

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:505
ANSWERED ON:07.07.2009
FUNCTIONING OF FCI
Karunakaran Shri P.

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Government proposes to streamline the functioning of Food Corporation of India (FCI) and the Public Distribution System (PDS);
- (b) if so, the details thereof;
- (c) the time by which a final decision in this regard is likely to be taken;
- (d) whether the Government also proposes to add some more essential commodities under PDS, so as to check the rise in prices of essential commodities in the open market; and
- (e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a),(b)&(c): Yes, Madam. With a view to revamp the working of the Food Corporation of India(FCI), Government of India, Ministry of Consumer Affairs, Food &Public Distribution had engaged the Mckinsey & Co. to undertake a study of FCI. The main objective of the study was to bring about substantial efficiency improvement in the FCIs functioning.

The major improvement initiatives recommended by M/s Mckinsey & Co. are at Annexure I.

A number of recommendations are under implementation by FCI, while certain recommendations have not been accepted.

For Streamlining the Public Distribution System, the Government has taken following measures to streamline Targetted Public Distribution System (TPDS).

Improving functioning of TPDS through continuous review of lists of Below Poverty Line (BPL) and Antodya Anna Yojana (AAY) families, door step delivery of foodgrains to fair price shops, timely availability of foodgrains at fair price shops and training of staff as well as vigilance committee members;

Ensuring greater transparency in functioning of TPDS through display of lists of BPL and AAY families at fair price shops, display of allocated quantities on web sites, adoption and implementation of revised Citizens` Charter, monthly certification of delivery of foodgrains to fair price shops and their distribution to ration card holders and taking up publicity-cum awareness campaign;

Improved monitoring and vigilance at various level and strict penal action against those involved in malpractices, including action against staff responsible for issuing ineligible ration cards and persons found in possession of such ration cards;

Computerization of TPDS operations at various levels and introduction of smart card based delivery of essential commodities and use of global positioning system on vehicles transporting TPDS commodities are under implementation.

(d): No, Madam.

(e): Does not arise.

ANNEXURE-I

ANNEXURE REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE UNSTARRED QUESTION NO.505 DUE FOR ANSWER ON 07.07.2009 IN THE LOK SABHA.

Major improvement initiatives recommended by M/s Mckinsey & Co. for FCI

- (i) Financial restructuring through multi-tiered debt structure to reduce the interest burden;

- (ii) Network optimization through linear programming of Rail Movement (Grain Flow Management);
- (iii) Consolidation of Handling & Transport Contracts;
- (iv) Changes in use and sourcing pattern of gunny bags;
- (v) Cost reduction by direct procurement of foodgrains and exclusion of intermediates;
- (vi) Exploring avenues for revenue generation by optimum utilization of all existing assets like godowns;
- (vii) More cost effective and efficient utilization of human resources through rationalization, automation and better Performance Management System (People Management System);
- (viii) Smart Trading approach for global trading in foodgrains;
- (ix) Creation of Price Monitoring Cell;
- (x) Management of operational costs;
- (xi) Management of idle Assets;
- (xii) Vigilance Administration and;
- (xiii) Performance review through defined parameters and fixation of accountability.