tonnes (covered) and 4.14 million tonnes CAP, mostly hired from private parties. The Committee note that the storage capacity utilization was 80% in 1994-95 and that it came down to 61% in 1995-96. Similarly CAP storage capacity utilisation also came down from 61% to 47% from 1994-95 to 1995-96. Because of lower capacity utilisation and because foodgrains are prone to be badly affected in adverse weather condition, a lot of grains is damaged every year. In this regard the Committee recommend that steps should be taken to enhance scientific storage capacity like silos/flat bulk warehouses which together have at a present capacity 4.85 lakh tonnes only. Simultaneously, the Committee recommend that CAP storage should be discouraged and all efforts be made to avoid hired storage capacity in a phased manner.

2.35 Today, there is no coordination at the national level among FCI, CWC, SWCs and State Civil Supplies Corporations in creating storage capacity in different States. Some places have excess storage capacity. Some are deficit in storage capacity. At some places, there is duplication of godowns held by these organisations. Once these four agencies work in tandem with one-another, these organisations will be able to create enough storage capacity in accordance with their suitability in a very economic manner and this will meet national storage capacity requirements with a view to improving food security. The Committee, therefore, recommend that the Central

Government should create a coordinating Agency consisting of representatives of FCI, CWC, SWCs and State Civil Supplies Corporations to identify the areas where storage capacity is to be created and to distribute the work amongst themselves. Such a step will lead to scientific planning in creation of storage capacity, reduce capacity-variation and ensure full utilisation of storage capacity. While identifying such areas within a State, consultation with the respective State Governments should also be done.

TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

2.36 A well Targeted and properly functioning Public Distribution System (PDS) is an important constituent of the strategy for poverty alleviation. PDS continues to be a major instrument of Government's economic policy for ensuring food security to the poor. For effective functioning of PDS, the Central Government bears the responsibility for procurement and supply of foodgrains namely, wheat and rice, besides sugar, imported edible oils and kerosene to the State governments and the Union territories for distribution. Some States/UTs distributed additional items of mass consumption also through the PDS outlets. The PDS as it was being implemented earlier had been criticised for its urban bias and its failure to serve effectively the poorer sections of the population. A need was felt for quite some time to review PDS and make it more focused. Accordingly Targeted Public Distribution System (TPDS) was launched in June 1997. Under the new system a two-tier subsidised pricing system was introduced to benefit the poor. The essential features of TPDS are: Government of India is committed to making available foodgrains to the States to meet the requirement of foodgrains at the scale of 10 kg. per month per family at specially subsidised prices to population falling below the officially estimated poverty line (BPL families). The States would also receive the quantity needed for transitory allocation to Above Poverty Line (APL) population. The State governments were to streamline the PDS by issuing special cards to BPL families and selling essential articles under TPDS to them at specially subsidised prices, with better monitoring of the delivery system.

2.37 Under the new system, the States are required to formulate and implement fool-proof arrangement for identification of poor, for delivery of foodgrains to Fair Price Shops and for its distribution in a transparent and accountable manner at the FPS level. The thrust is to include only the really poor vulnerable sections of the society such

as landless agricultural labourers, marginal farmers rural artisans/craftsmen such as potters, tappers, weavers, carpenters, etc. in the rural areas and slum dwellers and persons earning their livelihood on a daily basis in the informal sector like porters, rickshaw pullers and hand-cart pullers, fruit and flower sellers on the pavements, etc. in urban areas. Statement showing population and number of BPL and APL Households Statewise is as under:

Statement Showing Population and Number of BPL and APL Households Statewise

States/UTs	Population (1995) (in lakhs)	No. of Households (in lakhs)	% BPL as per Expt. Group	No. of BPL Households (in lakhs)	No. of APL Households (in lakhs)
1	2	3	4	5	6
Andhra Pradesh	700.49	147.13	24.69	36.33	110.80
Arunachal Pradesh	8.90	1.89	40.86	0.77	1.12
Assam	270.49	46.64	40.86	19.06	27.58
Bihar	963.08	156.30	54.96	85.90	70.40
Goa	12.05	2.52	14.92	0.38	2.14
Gujarat	452.85	82.41	24.21	19.95	62.46
Haryana	182.62	29.26	25.05	7.33	21.93
Himachal Pradesh	53.26	10.42	40.86	4.26	6.16
Jammu & Kashmir	79.51	15.09	40.86	6.17	8.92
Karnataka	476.99	86.70	33.16	28.75	57.95
Kerala	317.91	60.37	25.43	15.35	45.02
Madhya Pradesh	708.18	125.44	42.52	53.34	72.10
Maharashtra	841.67	164.00	36.86	60.45	103.55

1	2	3	4	5	6
Manipur	18.92	3.19	40.86	1.30	1.89
Meghalaya	18.28	3.52	40.86	1.44	2.08
Mizoram	7.10	1.30	40.86	0.53	0.77
Nagaland	12.46	2.33	40.86	0.95	1.38
Orissa	344.13	65.52	48.56	31.82	33.70
Punjab	215.58	36.37	11.77	4.30	32.07
Rajasthan	475.79	79.04	27.41	21.66	57.38
Sikkim	4.19	0.82	41.43	0.34	0.48
Tamil Nadu	579.84	130.72	35.03	45.79	84.93
Tripura	28.40	5.66	40.86	2.31	3.35
Uttar Pradesh	1452.15	233.74	40.85	95.48	138.26
West Bengal	709.80	130.66	35.66	46.59	84.07
A&N Islands	2.89	0.64	34.47	0.22	0.42
Chandigarh	6.61	1.58	11.35	0.18	1.40
D&N Haveli	1.43	0.28	50.84	0.14	0.14
Daman & Diu	1.05	0.20	15.80	0.03	0.17
Delhi	97.03	20.18	14.69	2.96	17.22
Lakshadweep	0.53	0.09	25.04	0.02	0.07
Pondicherry	8.32	1.75	37.40	0.65	1.10
TOTAL:	9052.50	1645.76		594.75	1051.01

2.38 Under TPDS, each poor family is entitled to 10 kgs. of foodgrains per month at specially subsidised prices. This will benefit about 6 crore poor families for whom a quantity of about 72 LMT of foodgrains per year is earmarked. The allocation of the State is based on the average consumption that is average quantity of foodgrains but of this average lifting which is in excess of the requirements of the population Below Poverty Line will be allocated to the States as a transitory allocation at subsidised Central Issue Prices for APL families which are higher than the prices fixed for issue of BPL quota. State-wise average off-take of wheat and rice for the last ten years is as follows:—

STATEMENT INDICATING AVERAGE LIFTING OF
FOODGRAINS FOR TEN YEARS (1986-87 TO
1995-96) AND ALLOCATION UNDER TPDS

('000 MTs)

States/UTs	Average Lifting of Rice	Average Lifting of Wheat	Average Lifting of Wheat & Rice	Allocation Under TPDS (Wheat and Rice)
1	2	3	4	5
1. Andhra Pradesh	1594	113.40	1708.34	2396.40
2. Arunachal Pradesh	79.12	6.86	85.98	85.98
3. Assam	418.98	244.59	663.57	663.57
4. Bihar	61.19	466.13	527.32	1268.33
5. Goa	45.97	21.74	67.71	67.71
6. Gujarat	271.74	529.40	801.14	801.14
7. Haryana	14.98	81.61	96.59	96.59
8. Himachal Pradesh	56.86	95.43	152.29	152.29
9. Jammu & Kashmir	204.48	108.04	312.52	312.52
10. Karnataka	644.56	255.72	900.28	900.28

1	2	3	4	5
11. Kerala	1506.68	269.79	1776.47	1776.47
12. Madhya Pradesh	215.53	265.06	480.59	916.29
13. Maharashtra	571.22	917.98	1489.20	1489.20
14. Manipur	49.89	20.55	70.44	70.44
15. Meghalaya	117.82	25.65	143.47	143.47
16. Mizoram	87.57	12.61	100.18	100.18
17. Nagaland	90.46	43.12	133.58	133.58
18. Orissa	218.08	208.37	426.45	426.45
19. Punjab	3.85	20.51	24.36	73.14
20. Rajasthan	15.59	646.07	661.66	661.66
21. Sikkim	35.88	5.07	40.95	40.95
22. Tamil Nadu	841.61	169.12	1010.73	1010.73
23. Tripura	139.68	12.83	152.51	152.51
24. Uttar Pradesh	276.32	385.09	661.41	1537.14
25. West Bengal	610.49	843.19	1453.68	1453.68
26. A&N Islands	8.14	3.98	12.12	27.95
27. Chandigarh	3.62	12.19	15.81	15.81
28. D&N Haveli	1.06	0.29	1.35	4.56
29. Daman & Diu	1.69	0.44	2.13	2.16
30. Delhi	154.64	484.81	639.45	639.45
31. Lakshadweep	4.54	0.25	4.79	4.79
32. Pondicherry	5.44	0.38	5.82	11.49
All India	8352.62	6270.27	14622.89	17436.91

2.39 The Government of India is committed to make foodgrains available to the States to meet the requirement of foodgrains at the rate of 10 Kg. per month per family at specially subsidized prices. This facility is meant to cover the entire population falling below the poverty line (BPL). However, in many States the required quantity is not reaching the targeted beneficiaries. Even in the States where distribution is done, the quality of foodgrains is not upto the mark and sometimes not even fit for human consumption. In this context, the Committee recommend that vigilance Committees comprising of representatives of Ration Card holders, social workers, journalists and representatives of public representatives from fair price shop level and upto the State level should be constituted by State Governments for monitoring the scheme of TPDS. The Committee also recommend that a Central Team of high level officials should periodically be sent to States to ensure that the benefit of the scheme really reaches the intended beneficiaries of the TPDS.

2.40 There were different estimates of the population Below Poverty Line (BPL). The Committee constituted by the Planning Commission under the Chairmanship of Prof. Lakdawala worked out the number and percentage of BPL population for 1993-94 as 14.98 crores and 16.82% respectively. As per the Expert Group methodology, this works out to be 32.03 crores and 35.97%. There has been instances where a sizeable number of population below poverty line could not be included in the list. The Committee strongly recommend that while preparing list for BPL population, all precautionary measures should be taken so that none of the eligible persons is deprived of the benefit of the scheme.

2.41 The Committee also recommend that the quality of goodgrains under TPDS should be maintained. Sealed samples of the foodgrains supplied by the FCI to State Governments should be displayed at Fair Price Shops and strict method of monitoring be adopted till the foodgrains is supplied to the consumers.

2.42 The nutritional norms of cereals required per capita per annum is 168 Kg. Therefore, the Committee recommend that the monthly allocation under TPDS should be increased from the present level of 10 Kg. per BPL family to a minimum of 15 Kg. if 20 Kg. per family allocation is not possible at this juncture.

2.43. Although the guidelines for implementation of TPDS provide that the issue of the Ration card creates an entitlement for

the card-holder to obtain commodities at prescribed scales and prices at specified outlets throughout the month and in as many instalments as the card-holder may be in a position to afford during the month, these guidelines are often violated. The Committee recommend that since the poor has no cash balances and prefers to buy smaller quantity of foodgrains at more frequent intervals, instructions should be issued for strict compliance of these guidelines.

FOOD SUBSIDY

Major Head: 2408

2.44 The main ingredients of the Government food management policy are procurement of foodgrains, their storage movement and public distribution and maintenance of buffer stocks. Food Corporation of India and other procurement agencies of the States are committed to procure any quantity of foodgrains offered by the farmers at the Minimum Support Price announced by the Government of India from time to time. The foodgrains so procured are allotted to different States/ Union territory Administrations for distribution through the Public Distribution System at the Central Issue Prices. FCI is also required to maintain a buffer stock under the National Food Management Policy of the Government as a measure of food security for times of emergency/need.

2.45 The Central Issue Prices of foodgrains are deliberately kept lower than their economic cost to FCI as a matter of social welfare policy. Food subsidy is paid to FCI and others for reimbursement of:

- (a) The difference between the economic cost of foodgrains and their issue prices;
- (b) Carrying cost of buffer stock;
- (c) Storage and transit shortages/losses after these are duly investigated and regularised as per the laid down procedure.

2.46 Foodgrains subsidy borne by the Central Government has risen over the years. From Rs. 2850 crore in 1991-92, it has risen to

Rs. 9000 crore in 1998-99 as shown below:

Year	Food Subsidy (Rs. crore)
1991-92	2850
1992-93	2800*
1993-94	5537
1994-95	5100*
1995-96	5377*
1996-97 (RE)	6060*
1997-98 (RE)	7500
1998-99 (BE)	9000

* Including sugar subsidy

2.47 Important parameters on which the subsidy estimate has been framed for 1998-99 are as under:

	(In lakh tonnes)	
	Wheat	Rice
Procurement	100.00	130.00
Imports	15.00	
Offtake	78.00	110.00
Average buffer stock	18.50	60.41
	(Rate per quintal in Rupees)	
Purchase/Import cost and procurement incidentals (pooled cost)	653.05	809.48
Distribution cost	154.90	170.88
Total economic cost	807.95	980.36
Sales Realisation (Average)	388.33	601.18
Consumer subsidy	419.62	379.18

	Distribution cost		Buffer cost
	Wheat	Rice	
Details			
Freight	61.84	61.92	
Handling	23.57	23.36	17.45
Storage	16.22	16.16	50.00
Interest	33.78	44.56	83.68
Transit Shortages	4.18	5.68	
Storage Shortages (-)	0.41	3.36	8.05
Administrative overheads	15.92	15.84	11.91
	154.90	170.88	171.09

2.48 When asked during evidence as to why the subsidy increased substantially, the following reasons have been attributed by the Ministry for increase in the subsidy bill:

- (i) The subsidy amount is disbursed on the actual offtake. There had been an increase in the offtake in the PDS and on account of this there was increase in the subsidy amount. On wheat it was Rs. 260 crore and on rice it was Rs. 17 crore.
- (ii) There was rise in Minimum Support Price (MSP) but there was no corresponding rise in issue price. On account of this the subsidy increased to Rs. 373 crore in wheat and Rs. 534 crore in rice.
- (iii) There was also increase in the quantity of imported wheat which resulted in additional subsidy of Rs. 158 crore.

One of the reason for this is the increase in the economic cost which will be about Rs. 980 per quintal in respect of rice. And then if we take wheat, it will be Rs. 873 per quintal for this year. If the

issue price goes up, this gap is slightly more. Another reason is as against 93 lakh tonnes of procurement last year, this year extra procurement of 122 lakh tonnes was made so, there is higher buffer stock resulting in increased subsidy bill.

2.49 Food subsidy which was Rs. 2850 crore in 1991-92, has increased to the tune of Rs. 9000 crore in BE (1998-99). The Committee is not convinced with the reasons given by the Ministry for the substantial increase in the food subsidy. The Committee, therefore, strongly recommend that all efforts should be made to minimise the storage and transit shortages which is the main reason for increase in food subsidy.

2.50 The Hill Transport subsidy represents transport charges to cover the expenditure incurred by the State Governments for moving the stocks from the base depots of FCI upto the approved principal distribution centres. These charges are regularised by the FCI on actual transportation basis as certified by the State Government. The Hill Transport subsidy is paid subject to the following conditions:

- (i) Full benefit of transport subsidy should be passed on to the consumers by the State Governments/Union Territory Administrations.
- (ii) Wherever State Governments are already giving the same subsidy they should consider passing on the same quantum of subsidy by opening distribution centres in more interior areas. The Committee recommend that the scheme of Reimbursement of Hill Transport Subsidy should be extended to all hilly areas.

WELFARE SCHEMES

2.51 Food Corporation of India is also issuing foodgrains under various welfare schemes of the Government of India viz Jawahar Rozgar Yojana, Nutrition Programme, Mid-Day-Meal Scheme, SC/ST/OBC Hostels, Small Food Processing units run by the families below poverty line, Modern food Industries and its Franchised Units, etc. Scheme-wise details are as under:

JAWAHAR ROZGAR YOJANA

2.52 The Ministry of Rural Development has introduced a scheme named Jawahar Rozgar Yojana (J.R.Y.) *w.e.f.* 1st April, 1989 after merging two schemes, namely National Rural Employment Programme and Rural Employment Generation Programme which were meant for

generation of employment opportunities. The details of allocations *vis-a-vis* lifting of foodgrains during the year 1992-93 onwards are as under:—

(Figs. in lakh tonnes)

Year	Wheat		Rice	
	Allotment	Lifting	Allotment	Lifting
1992-93	6.50	1.73	5.50	1.47
1993-94	6.50	1.80	5.50	2.22
1994-95	6.35	1.43	5.81	0.78
1995-96	6.50	0.84	5.50	0.50
1996-97	6.50	0.68	5.50	0.42
1997-98	6.50	0.01\$	5.50	0.02\$

NUTRITION PROGRAMME

Deptt. of Child and Women Development has introduced a scheme namely Nutrition Programmes for the development of children below the age of 6 years, pregnant women and nursing/lactating mothers. The details of the quantities allotted/lifted by State Govts/UTs are as under:

(Figs. in lakh tonnes)

Year	Wheat	
	Allotment	Lifting
1992-93	0.84	0.55
1993-94	0.93	0.76
1994-95	0.99	0.67
1995-96	0.84	0.66
1996-97	1.50	1.35
1997-98	1.50	0.28\$

(\$) Lifting upto Jan. 98.

SC/ST and Other Backward Class Hostels

2.54 Government of India had introduced scheme for release of wheat and rice to SC/ST & Other Backward Class Hostels at subsidised prices earlier. During the current Financial Year, stocks of foodgrains will be issued at Economic Cost, until a decision is taken by the Government regarding price to be charged for supply of foodgrains under this scheme. The details of quantities allotted/lifted by State Governments/Union territories under this scheme are as under:—

(Figs. in lakh tonnes)

Year	Allotment			Lifting		
	Wheat	Rice	Total	Wheat	Rice	Total
1994-95	—	—	0.84*	0.02	0.41	0.43
1995-96	0.74	1.71	2.45	0.05	1.21	1.26
1996-97	—	—	2.45*	0.04	1.18	1.22
1997-98	0.74	1.71	2.45	0.01	0.23	0.24

Lifting during 1997-98 is upto Jan.'98

Break-up not available.

Mid-Day-Meal (National Programme of Nutrition Support to Primary Education)

2.55 The Government of India have introduced the Mid-Day-Meal Scheme (National Programme of Nutrition Support to Primary Education) in Primary Schools in 2368 Employment Assurance Scheme (EAS)/Revamped PDS Blocks/Low Female Literacy Blocks *w.e.f.* 15th August, 1995. Under the scheme every child will be entitled to 3 kgs. wheat/rice per month '@' 100 grams per day. Strict instructions have been issued to the issuing authority that good quality of

foodgrains be issued under the scheme. Details of allotment/lifting of quantities are as under:—

(Figs. in lakh tonnes)

Year	Allotment		Lifting	
	Wheat	Rice	Wheat	Rice
1995-96	2.45	4.69	1.91	3.74
1996-97	6.22	9.48	1.01	5.79
1997-98	8.59	15.32	4.40	10.14\$

Upto Jan' 98

Foodgrains to Small Food Processing Units Run by Families Below Poverty Line

2.56 This scheme was introduced by the Government of India for release of wheat and rice to small food processing units run by the families below poverty line at the rate of Rs. 100/- per qtl. lower than the P.D.S. and now on Economic Cost *w.e.f.* 1st June, 1997. The allotment is 5 lakh tonnes per annum for five years. The details of quantities lifted are as under:—

(Figs. in lakh tonnes)

Year	Lifting	
	Wheat	Rice
1994-95	0.03	Neg.
1995-96	0.08	0.08
1996-97	0.12	0.15
1997-98	*	*

Lifting upto Jan.'98

Modern Food Industries

2.57 A scheme was introduced from October, 1994 to issue wheat to Modern Food Industries for making bread and energy food at Rs. 100/- less than the PDS issue price through a specified allotment by Government of India. The effective price was Rs. 350/- per quintal *w.e.f.* 1st June, 1997. This scheme has been discontinued after 31.10.97. The details of quantities lifted are as under:—

(Figs. in lakh tonnes)

Year	Lifting
1995-96	1.70
1996-97	0.68
1997-98	0.43 (up to Jan.'98)

FRANCHISED UNITS OF MODERN FOOD INDUSTRIES (INDIA) LTD.

2.58 To benefit the franchise units, the Government of India allotted a specific quantity of wheat at Rs. 100/- lower per quintal than the PDS issue price from February, 1995. The details of quantities lifted are as under:—

(Figs. in lakh tonnes)

Years	Lifting**
1995-96	0.03
1996-97	0.11
1997-98	No allocation

These figs. also included in figs. of MFIL.

2.59. The Committee note that the off-take of the welfare schemes during the year 1992-93 onwards is less and this causes an unnecessary extra burden on food subsidy. In this regard, the Committee strongly recommend that while allocating foodgrains under welfare schemes maximum lifting should be ensured.

2.60 The Committee also recommend that standardized quality of foodgrains should be allocated under these schemes, so that the purpose of nutrition support is not defeated.

OPEN MARKET SALE SCHEME (DOMESTIC)

2.61 Open sale of wheat and rice is undertaken by the Government through FCI as and when considered necessary in order to exert moderating influence on the open market prices of wheat and rice without jeopardising the Public Distribution System.

2.62 FCI was authorised to sell wheat in the open market in October, 1993 and rice in January, 1994 with the following objectives:—

- (i) to release much needed storage space for the ensuing procurement season for paddy/rice/wheat.
- (ii) to reduce carrying cost of stocks held by FCI;
- (iii) to exercise, as a measure of market intervention, a sobering influence on the open market prices of wheat in the coming lean season; and
- (iv) to reduce, to some extent, the food subsidy bill.

2.63 Keeping in view the tight stock position of wheat and rice in the Central Pool, sale of wheat by FCI in the open market was discontinued *w.e.f.* 1.4.1997. Subsequently, when there was shortage of wheat and market prices showed an increasing trend, it was decided, with the approval of Cabinet Committee on Prices, to authorise FCI to release a quantity of 3 lakh tonnes of wheat from January, 1998 to March, 1998.

2.64 The Committee noticed irregularities in the open market sale scheme by FCI and attention of the Ministry was invited towards the cases registered by CBI in this regard. The Ministry in their reply stated:—

“The CBI has registered 6 cases for investigation into the irregularities in open sale of wheat in Haryana in pursuance of the Orders dated 25.7.97 of the High Court of Punjab and Haryana in PIL No. 915/97.

So far no information about chargesheeting of any official/officer of the FCI and other private traders/profiteers/roller flour Mills in the above cases has been received by FCI from the CBI, inspite of reminders.”

2.65 However, the CBI has named one M/s. Anand Roller Flour Mills of Gurgaon in RC No. 39 dated 7.11.97. In another RC No. 40 dated 24.11.97, one Shri R.K. Ranga, IAS, the then Senior Regional Manager, FCI, Haryana and one official, Shri Om Narain Sharma, AG-II, FCI have been named. Both these cases are still under investigation. In rest of the RCs, the CBI has not given any particulars of the defaulters and simply indicated as 'Unknown' officials/officers and other private persons.

2.66 Apart from the above 6 cases reported by CBI, in another case registered by the State Police under FIR No. 532 dated 10.6.96 and later on taken over by CBI under RC No. 45 dated 4.9.95, 2 Category II (S/Sh. Mohinder Singh and K.C. Talwar) and 1 Category III (Shri Dharam Singh) official/officers of District Office, FCI, Karnal (Haryana) have been chargesheeted by the CBI.

2.67 In yet another case, the State Police has chargesheeted 2 Category III (S/Shri Karamvir Singh Rathi and Subash Chander) and 3 Category IV officials (S/Sh. Jagtar Singh, Joginder Singh and Smt. Roopwati) of Distt. Office, FCI, Rohtak.

2.68 The constitution of the Squad formed in vigilance Division of FCI Hqrs. has since been changed to avoid any nexus between the members of the Squad and the field staff. As and when any complaint requiring immediate investigation is received, a Special Squad is constituted to look into the matter going by the gravity of the offences alleged to have been committed. This system of carrying out investigations is working very satisfactorily.

2.69. **The Committee recommend that while undertaking open market sale of wheat, FCI should sell the wheat and rice through NCCF, Co-operative Stores and Super Bazar to avoid any irregularity. It has come to notice that the monitoring mechanism of FCI is not tight enough. Therefore, the Committee recommend that strict method of monitoring should be adopted and accountability in respect of conducting business by Management/office be fixed to avoid any irregularities. There are six cases pending investigation by CBI in**

regard to irregularities in the open market sale of wheat by FCI in Haryana. The Committee desire that when the Report of CBI is received, accountability should be fixed to recover the losses. The Committee also recommend that the open market sale of foodgrains to traders should not be resorted to.

IMPORT OF WHEAT

2.70. On the direction of Ministry of Food and Consumer Affairs, Government of India, STC has executed contracts for import of 25.75 lakh MT of wheat from Australia, Canada and Argentina as per details given below:

(i) Details of quantity of wheat contracted for import during 1996-97 and 1997-98 and rates at which contracted are given below:—

1996-97

Country	Qty. Contracted (in lakh tonnes)	Price PMT (in US \$)	Date of contract	Quantity (in lakh tonnes) received
Australia	10.00 (± 5%)**	148.00 FOB	10.12.1996	13.90
	1.25 (± 5%)**	156.00 FOB	31.01.1997	
	2.00 (±5%)**	156.50 FOB	14.02.1997	
Canada	2.50 (±5%)	152.50 FOB	11.12.1996	2.66
Argentina	1.00	173.00 C&F	04.02.1997	0.95
Total	16.75			*17.51

*The entire quantity of 17.51 lakh tonnes of wheat has already arrived at Indian ports by June, 1997.

**The ± 5% was an option given to the buyer, i.e. STC.

1997-98

Country	Qty. Contracted (in lakh tonnes)	Price PMT (in US \$)*	Date of contract	Quantity (in lakh tonnes) received
Australia	2.50 (± 5%)**	153.40 FOB	26.03.1998	2.43
	7.50 (±5%)**	152.65 FOB	26.03.1998	7.75
Total	10.00			**10.18

2.71 During the evidence the Committee expressed its concern about the quality of the imported wheat and asked about the steps taken by the Ministry in this regard, the Ministry stated:—

“The question that you have raised is about the presence of exotic weeds. Our hon. Minister has informed the House that it is impossible to get any consignment of Wheat from any country which does not have its share of exotic weeds. The question is whether any of these weeds are dangerous from our point of view. Now, it has been reported to us by the Ministry of Agriculture about the samples which they have inspected. They have reported that there are four exotic weeds in the samples which they have tested so far out of the wheat arrivals this year which could be considered dangerous if they are mixed with our agriculture and not dangerous for the human health.

I may explain that on arrival at Indian ports, each consignment is checked by the PPQ authorities of the Ministry of Agriculture. It is also inspected by the Customs Commissions who are assisted by the Port Health Officers of the Ministry of Health. The PPQ authorities certify that it is all right from the point of PFS Order. And the PFA authorities certified that it was safe for human consumption. Till today, in all the three years running, we had not had a single report from the Ministry of Health to say that we have got anything which is dangerous to human health.”

2.72 The Committee asked whether in view of the shortfall in production of wheat from 68.5 Million tonnes (Targeted) to 66.4 Million tonnes (Estimated). The Government proposed to import wheat during 1998-99 and whether the imported wheat was of requisite standard. The Ministry in their written reply stated:—

“Government constantly reviews the stock position of foodgrains in the Central Pool *vis-a-vis* the prescribed minimum buffer norms, production of foodgrains in the country, trend of procurement, requirement for the Public Distribution System/ other Welfare Schemes, open market price, etc. and decision to

import foodgrains is taken depending on the overall situation. Government, after reviewing the status of wheat production during 1997-98 Rabi season, decided to import upto 20 lakh tonnes of wheat during 1998-99. As per the authorisation given by the Government, STC has already contracted for import of 15 lakhs tonnes of wheat from Australia at the rate of US \$ 142.50 per tonne FOB.

The quality of wheat contracted for import was Australian Standard white Wheat. Against contracts signed with Australian Wheat Board (AWB) during 1996-97 and 1997-98, total quantity of 24.08 lakh tonnes was received. The imported Australian Wheat was found conforming to the contractual specifications as well as the provision is under the Prevention of Food Adulteration Rules, 1955, Plants Fruits & Seeds (Regulation of Import into India) Order (PFS) 1909, and fit for human consumption. Out of about 24.00 lakh tonnes of Australian Wheat, about 17.00 lakh tonnes has already been consumed under PDS and Other Welfare Schemes.

However, the Plant Protection and Quarantine (PPQ) Authorities have intercepted a few exotic weed seeds in the imported stocks issue of which are considered harmful for Indian soils. Such presence of exotic weed seeds is a normal occurrence in all wheat imports sourced from abroad. In order to guard against the spread of such weeds in the wheat growing areas, the Government has restricted its movement and distribution to the non-wheat growing areas of the country."

2.73 During the course of evidence when asked about the cost of imported wheat, the Ministry stated that the economic cost of imported wheat is estimated to be higher than indigenous wheat by Rs. 116.97 per qtl. The extra burden would be around Rs. 158 crore for 1996-97, and Rs. 170 crore for 1997-98. Thus, the total extra burden on the Government would be approximately Rs. 328 crore.

2.74 17.5 and 10.18 lakh tonnes of wheat was imported during 1996-97 and 1997-98, respectively from Australia, Canada and Argentina. Earlier, there was much mismanagement in importing

wheat. During 1997-98, there was an estimated fall of wheat production by 2.1 million tonnes. This led to a decision of importing wheat. The Committee, therefore, recommend that the import of wheat should be discouraged and the farmers should be given maximum incentives and facilities so that the country may gain self-sufficiency in production and thus save valuable foreign exchange. The area under wheat cultivation can also be increased. The Committee also recommend that the MSP should be declared well before the sowing season and the farmers should be apprised through wide publicity. The Committee are concerned about the presence of exotic weeds in imported wheat. The Committee also recommend that strict monitoring should be adopted to check the quality of imported wheat to avoid any health hazards.

GUARANTEE GIVEN BY CENTRAL GOVERNMENT FOR
FOODGRAINS AND SUGAR TRANSACTION AND
OUTSTANDING AS ON 31ST MARCH, 1997

2.75 The Central Government have given guarantee in favour of FCI for financial accommodation from SBI by way of credit cash facility amounting to the tune of Rs. 3,00,000 lakh for foodgrains transaction and Rs. 3375 lakhs for sugar transaction at the rate of 16%. When asked about the liability of FCI in this regard and how such a big sum has accumulated and the remedial step taken in this regard and what has the total interest paid on this account during 1996-97 and 1997-98, the Ministry in their written reply, stated, as under.

“(i) The Corporation requires working capital for the purpose of procurement, movement, storage, etc. Such working capital is availed by the Corporation from the consortium of 44 banks the leader of which is S.B.I.

FCI is eligible to get 75% financing from the banks and the balance 25% is required to be provided by the Corporation as margin money. However, as a special case, as per agreement the bank has waived the condition of margin money subject to providing Government Guarantee for the value equivalent to margin money. In this process the Corporation is availing 100% bank finance against hypothecation of its stock/stores. For the Government Guarantee the financial liability of the Ministry of Food is 1% per annum in terms of Ministry of Finance Order No. F 12(I)-B(SD)/92 dated 24th April, 1992 payable to the Ministry of Finance.

Ministry of Food has provided Government Guarantee of Rs. 3,00,000 lakh for foodgrains operations and Rs. 3375 lakh for sugar transactions which has been worked out *w.r.t.* Cash Credit limit allowed by the Bank.

(ii) Since the Ministry of Food is required to pay 1% p.a. Guarantee Fee to the Ministry of Finance in terms of Ministry of Finance O.M.No. F. 12(1)/B/(SD)/92 dated 24th April, 1992 the Corporation's liability is restricted to Rs. 3000 lakh and Rs. 33.75 lakh for food and sugar transactions respectively.

The rate of interest charged by the bank for food and Sugar transactions is placed below:—

Interest Structure at Quarterly Rest (1996-97 & 1997-98)

Period	Food
1	2
1.4.96-15.7.96	17.25%
16.7.96-31.10.96	16.75%
1.11.96-30.4.97	15.50%
1.5.97-6.7.97	14.60%
7.7.97-31.10.97	13.80%
1.11.97-22.1.98	13.16%
23.1.98-onwards	14.28%
	Sugar
1.4.96-14.7.96	21.25%
15.7.96-5.9.96	20.75%
6.9.96-31.10.96	20.25%
1.11.96-31.3.97	19%

1	2
1.4.97-15.4.97	18.65%
16.4.97-30.6.97	18.15%
1.7.97-31.10.97	17.60%
1.11.97-21.1.98	16.83%
22.1.98-onwards	17.85%

Sanctioned Limit

Food A/c Rs. 11500 crore

Proposal sent for Rs. 12500 crore but sanction awaited.

Sugar A/c Rs. 135 crore.

O.D. Report as on 11.6.98
(B/S Received on 12.6.98)
Amount (Rs. Crores)

Food	W.C.D.L.A/C (w.e.f. 3.4.97)	C.C.A/C	Total
Central A/c (Actual)	4425	6961.25	11386.25
Z.C.C A/c (Estimated)	—	558.00	558.00
Total :	4425	7519.25	11944.25
Sugar	(w.e.f.)		
Central A/c (Actual)	—	2.19	2.19
Z.C. A/c (Estimated)	—	20.00	20.00
Total	—	22.19	22.19

For providing Government guarantee, no interest is charged except guarantee fee of 1% p.a. payable by Ministry of food to Ministry of Finance who in turn collects it from FCI.

Guarantee amount is calculated with reference to the Cash Credit facility sanctioned by the bank. The amount of

Government Guarantee is likely to increase in respect of food operations in the background of the present trend of Cash Credit utilisation due to increased procurement cost.

2.76 FCI itself is running under much liability. Food subsidy bill is mounting and there is all the possibility that this may go up still higher. The purpose of undertaking business by FCI is to supplement foodgrains through PDS/TPDS and other welfare schemes and on the other hand maintaining food security in the country. The present rate of interest for the amount guaranteed by Central Government for foodgrains transactions is at the level of 13% to 17%. This further increases the financial burden of FCI and the institution is going towards higher subsidy. In this regard, the Committee recommend that Banks and other Financial Institutions should consider soft loan terms for this purpose and the rate of interest charged by the Banks/ Financial Institutions should be very reasonable.

CHAPTER III

CENTRAL WAREHOUSING CORPORATION (CWC)

3.1 The Central Warehousing Corporation is engaged in operating a network of warehouses, both owned and hired by it, for the storage of agricultural produce, fertilizers and other notified commodities offered by individuals, cooperative societies and other institutions.

3.2 Planning Commission had set up a Working Group 'on Strengthening of Agricultural Infrastructure, Warehousing, Marketing, Packing, Rural Godowns, Rural Markets etc.' for assessing the need for additional storage requirements during the 9th Five Year Plan under Chairmanship of Secretary, Rural Development. The Main Working Group had set up a Sub-Group on "Strengthening of Agricultural Infrastructure" which also included need for creation of additional storage capacity during the 9th Five Year Plan under the Chairmanship of Agricultural Marketing Adviser, Ministry of Rural Areas and Employment. The representatives of Ministry of Food, Food Corporation of India and Central Warehousing Corporation were actively involved in the deliberations in different meetings of this Sub-Group. The Working Groups in their Report submitted to Planning Commission has recommended construction of additional storage capacity for general warehousing to the tune of 8.20 lakh tonnes by Central Warehousing Corporation and 11.00 lakh tonnes by State Warehousing Corporations respectively at a total cost of Rs. 356.40 crore.

3.3 An outlay of Rs. 151.50 crore for 8.20 lakh tonnes of capacity has been earmarked by working groups appointed by Planning Commission. In this context, the Committee asked the present storage capacity of CWC alongwith fiscal and financial targets and achievements during the last three years. The Committee also enquired whether any coordination between FCI and Central Warehousing Corporation is being evolved in construction of storage capacity. The Ministry in their written reply Stated as follows:—

(i) The present storage capacity of CWC as on 01.04.1998 is 72.28 lakh metric tonnes. The physical and financial targets and achievements

during the last 3 years are as under:—

Year	Financial		Physical	
	Targets (Rs. in Crores)	Achievement	Targets (In lakh tonnes)	Achievement
1995-96	21.00	17.05	0.90	1.09
1996-97	27.90	34.09	1.00	1.35
1997-98	32.00	43.78	1.40	1.54

- (ii) Coordination between FCI and CWC for construction of storage capacity is being done on a regular basis through the Central Storage Committee of the Ministry of Food & Consumer Affairs.
- (iii) There is no proposal at present to construct warehouses in foreign countries.

In the evidence, the Committee asked about facilities given by CWC to the small farmers. The Ministry Stated that "According to the information available, two instructions have been issued.

(i) To give preference to farmers on receiving the request from them, and (ii) to give 30% rebate to farmers."

3.4 When asked about the monitoring of performance of plan and non-plan schemes the Ministry stated that with respect to plan expenditure, CWC sends quarterly reports on its achievements explaining reasons for variation, if any. Besides, physical verification of all the assets of the Corporation are also carried out regularly. The expenditure is also monitored through various statements and also in the monthly trial balances coming from different Regional Offices and other subordinate offices in the Headquarter.

3.5 There is a provision of rebate/concession of 30% of rent for farmers in utilising the storage capacity. However, there is not much awareness about the scheme among farmers. The Committee, therefore, recommend that apart from granting 30% rebate to farmers a publicity scheme should be launched so that the farmers may become aware of the facilities available to them.

3.6 The Corporation anticipates an outlay of Rs. 48.00 crore for 1997-98 for its own programme and for matching equity contribution to be given to State Warehousing Corporations. For 1998-99, the outlay proposed is Rs. 78.30 crore. The outlay during 1997-98 and 1998-99 would be met by the Corporation out of its own internal resources only. The Committee appreciate CWC for not availing any budgetary support and implementing its plans/projects from its internal resources.

3.7 The Committee recommend that CWC should coordinate with FCI and its State counterparts like State Warehousing Corporations and Civil Supplies Corporations to meet the infrastructure in areas lacking basic storage infrastructure. The CWC should also provide technical and consultancy assistance to the States in this regard.

3.8 Today, the farmers in different parts of the country are not enthused to produce potato, onion and other perishable items. This is mostly due to lack of storage facility available nearby the areas of production. Recently tonnes of onion became unusable due to excess rain and pest infestation in the country, particularly in Maharashtra. The committee, therefore, recommend that the Central Warehousing Corporation (CWC) should construct cold storages in areas having the potential to grow potatoes, onions and other perishable items so that these commodities can be preserved for a long time. This can help in keeping the prices of these commodities within a range that is remunerative to the producer and affordable to the consumer.

CHAPTER IV

SAVE GRAIN CAMPAIGN

4.1 The main aim of the S&R Division of Ministry of Food & Consumer Affairs, Deptt. of Food & Civil Supplies is to minimise the post harvest losses through improved methods of foodgrain storage, pest control and extension work.

4.2 For carrying out these activities, the Ministry of Food & Consumer Affairs, Deptt. of Food & Civil Supplies is operating a network of six field stations under Indian Grain Storage Management and Research Institutes (IGMRI), 17 Save Grain Campaign offices (SGC) and 3 Quality Control Cells (QCC), besides the Central Grain Analysis Laboratory (CGAL) at the Headquarters.

4.3 The expenditure on civil works, materials and equipments etc. for new projects as well as operational expenditure in respect of IGMRI Stations and SGC is met out of plan allocations. The remaining expenditure in respect of above organisation is accounted under Non-Plan expenditure.

4.4 An outlay of Rs. 12.00 crore was approved for the post harvest operations for the 8th Five Year Plan (1992-97), which was subsequently reduced to Rs. 10.00 crore as per mid-term appraisal. During the 8th Five Year Plan, an expenditure of Rs. 7.97 crore was incurred. During 1997-98 the anticipated expenditure for these operations is Rs. 2.85 crore as against the approved B.E. 1997-98 allocation of Rs. 2.85 crore.

Annual Plan 1998-99

4.5 For the Annual Plan 1998-99 the proposed outlay is Rs. 3.95 crore for the post Harvest Operations. The Scheme-wise activities to be undertaken are given below:—

(a) Research & Development and Extension & Coordination

4.6 The following R & D activities are proposed to be taken up during the 9th plan period:

- (i) Introduction of newer/prophylactic chemical, fumigants.
- (ii) Development and evaluation of new type of fumigation covers and hermetic storage of grains.
- (iii) Non-chemical pesticides for stored grains insect Control.
- (iv) Field testing & evaluation of single dose anti-coagulants.
- (v) Introduction of bulk storage system at farm and commercial level.
- (vi) Assessment of storage losses in wheat at national level.
- (vii) Design and development of cost effective non-metallic storage structures.
- (viii) To organise Stipendary Training Courses for Rural Artisans.
- (ix) Testing of research findings of lab. under field condition.
- (x) To undertake study on problems encountered during storage by commercial organisations and recommend suitable remedial measures.
- (xi) To devise the mechanism of determination of degree of polish of Rice.
- (xii) To undertake upgradation of Indian Grain Storage Management & Research Institute to a Centre of excellence and upgradation of Central Grain Analysis Laboratory.
- (xiii) Feasibility of Rice Storage in 50 kgs HDPE woven sacks.

4.7 The main components of expenditure under this programme are as under:—

- (i) Civil works :
 1. Construction work in hand/ongoing.
 2. New essential buildings
- (ii) Machinery & equipments, materials and supplies for IGMRI and CGAI and Modernisation of offices (Computerisation/ fax machines)

Save Grain Campaign

4.8 Following extension activities are proposed to be undertaken during the 9th plan period.

- i. Training programmes.
- ii. Development of nuclear villages
- iii. Popularisation of non-metallic storage structures.
- iv. Advt. and publicity programmes.

4.9 The various items of works in brief under the Programme of Research Development & Co-ordination (IGMRI & CGAI) and their outlay as proposed in the 9th plan (1997-2002) and Annual Plan 1998-99 are as under:—

(Rs. in crores)			
Sl. No.	Item of work	Proposed outlay for 9th Plan (1997-2002)	Proposed outlay for Annual Plan (1998-99)
1	2	3	4
1.	Ongoing construction work	1.80	0.90
2.	New essential building	1.282	—
3.	Machinery & Equipment	0.71	0.142
4.	Materials & Supplies	0.25	0.05
5.	Upgradation of IGMRI/CGAI	0.27	0.15
6.	Study on assessment of Post Harvest losses at National level	0.38	0.20

1	2	3	4
7.	Devising the mechanism of determination of degree polish of Rice	0.04	0.02
8.	Furnishing of Hostel/Class room, modernisation of office (Computerisation, fax machine and photo copier etc.)	0.08	0.02
9.	Establishment of centre of excellence of Post Harvest Management of foodgrains,	0.05	—
10.	Stipend to Artisans	0.098	0.02
11.	Adv. & Publicity	0.75	0.06
12.	Infrastructure support	4.088	0.898
Total		9.798	2.455

(b) Farm Level Storage & Development of nucleus Villages (Save Grain Campaign)

4.10 The various items of work in brief under this programme and their outlay as approved in 9th Plan (1997-2002) and Annual Plan 1998-99 are as under (Save Grain Campaign)

(Rs. in crores)			
Sl. No.	Item of work	Proposed outlay for 9th Plan (1997-2002)	Proposed outlay for Annual Plan (1998-99)
1	2	3	4
(i)	Subsidy to State Governments against loan for sale/ manufacture of metal bins	0.65	0.20

1	2	3	4
(ii)	Provision of non-metallic storage structures	0.50	0.10
(iii)	Development of nucleus villages	2.00	0.40
(iv)	Stipendiary training to farmers/farm women	2.325	0.465
(v)	Adv. & Publicity	0.30	0.06
(vi)	infrastructure support	1.55	0.27
Total :		7.325	1.495

Infrastructure support, introduction of S & T & other facilities

4.11 The outlay proposed for this programme in the 9th Plan is Rs. 1.55 crore. The approved outlay for this programme for the Annual Plan 1998-99 is Rs. 0.27 crore.

4.12 The scheme-wise break-up of outlays for 9th Plan 1997-2002 and proposed outlay for Annual Plan 1998-99 is indicated in the following statement.

The activities/projects are proposed to be undertaken during the plan period

Sl. No.	Item of work/projects	Unit	9th Plan Targets	1998-99 Targets
1	2	3	4	5
I. Research and Development				
1.	Quality analysis of food-grain samples	Nos.	18,000	3600
2.	Analysis of mycotoxin contamination	Nos.	1,400	280

1	2	3	4	5
3.	Pesticide residue analysis	Nos.	4,200	840
4.	Training L/TTO & STTC	Nos.	240	48
5.	Artisan training	Nos.	60	12
6.	R & D Projects	Nos.	25	5
II. Save Grain Campaign				
1.	Training courses	Nos.	4,960	992
2.	Villages covered	Nos.	3,100	620

4.13 When the Committee asked whether the on-going programme/schemes both plan and non-Plan have been reviewed, scrutinised or evaluated by the Planning Commission or any other agency to determine their continued relevance, the Ministry in their written reply stated as follows:—

“The working group on strengthening of agriculture, warehousing, marketing, packaging, rural godowns, rural market, etc. In their internal indepth exercise of the Planning Commission, while reviewing the 8th Plan Scheme observed that Post-Harvest Operations to minimise losses through Pest Control & Extension training, publicity, strengthening of infrastructure support for better storage is an essential scheme from the point of view of post-harvest operations.

1. Standing Committee on Food, Civil Supplies and Public Distribution in their report have suggested to undertake social auditing of the Post-Harvest Operations. The matter is under consideration.
2. Ministry of Finance decided to weed out the scheme of Post-Harvest Operation in the month of June, 1997. However on reconsideration two components i.e. IGMRI and Quality Control Cell of the above scheme have been allowed to be retained in October, 1997. The third component i.e. Save

Grain campaign has been allowed to be continued at the existing level of activity till the scheme is transferred to the State Governments. The action for transferring the scheme to State Government is in process”.

4.14 The actual expenditure for rent, rates and taxes for Demands for Grants 1996-97 was Rs. 7.30 lakh and Rs. 12.30 lakh was allocated in 1997-98 under this head for BE and RE. Now, in BE 1998-99, this amount has been increased to Rs. 18.26 lakh. In this context, the Committee asked about the actual expenditure during 1997-98, and the reasons for high increase in BE 1998-99 under this head, the activities undertaken by SGC during 1997-98 and achievements thereof and whether the funds allocated for the purpose have been fully utilised to achieve the target? If so, the details and if not the reasons alongwith the steps taken to avoid non-utilisation and misutilisation of funds.

The Ministry in their written reply stated as follows:—

- “(i) As per March (Preliminary), 98 Account the actual expenditure during 1997-98 is Rs. 9.49 lakh.
- (ii) As per the orders of the Calcutta High Court, arrears rent in respect of one hired premises of SGC Calcutta, to the tune of Rs. 4.60 lakh is to be paid during 1998-99. Further, as per standard lease agreement, enhancement of rent in respect of SGC offices at Bhubaneswar, Trivandrum, Pune and Calcutta (other three premises) have also become due and are under consideration. Therefore, to clear the payment of arrears and increase in rent, BE 1998-99 for Rs. 18.26 lakh has been proposed.
- (iii) The details of activities undertaken and the achievements during 1997-98 against targets are shown at Annexure-I
- (iv) The allocated funds could not be utilised fully due to reason that the activities of Save Grain Campaign, a component of Post-Harvest Operations Scheme remained suspended for a major part of the year 1997-98 (from June, 1997 onwards) due to instructions from the Ministry of Finance, Deptt. of Expenditure, New Delhi regarding weeding out of the scheme *vide* their OM No. 66(18)-PF-II/96, dated 12.6.1997. However, on persuasion by this Department, the scheme was

allowed to continue with the restriction of minimum level of funding possible till a final decision is taken regarding transfer of the scheme to State Governments *vide* Ministry of Finance, Deptt. of Expenditure UO No. 64(36)/PF.II/97 dated 1.10.1997. Subsequently, the SGC activities have been allowed to continue at the 'existing level' till final decision is taken on the transfer of the scheme to State Government *vide* Ministry of Finance, Deptt. of Expenditure OM No. 64(37) PF.II/97, dated 10th March, 1998.

As such, the funds allocated could not be utilised fully. However, out of the savings from SGC Scheme, an amount of Rs. 97.0 lakh was diverted to the various completed/on going construction works pertaining to IGMRI field stations at Jorhat, Udaipur and Hayderabad to clear the outstanding liability by means of re-appropriation with the concurrence of the Planning Commission to ensure maximum utilisation of allocated funds during 1997-98. Since, the SGC activities have been now allowed at the existing level till a final decision is taken for transfer of the same to State Governments, the proposed BE 1998-99 is likely to be utilised fully."

INDIAN GRAIN STORAGE MANAGEMENT AND RESEARCH INSTITUTE (FORMERLY KNOWN AS INDIAN GRAIN STORAGE INSTITUTE)

4.15 As per March (Preliminary), 1998 Account, the actual expenditure in respect of Research and Development during 1997-98 is Rs. 61.97 lakh. When the Committee asked about the No. of samples taken and the findings thereof, the Ministry in their reply stated that "During the year 1997-98, 4957 samples of different foodgrains *viz.* wheat, paddy, rice, maize and pulses were collected from different parts of the country against a target of 4920 and were analysed for physical parameters, mycotoxins and pesticidal contamination. Details of finding of these samples are as under:—

(a) Physical analysis of foodgrains:

A total number of 3617 samples of foodgrains against a target of 3600 were collected, analysed for physical quality parameters and were found conforming to uniform specifications prescribed by Government of India.

(b) Mycotoxins analysis:

During the year 1997-98, 476 samples of different foodgrains were collected for the analysis of mycotoxins contamination against the target of 480 samples. All the samples were found free from mycotoxins.

(c) Pesticidal contamination:

During the period, 864 samples of different foodgrains were analysed for pesticidal contamination against a target of 840 samples. All samples were found free from pesticidal contamination."

**STATEMENT SHOWING THE ACTIVITIES (TARGET/ACHIEVEMENT) UNDERTAKEN
THROUGH THE SAVE GRAIN CAMPAIGN OFFICES DURING 1997-98**

	Training courses		Villages covered		Film/slide shows arranged		Exhibitions arranged/participated		Construction/improvement of non-metallic storage structures	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
1	2	3	4	5	6	7	8	9	10	
Ahmedabad	64	40	40	20	64	32	40	27	1000	556
Bangalore	64	38	40	20	64	23	40	24	1000	441
Bhopal	64	30	40	46	64	15	40	14	1000	211
Bhubaneswar	64	33	40	25	64	28	40	27	1000	73
Calcutta	64	29	40	25	64	24	40	20	1000	412
Chandigarh	64	46	40	26	64	65	40	28	1000	692

	1	2	3	4	5	6	7	8	9	10
Guwahati	64	48	40	32	64	34	40	39	1000	427
Ghaziabad	64	21	40	21	64	53	40	17	1000	365
Hyderabad	64	51	40	35	64	44	40	20	1000	590
Jaipur	64	33	40	25	64	33	40	34	1000	254
Lucknow	64	42	40	25	64	33	40	23	1000	171
Chennai	64	25	40	20	64	29	40	16	1000	309
Patna	64	22	40	11	64	21	40	21	1000	379
Pune	64	49	40	20	64	42	40	29	1000	513
Raipur	32	27	20	36	32	15	20	13	500	50
Trivandrum	32	16	20	22	32	13	20	11	500	178
Varanasi	32	20	20	8	32	19	20	9	500	264
	992	570	620	417	992	523	620	372	15500	5885

Summary

S. No.	Item of work	Target	Achievement	Reasons for shortfall
1.	Training courses	992	570	
2.	Coverage of villages	620	417	
3.	Film/slide shows to be arranged	992	523	
4.	Exhibition arranged/participated	620	372	As per the Finance Ministry's decision regarding weeding out of "Post-Harvest Operation" Scheme, the activities remained suspended from June'97 to Feb'98 therefore, the targets could not be achieved.
5.	Construction/improvement of non-metallic storage structures	15500	5885	

Subsidy for Providing Village Grain Bins to Farmers

4.16 The budget estimate 1997-98 (Plan) was Rs. 20 lakh which was further reduced to Rs. 5 lakh in RE 1997-98. Now in Budget Estimate 1998-99, this amount is marked as Rs. 20 lakh.

4.17 Due to imposition of 5% cut by the Finance Ministry, the total allocation of Rs. 300 lakh for Post-Harvest Operations Scheme was reduced to Rs. 285. Accordingly the allocation of Rs. 20 lakh made under this Head was reduced to Rs. 5 lakh without affecting the other activities of the scheme. The variation between the BE/RE 1997-98 was also due to the above reason. The proposed BE 1998-99 is, however maintained at the same level of BE 1997-98 anticipating the requirement from the State Governments to whom the loans were granted during the year 1991-92 and 1993-94. Under this programme the interest received from the State Governments is to be repaid back to them in the form of subsidy.

4.18 The loan of Rs. 100 lakh was provided to the State Governments *viz.* Tamil Nadu, Karnataka and Gujarat during 1991-92 and 1993-94 for fabrication and sale of metal bins to the farmers by these States. The actual number of beneficiaries has not been intimated by the State Governments despite repeated requests.

4.19 The concerned State Govts. have been requested frequently for the return of annual instalment of principal amount alongwith interest thereon. In view of poor response from the State Govts., it is difficult to fix any target for 1998-99. In case no requirement is received from State Govt., the allocated funds will be surrendered at the appropriate stage.

4.20 The Committee note that under the Save Grain Campaign (SGC) Scheme, the funds were not fully utilised and an amount of Rs. 97.0 lakh was diverted to other projects. The Committee strongly recommend that funds allotted for SGC Scheme should be fully utilised to enable farmers to minimise storage losses. The Committee also recommend that training, demonstration and publicity compaigns should be made for the benefit of farmers, especially in remote areas.

**ASSISTANCE FOR RETAIL OUTLETS IN REMOTE/TRIBAL
AREAS/PURCHASE OF MOBILE VANS**

Major Head 7601

4.21 Financial assistance is given to States/UTs for the purchase of mobile vans for distributing essential commodities in rural/hilly/remote areas where fair price shops are not viable/available. Grants and loans for this purpose is given on 50 : 50 basis. An amount of Rs. 3.34 crore was actually spent in 1996-97. In BE 1997-98 there is a provision for Rs. 5.00 crore (Plan) which was reduced to Rs. 4.75 crore in RE (1997-98) there is provision of Rs. 5.00 crore (Plan) for this purpose.

4.22 State-wise numbers of applications and amount sanctioned for purchase of mobile vans during last three years are as under:—

Year : 1995-96

(Rs. in Lakhs)

Sl. No.	States/UTs	Proposals received		Sanctioned	
		Number of vans/trucks	Amount	Number of vans/trucks	Amount
1.	Andhra Pradesh	143	1076.00	—	—
2.	Arunachal Pradesh	73	404.00	20	100.00
3.	Himachal Pradesh	19	150.00	5	40.00
4.	Jammu & Kashmir	13	140.40	13	140.00
5.	Madhya Pradesh	20	100.00	25	100.00
6.	Maharashtra	60	280.00	15	80.00
7.	Manipur	15	57.66	15	60.00
8.	Maghalaya	4	14.00	4	14.00
9.	Mizoram	6	30.00	6	24.00
10.	Orissa	30	150.00	10	33.30
11.	Tamilnadu	3	12.00	3	12.00
12.	Tripura	10	48.00	10	48.00
13.	Uttar Pradesh	30	240.00	—	—
14.	Lakshadweep	1	4.00	1	4.00
Total		427	2706.06	127	655.70

Year : 1996-97

(Rs. in Lakhs)

Sl. No.	States/UTs	Proposals received		Sanctioned	
		Number of vans/trucks	Amount	Number of vans/trucks	Amount
1.	Andhra Pradesh	131	1048.00	23	184.00
2.	J & K	41	328.00	6	26.27
3.	M.P	40	200.00	10	80.00
4.	Maharashtra	60	280.00	10	65.31
5.	Rajasthan	5	28.31	—	—
6.	U.P	125	594.22	—	—
7.	Tamil Nadu	6	33.243	—	—
8.	Bihar	10	80.00	—	—
9.	Manipur	8	45.52	—	—
10.	Mizoram	6	—	6	35.08
11.	Orissa	30	150.00	10	86.70
12.	Kerala	8	32.00	8	32.00
13.	Arunachal Pradesh	7	38.64	7	38.64
14.	Himachal Pradesh	19	152.00	14	112.00
Total		496	3010.133	104	660.00

Year : 1997-98

(Rs. in Lakhs)

Sl. No.	States/UT	Proposals received		Sanctioned	
		Number of vans/trucks	Amount	Number of vans/trucks	Amount
1.	Orissa	32	256.00	32	256.00
2.	Maharashtra	50	200.00	35	203.09@
3.	Tamil Nadu*	6	33.243	6	33.24
4.	Jammu & Kashmir*	41	328.00	25	200.00
5.	Madhya Pradesh	40	200.00	40	160.00
6.	Assam	50	300.00	19	97.66
Total		219	1317.243	157	949.99

*Proposal received in 1996-97

@This included balance of funds sanctioned in 1996-97

4.23 At the end of financial year 1997-98. No valid proposal was pending with Government of India.

4.24 Since inception of Centrally Sponsored Schemes during 1985-86 a sum of R. 5346.30 lakh has been sanctioned for purchase of 1354 vans/trucks. State-wise details are given in the statement given below (Annexure).

4.25 Generally funds under the scheme are provided for purchase of one van/truck per block located in hilly/remote/ inaccessible areas. However, there was no provision for providing assistance to cover replacement of obsolete vehicles. During 1998-99, on the recommendations of "Steering Committee on Civil Supplies—PDS" set up by the Planning Commission for formulation of 9th Plan, it has been decided to provide funds also for replacement of obsolete vehicles sanctioned earlier subject to the condition that each vehicle is condemned as per the laid down procedure of the State Government/ UT Administration.

4.26 The evaluation of the scheme is to be conducted by the Programme Evaluation organisation of Planning Commission during 1998-99

4.27 Funds under the Centrally Sponsored Schemes are sanctioned only after utilisation certificates of past assistance given to respective States/UTs are received. Delay in utilisation of funds, if any, is taken up with the State Government concerned.

4.28 Financial assistance under the scheme is provided to States/ UTs as 50% loan and 50% subsidy. The assistance is given on the following terms and conditions:—

- (a) The loan is repayable in 5 years in equal annual instalments. The repayment has to commence from the first anniversary of the grant of the loan. Rate of interest as announced by Ministry of Finance from time to time for "loans to States/ UTs" is changed on this loan. However, in the event of default in payment of principal and interest a penal interest of 2.75% is levied on the arrears;
- (b) Funds not utilized during the financial year have to be surrendered to Government of India;
- (c) Certificate of utilisation of financial assistance has to be furnished with the period of 12 months from the date of sanction.

ANNEXURE

**FINANCIAL ASSISTANCE TO STATE/UTs UNDER THE CENTRALLY SPONSORED SCHEMES
FOR PURCHASE OF VANS/TRUCKS TO STRENGTHEN PDS INFRASTRUCTURE**

(Amount : Rs. in Lakhs)

Sl. No	Name of State/UTs	1992-93		1993-94		1994-95		1995-96		1996-97		1997-98		Grand Total			
		Amount	No. of Vehi- cles	Amount	No. of Vehi- cles	Amount	No. of Vehi- cles	Amount	No. of Vehi- cles	Amount	No. of Vehi- cles	Amount	No. of Vehi- cles	Amount	No. of Vehi- cles		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1.	Andhra Pradesh	81.00	33	60.00	15	0.00	0	0.00	0	0.00	0	184.00	23	0.00	0	325.00	71
2.	Arunachal Pradesh	0.00	0	0.00	0	20.00	5	0.00	0	100.00	20	38.64	7	0.00	0	158.64	32
3.	Assam	38.47	18	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	97.66	19	136.13	37
4.	Bihar	176.73	76	40.00	10	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	216.73	86
5.	Goa	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
6.	Gujarat	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
7.	Haryana	25.00	10	40.00	10	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	65.00	20
8.	Himachal Pradesh	45.00	18	0.00	0	48.00	12	40.00	10	40.00	5	112.00	14	0.00	0	285.00	59
9.	Jammu & Kashmir	32.50	13	40.00	10	0.00	0	53.00	16	140.40	13	26.27	6	200.00	25	492.17	83
10.	Karnataka	65.00	26	48.00	12	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	113.00	38
11.	Kerala	22.50	9	60.00	15	0.00	0	40.00	10	0.00	0	32.00	0	0.00	0	154.50	42
12.	Madhya Pradesh	97.00	44	0.00	0	80.00	20	100.00	25	100.00	25	80.00	10	160.00	40	617.00	164
13.	Maharashtra	60.00	24	60.00	15	60.00	15	240.00	60	80.00	15	65.31	10	203.09	35	768.40	174
14.	Manipur	36.50	16	0.00	0	24.00	6	36.00	9	60.00	15	0.00	0	0.00	0	156.50	46
15.	Meghalaya	15.00	6	12.00	3	0.00	0	0.00	0	14.00	4	0.00	0	0.00	0	41.00	13
16.	Mizoram	9.68	4	32.00	8	0.00	0	32.00	8	24.00	6	35.06	0	0.00	0	132.76	32
17.	Nagaland	26.00	11	24.00	6	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	50.00	17

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
18.	Orissa	114.50	48	60.00	15	40.00	10	0.00	0	33.30	10	86.70	20	256.00	32	590.50	135
19.	Punjab	10.00	4	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	10.00	4
20.	Rajasthan	150.58	61	0.00	0	140.00	35	104.00	26	0.00	0	0.00	0	0.00	0	394.40	122
21.	Sikkim	9.73	4	0.00	0	16.00	4	0.00	0	0.00	0	0.00	0	0.00	0	25.73	8
22.	Tamil Nadu	27.50	11	32.00	8	32.00	8	0.00	0	12.00	3	0.00	0	33.24	6	136.74	36
23.	Tripura	0.00	0	4.00	1	9.00	4	7.00	0	48.00	10	0.00	0	0.00	0	68.00	15
24.	Uttar Pradesh	180.00	72	0.00	0	100.00	25	0.00	0	0.00	0	0.00	0	0.00	0	280.00	97
25.	West Bengal	0.00	0	72.00	18	28.00	7	0.00	0	0.00	0	0.00	0	0.00	0	100.00	25
26.	A & N Island	0.00	0	12.00	3	0.00	0	8.00	2	0.00	0	0.00	0	0.00	0	20.00	5
27.	Chandigarh	5.00	2	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	5.00	2

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
28.	D & N Haveli	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
29.	Daman & Diu	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	1.00	0
30.	Delhi	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
31.	LakshawEEP	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	4.00	1
32.	Pondicherry	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0
Total		1227.61	510	596.00	149	597.00	151	660.00	166	655.70	127	660.00	104	949.99	157	5346.30	13624

\$ The Actual Amount sanctioned for Mizoram for 1996-97 is Rs. 35,07,864/-

4.29 During evidence the Committee asked about the amount actually spent till date and achievements in this regard. The Ministry stated that the Budget Provision for 1997-98 was Rs. 10.00 crore, of which Rs. 5.00 crore was Grant-in-aid (Subsidy) and Rs. 5.00 crore was loan. 5% economy cut was effected during 1997-98 reducing the budget to Rs. 9.50 crore. The entire amount of Rs. 9.50 crore was utilised during 1997-98.

4.30 State-wise details of funds sanctioned under the schemes during 1997-98 are as under:—

Sl.No.	States/UTs	Number of vans/trucks	Amount (Rs. in lakhs)
1.	Orissa	32	256.00
2.	Maharashtra	35	203.09
3.	Tamil Nadu	6	33.24
4.	J & K	25	200.00
5.	Madhya Pradesh	40	160.00
6.	Assam	19	97.66
Total		157	949.99

4.31 Funds have to be utilised within 2 years from the date of the sanction.

4.32. During 1998-99 a budget Provision of Rs. 12.50 crore has been proposed. State Governments/UT Administrations have been requested to make the proposals. Funds under the scheme are sanctioned on first-come-first served and project basis. States which have not given the utilisation of past assistance will not be eligible for assistance under the scheme.

4.33 Financial Assistance for purchase of mobile vans for use in Hilly/remote/tribal/rural areas is provided to States/UTs (50% subsidy and 50% loan). In 1995-96, 1996-97 and 1997-98, the number of vans/trucks sanctioned were 127, 104 & 157 accounting for to

Rs. 655.70 crore, 660.00 crore and 949.99 crore respectively. Though the Government has increased the allocation and number of vans/trucks under this head, the achievement has not been satisfactory as there are places like Kalahandi in Orissa, where people are still dying due to starvation. In addition to this, in some of the target areas there are no roads available . The Committee recommend that besides increasing allocation under this head, the Ministry should also give loans to State Governments to construct roads in the hilly/remote areas so that the purpose of giving loan for mobile vans is served well. The Committee also recommend that close monitoring of the implementation of the scheme should be done and while getting utilisation certificates, the number of the vehicles should also be incorporated in the certificate. There should also be provision for assistance to be given to cover replacement of obsolete vehicles.

NEW DELHI;
 July 7, 1998
 Asadha 16, 1920 (Saka)

RAGHUVANSH PRASAD SINGH,
 Chairman,
 Standing Committee on Food, Civil Supplies
 and Public Distribution.

MINUTES OF THE SECOND SITTING OF THE STANDING
COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC
DISTRIBUTION HELD ON THURSDAY THE
18TH JUNE, 1998

The Committee sat from 11.00 to 16.15 hours.

PRESENT

Shri Raghuvansh Prasad Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Kariya Munda
3. Shri Prabhas Chandra Tiwari
4. Shri Gangaram Koli
5. Shri Shyam Bihari Mishra
6. Shri Sadashivrao Dadoba Mandlik
7. Shri Ram Raghunath Chaudhary
8. Shri H.G. Ramulu
9. Shri Madhab Rajbangshi
10. Shri C.P. Mudala Giriappa
11. Shri P. Sankaran
12. Shri Rama Chandra Mallick
13. Shri Bajju Ban Riyan
14. Shrimati A.K. Premajam
15. Shri Akbar Ahmad Dampy

Rajya Sabha

16. Smt. Urmilaben Chimanbhai Patel
17. Shri Shivajirao Giridhar Patil
18. Shri Manohar Kant Dhyani

19. Shri Lajpat Rai
20. Shri Khagen Das
21. Shri Yerra Narayanaswamy
22. Shri Wasim Ahmad
23. Shri M.J. Varkey Mattathil

SECRETARIAT

1. Shri John Joseph — *Joint Secretary*
2. Shri Krishan Lal — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*

WITNESSES

*Ministry of Food and Consumer Affairs
(Department of Food and Civil Supplies)*

1. Shri C.S. Rao — AS&FA
2. Shri K.M. Sahni — JS (P)
3. Shri Balbir Singh — JS (A&S)
4. Shri S.C. Brahma — JS (CS)
5. Shri B.B. Pattanaik — JC (S&R)
6. Shri Anthony Lianzuala — COA

Central Warehousing Corporation

1. Shri N.K. Choubey — M.D.

Food Corporation of India

1. Shri B. Narasimhan — Chairman
2. Shri G. Mohan — ED (F)
3. Shri Javed Yusufzai — ED (C)

2. At the outset, the Chairman welcomed the representatives of the Ministry of Food and Consumer Affairs (Department of Food and

Civil Supplies). Thereafter the representatives of the Ministry introduced themselves to the Committee.

3. The Committee, then, proceeded to discuss with the representatives of the Ministry the various points arising out of List of points. Clarifications sought by Members were replied to by the witnesses.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE SIXTH SITTING OF THE STANDING
COMMITTEE ON FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION HELD ON MONDAY
THE 6TH JULY, 1998

The Committee sat from 15.00 hrs. to 17.50 hrs.

PRESENT

Shri Raghuvansh Prasad Singh—*Chairman*

MEMBERS

Lok Sabha

2. Shri Prabhas Chandra Tiwari
3. Shri Shyam Bihari Mishra
4. Shri Aditya Nath
5. Shri Bhanu Pratap Singh
6. Shri Ramesh Chandra Dwivedi
7. Shri Abhaysinh S. Bhonsle
8. Shri Sadashivrao Dadoba Mandlik
9. Shri Ram Raghunath Chaudhary
10. Shri Madhab Rajbangshi
11. Shri Rama Chandra Mallick
12. Shrimati A.K. Premajam
13. Shri Satnam Singh Kainth

Rajya Sabha

14. Smt. Urmilaben Chimanbhai Patel
15. Shri Onward L. Nongtdu
16. Shri Lajpat Rai
17. Shri Yerra Narayanaswamy
18. Sardar Balwinder Singh Bhundar

SECRETARIAT

1. Shri John Joseph — *Joint Secretary*
2. Shri Krishan Lal — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*

(I) Consideration and adoption of Draft Third Report.

2. The Committee considered the Draft Third Report on the Demands for Grants (1998-99) relating to Department of Food and Civil Supplies, Ministry of Food and Consumer Affairs. The Committee adopted the report with a few amendments as shown in the Appendix.

(II) Consideration and adoption of Draft Fourth Report.

3. *** *** *** ***

4. The Committee authorised the Chairman to make consequential changes arising out of the factual verification of the reports by the Department of Food and Civil Supplies Ministry of Food and Consumer Affairs and present/lay the same in both the Houses of Parliament.

The Committee then adjourned.

APPENDIX

[See Para 2 of the Minutes of the Sixth Sitting of the Standing Committee on Food, Civil Supplies and Public Distribution (1998-99)]

Modifications/Amendments made by the Committee on Food, Civil Supplies and Public Distribution in the Third Report on Demands for Grants (1998-99) relating to Department of Food and Civil Supplies, Ministry of Food and Consumer Affairs.

Para	Line(s)	Modifications/Amendments
2.21	12	<i>Add after "too."</i> <i>"The Committee also recommend that the responsibility for the losses should be fixed and suitable action against the concerned authorities be taken".</i>
2.50	15	<i>Delete "including areas of UP and Uttaranchal"</i>
2.74	14	<i>Delete "in advance"</i> <i>Add after "declared well".</i> <i>"before the sowing season".</i>
