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STANDING COMMITTEE ON FOOD,CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2008-2009)

FOURTEENTH LOK SABHA

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTIRBUTION
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)

{Action Taken by the Government on the recommendations/observations, contained in the Twenty third Report of the Committee on Demands for Grants (2008 - 2009) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)}

TWENTY SIXTH REPORT

LOK SBHA SECRETARIAT
NEW DLEHI
December, 2008/ Agrahayana, 1930 (Saka)

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CONSUMER AFFAIRS AND
PUBLIC DISTRIBUTION
(2008-2009)**

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(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)

Action Taken by the Government on the recommendations/observations, contained in the Twenty third Report of the Committee on Demands for Grants (2008 - 2009) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)}

Presented to Lok Sabha on 12.12.2008
Laid in Rajya Sabha on 12.12.2008

**LOK SBHA SECRETARIAT
NEW DLEHI
December, 2008/ Agrahayana, 1930 (Saka)**

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COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2008-2009).

Shri Devendra Prasad Yadav - Chairman

MEMBERS

Lok Sabha

2. Shri Govinda Aroon Ahuja
3. Shri Suresh Angadi
4. Shri Alakesh Das
5. Shri Atma Singh Gill
6. Shri G.V. Harsha Kumar
7. Shri Abdul Mannan Hossain
8. Shri Baliram Kashyap
9. Shri Avinash Rai Khanna
10. Shri Wangyuh W. Konyak
11. Shri Parsuram Majhi
12. Shri Sadashivrao Dadoba Mandlik
13. Shri Harikewal Prasad
14. Shri Munshi Ram
15. Shri Ghuran Ram
16. Shri Francisco Cosme Sardinha
17. Shri Daroga Prasad Saroj
18. Adv. (Smt.) P. Satheedevi
19. Shri Chandrabhan Singh #
20. Smt.Meena Singh *
21. Vacant

Rajya Sabha

22. Shri T.S Bajwa**
23. Smt. Mohsina Kidwai
24. Shri Mangala Kisan
25. Shri Shantaram Laxman Naik
26. Shri Kanjibhai Patel
27. Shri Rajniti Prasad
28. Shri Parshottam Khodabhai Rupala
29. Shri Ram Narayan Sahu
30. Shri Matilal Sarkar
31. Vacant

Secretariat

1.	Shri A.K. Singh	-	Joint Secretary
2.	Smt. Veena Sharma	-	Director
3.	Shri B.S. Dahiya	-	Deputy Secretary-I
4.	Shri Jagdish Prasad	-	Deputy Secretary-II
5.	Shri Rakesh Bhardwaj	-	Executive Officer

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* Ceased to be a Member of the Committee consequent to her resignation from Lok Sabha w.e.f. 11.11.2008

** Ceased to be a Member of the Committee consequent to his retirement from Rajya Sabha w.e.f. 25.11.2008

Ceased to be a Member of the Committee consequent to his disqualification from Lok Sabha w.e.f. 5.12.2008 on Ground of Defection.

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2008-2009) having been authorized by the Committee to submit the Report on their behalf, present the Twenty-sixth Report on action taken by the Government on the recommendations contained in the Twenty third Report of the Committee (Fourteenth Lok Sabha) on Demands for Grants (2008-2009) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Twenty-third Report was presented to Lok Sabha/laid in Rajya Sabha on 16 April, 2008. The Government furnished replies indicating action taken on all the recommendations contained in the Report on 12 August, 2008. The Report was considered and adopted by the Committee at their sitting held on 8 December, 2008.

3. An analysis of the action taken by the Government on the recommendations contained in the Report is given in Appendix-II.

NEW DELHI
-- December, 2008
-- Agrahayana, 1930 (Saka)

DEVENDRA PRASAD YADAV
Chairman
Standing Committee on Food,
Consumer Affairs and Public Distribution

CHAPTER I

REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the action taken by the Government on the observations/recommendations contained in the Twenty third Report (14th Lok Sabha) on "Demands for Grants (2008-2009)" pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

1.2 The Twenty-Third Report of the Committee was presented to Lok Sabha and laid in the Rajya Sabha on 16th April, 2008. It contained 31 recommendations. Action Taken Notes in respect of all the 31 recommendations contained in the Report have been received and categorized as follows: -

(i) Recommendations which have been accepted by the Government:

Serial Nos. – 1, 2, 3, 4, 7, 10, 11, 12, 13, 15, 16, 17, 18, 19, 21, 22, 23, 25, 26, 28 and 29

(Paragraph Nos. – 3.16, 3.17, 3.18, 3.19, 4.26, 4.72, 4.73, 4.74, 4.75, 5.7, 5.11, 5.24, 5.25, 5.32, 5.46, 6.8, 6.14, 6.26, 7.26, 7.28 and 7.29)

(Chapter –II Total 21)

(ii) Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Serial Nos. – 5, 6, 14 and 24

(Paragraph Nos. – 4.24, 4.25, 4.76 and 6.25)

(Chapter –III, Total 4)

(iii) Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Serial Nos. – 27, 30 and 31

(Paragraph Nos. – 7.27, 8.13 and 8.14)

(Chapter –IV Total 3)

(iv) Recommendations in respect of which the final replies of the Government are still awaited:

Serial Nos. – 8, 9 and 20

(Paragraph Nos. – 4.27, 4.28 and 5.39)

(Chapter –V, Total 3)

1.3 In their Twenty-third Report the Committee had recommended for corrective action to ensure that the position of under spending is not repeated year after year; spreading of expenditure evenly over all the four quarters of the year; procurement of wheat from non-traditional States; fixing of stock limit for purchase of wheat by private traders; drawing of long term plans to arrest the increase in prices of wheat & pulses; review of BPL list for elimination of bogus & ineligible ration cards; issue of roaming ration cards to migrants within State; regular visits by area officers to review & monitor the working of PDS; establishment of Village Grain Banks to benefit the intended beneficiaries; liquidity of outstanding dues of FCI; reassessment of requirement of storage space and maximum utilization of owned capacity by proper scientific management; effective remedial measures to bring down transit and storage losses; abolition of proxy labour in FCI; early disposal of pending vigilance cases; implementation of Tata Consultancy Services recommendations to stop the increase in establishment cost of CWC; simplication of procedures involved for advancing loans to Sugar Mills from Sugar Development Fund (SDF); disbursal of maximum amount of SDF for the development of Sugar Mills; taking action to promote and popularize the use of non-traditional secondary sources of edible oils; strengthening of enforcement machinery against the adulterators of edible oils; and enhancing of analysis of samples of edible oils to keep a check on the widespread adulteration in edible oils. Some of these recommendations have been accepted by the Government, while some of the recommendations the Committee do not want to pursue in view of the action taken replies received from the Government. In some cases the Government has submitted only the interim replies to the recommendations.

1.4 The Committee desire that the final replies in respect of the recommendations for which only interim replies have been received from the Government be furnished to the Committee within three months of the presentation of the Report.

1.5 The Committee will now deal with action taken by the Government on some of their recommendations, which need reiteration or merit comments.

A. Huge underspending under non- plan funds

Recommendation (S. No. 3 Para 3.18)

1.6 The Committee had recommended as below: -

> "The Committee note that there is huge underspending under different schemes, both plan and non-plan during the years 2006-07 and 2007-08 especially in the programmes related to loans for cane development, reimbursement of internal transport and freight charges to sugar factories on export shipment of sugar, loans to sugar mills for bagasse based cogeneration power projects and loans for production of anhydrous alcohol/ethanol. Similarly, the position/situation is quite dismal during the year 2007-08 as physical achievement in the first three quarters have been reported to be 'NIL' in case of following seven plan schemes viz. (i) Construction of Godowns by FCI/State Governments, etc. (ii) Integrated Information System in Foodgrains Management (IISFM), (iii) Computerization of PDS Operations, (iv) Strengthening of PDS and Capacity Building, (v) NSI, Kanpur (vi) Consultancies, Training and Research and (vii) Village Grain Bank. Further, the physical achievement during the fourth quarter also under the two schemes viz. Computerisation of PDS and NSI Kanpur is again 'NIL'. The reasons put forth by the Department for the under spending which include non-completion of certain procedural formalities, non-furnishing of relevant papers in time etc. are not acceptable to the Committee. Moreover, NIL expenditure under such very important schemes of the Department is a matter of serious concern. The Committee, therefore, strongly recommend that the Department should take the corrective actions to ensure that the position of underspending is not repeated year after year."

1.7 The Ministry in their action taken replies have stated as under:-

> "The Committee has rightly observed that there had been under spending of non-plan funds during 2006-2007 and 2007-08 in the Programme/Schemes relating to loans for cane development, reimbursement of internal transport and freight charges to sugar factories on export shipment of sugar, loans to sugar mills for bagasse based cogeneration power projects and loans for production anhydrous alcohol/ethanol. The recommendations of the Committee have been noted for taking correcting actions. In this regard all the Grant Controlling Authorities were requested vide letter No I-34/3/2007-08 Budget dated 26th May, 2008 to take necessary steps to utilize the funds fully."

1.8 **While noting that there was huge underspending of funds under different schemes, both Plan and Non-Plan during the years 2006, 2007 and 2007-08, the Committee in their earlier report had recommended that the Government should take all corrective actions to ensure that the position of underspending is not repeated year after year. The Committee are not convinced with the action taken reply, furnished by the Ministry stating that the recommendations of the Committee have been noted for taking corrective action. The Committee feel that the concern of the Committee has not been taken seriously by the Government as they have not mentioned about any steps taken so far to ensure that the position of underspending is not repeated. As expenditure on some of very important schemes remained nil during earlier years, the Committee desire that specific steps should be taken to address the problem of underspending. The State/UT Governments should also be persuaded to review the position scheme-wise and take action to ensure timely expenditure under each scheme.**

B Non-receipt of utilisation certificates

Recommendation (S. No. 4, Para No. 3.19)

1.9 The Committee had recommended as below: -

> "The Committee also note that an amount of Rs.26.28 crore was released to States/UTs from 1989 to 2001 for purchase of vans and construction of godowns but utilization certificates have not been furnished by the States/UTs till date. Similarly, an amount of Rs. 21.75 crore was released to 9 States under the Scheme construction of godown from 1992-93 to 1998-99 but utilization certificates have not yet been received from these States. The reasons furnished by the Department viz. the funds released by the Department proved to be inadequate, some States purchased higher/lesser capacity vans which was not permitted in pattern approved under the scheme, etc. are not acceptable to the Committee. The Committee also note that the Department has assured the Committee to take up the matter at higher levels and funds for other schemes to these States will be released only after the receipt of the utilization certificate of earlier releases. The Committee are of the view that non-release of funds for other schemes till receipt of utilization certificates of earlier releases is not a solution of the problem as it would hamper the progress of the other schemes. The Committee feel that mere assurance on the part of the Department is not going to serve any purpose and therefore, strongly recommend that the matter may be immediately taken at the highest levels for an early settlement of the issue as lot of public money has remained unaccounted for during the last almost 20 years. The action taken in this regard should be communicated to the Committee at the earliest."

1.10 The Ministry in their action taken replies have stated as under:-

> "The matter has been taken at the level of State Food Secretaries. It is being further followed up at higher levels."

1.11 The Committee had noted that a substantial amount was released to States/UTs under different schemes, but the utilization certificates had not been received from the States. They had, therefore, recommended that the matter may be immediately taken up at the higher level for an early settlement of the issue. The Ministry, in their action taken reply has merely stated that the matter has been taken up at the level of State Food Secretaries and is being further followed up at higher levels. The Committee are anguished to note that the matter is not being given due attention it requires, as apparently the Department has not made any earnest attempt for the settlement of huge amount of public money that has remained unaccounted for more than twenty years. The Committee, therefore, urge upon the Ministry to make concerted efforts for a time bound settlement of the issue by taking up the matter at higher level.

C. Diversion of PDS foodgrains

Recommendation (S. No. 10, Para No. 4.72)

1.12 The Committee had recommended as below:-

> “The Committee find that diversion of foodgrains meant for the poorest of the poor is the biggest menace in the functioning of Public Distribution System. The studies conducted by Programme Evaluation Organisation (PEO) and ORG Marg to evaluate the Targeted Public Distribution System in the country have revealed diversion of foodgrains in most of the States. The worst position in this regard is in the North Eastern States where diversion upto 100 per cent in case of wheat and upto 97.7 per cent in case of rice has been reported. The Committee take a very serious view of the diversion and is of the opinion that the very purpose of PDS would be defeated if the PDS foodgrains do not reach the intended beneficiaries and are instead diverted to the open market. The Committee, therefore, recommend that the Government should evolve a foolproof mechanism within a fixed time frame to check the diversion of foodgrains. Although the management and operation of PDS is the joint responsibility of Central and State Governments concerned but Central Government is responsible for procurement and allocation of foodgrains to the State Governments which in turn distribute foodgrains through their agencies within their respective States. The Committee, therefore, emphasise that the issue of diversion of foodgrains should be tackled with utmost seriousness and recommend that to check the diversion of foodgrains, a joint special audit by officials of FCI and State Governments should be conducted in the event of off-take being abnormally high.
>
> The committee feel that diversion of foodgrains from Fair Price Shops to the open market is a matter of serious concern which urgently needs to be looked into. The Committee note that one of the major reasons for diversion of foodgrains from fair price shops is the low commission being provided to the fair price shop owners inducing them to indulge in malpractices. The Committee, therefore, desire that the matter regarding increase of commission of fair price shop owners should be taken up with the State Governments, as a reasonable increase in their commission would make the Fair price shops economically more viable and could help in curbing the diversion of PDS foodgrains to the open market.
>
> The Committee also note that to check diversion of PDS foodgrains, technological interventions such as tracking of

movement of vehicles carrying TPDS foodgrains through Global Positioning System (GPS) devices, issuance of Bar Coded Coupons with rations cards for delivery of TPDS foodgrains to genuine ration card holders, capturing of biometric features of card holders while issuing ration cards to avoid issuance of bogus or fake ration cards and introduction of smart cards for similar purposes are being tried in different States. The Committee feel that all these measures and also other monitoring mechanism in place like formation of vigilance Committees, involvement of Panchayati Raj Institutions and self-help groups in the activities of public distribution system should be implemented in the right earnest to achieve the desired results."

1.13 The Ministry in their action taken replies have stated that the following measures have been taken:

"(1) Evaluation of TPDS :

To strengthen the TPDS, Government. got it evaluated through PEO of the Planning Commission and ORG MARG, New Delhi. Their reports received in 2005 pointed out certain shortcomings such as diversion/leakages of foodgrains, inclusion and exclusion errors in identification of targeted beneficiaries and non-viability of operation of Fair Price Shops.

(2) 9-Point Action Plan :

Based upon PEO and ORG MARG evaluation reports, a 9-Point Action Plan was prepared in 2006. It is being implemented by the State and UT Governments. The Nine Points Action Plan for strengthening the TPDS is as under:-

1. Continuous review of the BPL and AAY lists to eliminate bogus ration cards and to ensure coverage of only eligible BPL and Antyodaya families.

2. Ensuring leakage-free and diversion-free distribution of PDS commodities, regular inspection by different levels of functionaries, strict action against guilty persons/agencies.

3. Involvement of Panchayati Raj Institutions in PDS operations – PRI representatives on Advisory Committees, running of fair price shops by Panchayats and effective representation of Panchayati Raj representatives on Vigilance Committees.

4. Ensuring transparency in working of PDS, display of BPL and AAY lists by fair price shops, observance of notified timings by fair price shops.

5. Use of Information Technology, Computerization of TPDS operations, display of fair price shop-wise and district wise allocation of PDS commodities on web-sites for public scrutiny.

6. Carryout door-step delivery of PDS commodities to fair price shops.

7. Ensuring timely availability of and issuance of foodgrains by fair price shops.

8. Creating awareness among public about PDS operations, training Vigilance Committees of intricacies of PDS Operations.

9. Making fair price shops financially viable entities-allowing them to sell non PDS items etc.

The Department of Food and Public Distribution is continuously reviewing progress of implementation of the 9-Point Action Plan. Secretary, Government of India has been taking it up with Chief Secretaries of States and UT Governments, and Minister of Consumer Affairs, Food and Public Distribution has written to Chief Ministers drawing their personal attention for taking strict action to eliminate diversion and leakages under the TPDS.State and UT Governments have reported reduction in diversions and leakages of foodgrains under TPDS through measures like –

(a) Elimination of bogus ration cards,

(b) Introduction of coupons/bar coded coupons in some States,

(c) Allocation of Fair Price Shops to Women's Self Help Groups, and

(d) Door delivery of foodgrains upto Fair Price Shops.

(3) <u>Concurrent Evaluation:</u>

Concurrent evaluation of TPDS functioning has been taken up in 26 States and UTs. The National Council of Applied Economic Research and Indian Institute of Public Administration have been assigned this study in 12 and 14 States and UTs, respectively. The reports of NCAER for 12 States have been received. Compared to the earlier findings of PEO and ORG Marg, these reports have revealed improvement in functioning of TPDS in some of these States.

(4) <u>TPDS Operations made transparent and amenable to RTI Act provisions:</u>

With a view to make functioning of the TPDS amenable to public scrutiny, a model Citizens' Charter was issued by the Central Government in 1997 and again in 2006 for adoption by the State Governments/UT Administrations. A revised Citizens' Charter has been issued in July, 2007 for adoption and implementation by State/UT Governments for facilitating use by Citizens of provisions of Right to information (RTI) Act, 2005 in relation to functioning of the TPDS.

(5) <u>Rationalization of APL allocations</u>:

Since the allocations of wheat and rice to States and UTs for the APL category made during earlier years of their surplus stocks in the Central Pool were very high and the actual offtake was very low, these allocations have been rationalized for wheat and rice from June, 2006 and April, 2007, respectively. This has been done by linking the allocations with the offtake of previous three years (2003-04 to 2005-06) so as to make them realistic, in line with the actual offtake and manageable within the stocks available in the Central Pool.

(6) <u>Road-map for reforming TPDS</u> :

The Department has directed the State Governments to pursue road-map for reforming the TPDS–

(a) <u>Monitoring of implementation of 9 Point Action Plan</u>:

Since implementation of 9 Point Action Plan by State and UT Governments has shown improvement in the functioning of TPDS in many of States and UTs., the Department will continue its monitoring for better implementation through periodic reviews.

(b) <u>Issuance of revised orders for lifting of foodgrains by State and UT Governments from FCI depots and validity period for this purpose</u>:

While allocating foodgrains to States and UT Governments, presently a period of 2 months is allowed for lifting from FCI depots.

This is to enable the State and UT Governments to lift foodgrains during the month preceding the allocation month so that subsequent internal allocations and distribution may be organised within States and UTs in the first half of the allocation month. To streamline this process, revised orders have been issued by the Department in February, 2008, so that State and UT Governments. may lift foodgrains by 15th of every allocation month, ensure their proper distribution during that month and chances for diversion are minimized.

(c) <u>Monthly certification by Village Panchayats/Vigilance Committees/Urban Local Bodies/Self Help Groups for delivery of foodgrains to FPS and distribution to ration card holders :</u>

In order to ensure increased transparency in functioning of FPSs, the State and UT Governments have been directed in March, 2008 to introduce monthly certification by Village Panchayats/Vigilance Committees/Urban Local Bodies/Self Help Groups for delivery of foodgrains to FPS and their distribution to ration card holders. Such a certification of actual delivery of foodgrains to Fair Price Shops in time and their distribution to ration card holders is also expected to streamline functioning of Vigilance Committees at Fair Price Shop level.

(d) <u>Distribution of wheat flour/fortified wheat flour under TPDS:</u>

To facilitate distribution of wheat flour/fortified wheat flour under TPDS instead of wheat in convergence with other Government. programmes/schemes for nutritional improvement of targeted beneficiaries, the Department has issued revised policy guidelines on this subject in January, 2008.

(e) <u>Publicity-cum-Awareness Campaign:</u>

For greater public scrutiny of TPDS functioning through the provisions of the RTI Act, 2005, a publicity-cum-awareness campaign on TPDS is being taken up as a part of the plan scheme on strengthening of TPDS. Revised guidelines for taking up the campaign have been issued and proposals invited from State Government for sanction. In addition, the Department is also taking up such a campaign at its level.

(f) <u>Training Programmes</u>:

As a part of a Plan Scheme on strengthening of TPDS, the Department will support training programmes to be taken up by

State and UT Governments for TPDS functionaries and members of Vigilance Committees, etc. during the11th Plan period.

(g) Integrated Information System for Foodgrain Management (IISFM):

A project named Integrated Information System for Foodgrains Management has been implemented in the Food Corporation of India. While coverage of FCI offices and depots has been completed under this project, depots/godowns of State Governments. in Decentralised Procurement States are to be covered, during the current year.

(h) Computerization of TPDS operations:

Digitization of PDS operations at National/State/District and Block levels all over the country has been taken up under a Plan Scheme on Computerization of TPDS during the 11th Plan Period. For this the NISG has been appointed as consultant, it is studying processes and systems of TPDS functioning in four pilot States namely Assam, Chhattisgarh, Andhra Pradesh and Delhi to prepare a detailed report for further work under the project.

(i) Introduction of new technologies in functioning of TPDS:

Piloting of Global Positioning System (GPS) for tracking movement of vehicles carrying TPDS commodities has been taken up in Chhattisgarh, Tamil Nadu and Delhi".

1.14 The Committee had in their earlier report found that diversion of foodgrains meant for the poorest of the poor was the biggest menace in the functioning of Public Distribution System. While taking a very serious view of the diversion of PDS foodgrains, the Committee had observed that the very purpose of PDS would be defeated if the PDS foodgrains did not reach the intended beneficiaries and were instead diverted to the open market. The Committee, therefore, had recommended that to tackle the issue of diversion of foodgrains, a Joint Special Audit by the officials of the FCI and State Governments be conducted in the event of offtake being abnormally high. The Committee had also recommended that the matter of increase in commission of fair price shops should be taken up with the State Governments to make the fair price shops economically more viable. From the action taken reply furnished by the Ministry, the Committee find that the Government has taken various steps to check diversion of PDS foodgrains. However, the reply is silent on the issue of conducting a Joint Special Audit by the officials of FCI and State Governments in case of offtake being abnormally high and the increase in the commission of fair price shop owners. The Committee reiterate that the Government should take steps for conducting a Joint Special Audit by the officials of the FCI and concerned State Governments. They should also take up the matter with the concerned State Governments to increase the commission of fair price shop owners.

D. Liquidation of outstanding dues of FCI.

Recommendation (S. No. 15, Para No. 5.7)

1.15 The Committee had recommended as below: -

> "The Committee note with concern that a large amount is still outstanding against the Ministry of Rural Development and Ministry of Human Resource Development on account of foodgrains provided to them for various welfare schemes on payment basis. Although the balance outstanding principal amount has decreased yet the interest on the principal amount has considerably increased over the years. The outstanding dues which were Rs.19,898.64 crore in 2006-07 from these Ministries, has increased to Rs.21,902.80 crore as on 31st March, 2007, including the interest accrued on the principal amount. Since the interest accrued is also loaded on the food subsidy bill, the Committee feel that inability to liquidate the outstanding dues of FCI over the years indicate financial indiscipline. The Committee view this with grave concern and desire that the Department should take up the matter at the highest level with the concerned Ministry so that the outstanding dues are liquidated at the earliest and the burden on Food Subsidy is reduced. The Committee also desire that a time limit should be fixed within which the Central Ministries should be required to make payments".

1.16 The Ministry in their action taken replies have stated as under:-

> **"**The issue of liquidation of outstanding dues of the FCI pending against the Ministry of Rural Development has been taken up at the highest level. The Cabinet Committee on Economic Affairs(CCEA), in its meeting held on 8.11.2007, considered the Note dated 29.10.07 submitted by this Department and approved the proposals of this Department to direct the Ministry of Rural Development(MoRD)/Ministry of Finance(MoF) to settle the balance outstanding dues of FCI as on 31.08.07 amounting to Rs.19,000 crore for foodgrains supplied for various welfare schemes of the MoRD by cash payments to FCI during 2007-08/2008-09 and directed the MOF to make adequate budgetary provision in the budget of MoRD for supply of foodgrains by FCI for the various welfare programmes from 2007-08 onwards and also directed that the foodgrains would be supplied by FCI for the various schemes of MoRD on pre-payment basis. This matter has subsequently been

regularly taken up with the Ministry of Rural Development and Ministry of Finance for early implementation of these decisions of the CCEA. Similarly, the issue of making payment to the FCI for supply of foodgrains to the Ministry of Human Resource Development Ministry for their Mid Day Meal(MDM) programme has also been taken up with that Ministry regularly".

1.17 The Committee, in their earlier report, had noted with concern that a substantial amount was outstanding against the Ministries of Rural Development and Human Resource Development on account of foodgrains provided to them for various welfare schemes on payment basis. While expressing grave concern over the matter, the Committee had desired that the matter be taken up at the highest level of the concerned Ministry. The Committee had also desired that a time limit should be fixed, within which, the Central Ministries be required to make payments. The Committee are not convinced with the action taken reply of the Ministry which states that the matter has been taken up with the concerned Ministries regularly and is silent on the issue of fixing a time limit for making payments. The Committee feel that the matter has not been dealt with the seriousness it requires as for early liquidation of the outstanding dues, more earnest attempts are required to be made. The inability to liquidate the outstanding dues over the years indicate financial indiscipline and lack of efforts on the part of FCI. While reiterating their recommendation, the Committee desire that the Ministry should take up the matter with more seriousness and a time limit should be fixed for the Ministries to make payments to the FCI.

E Need to identify/acquire suitable land for construction of godowns in Lakshdweep etc.

Recommendation (S. No. 18, Para No. 5.25)

1.18 The Committee had recommended as below: -

> "The Committee Note that the Planning Commission has allocated an amount of Rs.20.40 crore for the financial year 2007-08 for construction of godowns, but the entire fund could not be utilized due to non-acquisition of land for construction of godowns by the FCI. The Committee feel that there is lack of coordination between the Department of Food and Public Distribution and States/UTs which resulted in non-acquisition of land for construction of godowns in the States. The Committee, therefore, recommend that the Department of Food and Public Distribution should take up the matter urgently with States/UTs at highest level for identifying and providing suitable land for construction of godowns and ensure that the funds earmarked for the purpose do not remain unutilized. The Committee also recommend that the proposal sent by UT of Lakshadweep for construction of godowns may be considered on priority basis and efforts should be made to resolve the problem of storage capacity there".

1.19 The Ministry in their action taken replies have stated as under:-

> "The Government has decided that FCI would construct a storage godown at Lakshdweep during the XIth Five Year Plan under the Plan Scheme for construction of storage godowns. The FCI has already taken up the matter with the Lakshdweep Administration for identification/acquisition of suitable land for construction of storage godowns. Construction of godowns will be taken up immediately after suitable land is handed over to the FCI by the UT Administration.
>
> As regards land availability at other places, the matter has been taken up with the concerned State Governments to identify suitable land for acquisition".

1.20 The Committee while viewing with concern that the funds earmarked for construction of godowns could not be fully utilised during the financial year 2007-08 due to non-acquisition of land for construction of godowns by FCI had asked the Department to take up the matter urgently with State Governments/UTs at the highest level for identifying and providing suitable land for construction of godowns. In the action taken reply furnished by the Department it has been stated that FCI has already taken up the matter with UT Administration of Lakshadweep and other State Governments to identify suitable land for acquisition.

The Committee while appreciating the efforts being made by the Department in the matter still feel that the matter needs to be dealt with more vigorously and desire that the matter may be expedited and accorded top most priority. The Committee would like to be apprised of the action taken in this regard.

F Storage and transit losses.

Recommendation (S. No. 19, Para No. 5.32)

1.21 The Committee had recommended as below:-

> "The Committee note that as a result of various measures taken by the Ministry, storage and transit losses have been reduced to a considerable extent but still they are quiet high. The Committee feel that the issue of storage losses requires regular monitoring on the part of the Government as well by the technical staff posted in the field. In the opinion of the Committee, the steps taken by FCI to prevent storage losses are not adequate. Regular inspections and constant monitoring are required to ensure that losses do not increase further. The Committee desire that vigorous efforts should be made to minimize the losses so that funds earmarked for the poorest of the poor reach the actual beneficiaries. The Committee would like to be apprised of the concrete measures taken in this regard.
>
> The Committee are further constrained to note that 3320 cases were initiated up to 2007 where 18042 officials were held responsible for transit and storage losses. A penalty of Rs.2.24 crore was imposed on such officials. From the above facts, the Committee concluded that the FCI is not serious about the storage and transit losses which occur due to human error. The Committee desire that the FCI should improve its monitoring over field staff so that their losses are minimized. Also they desire that FCI should also analyze the reasons for such a huge transit and storage losses and devise effective remedial measures to bring down such losses due to human negligence".

1.22 The Ministry in their action taken replies have stated as under:-

> "The recommendation of Committee has been noted.
>
> It is submitted that storage and transit loss cases are vigorously pursued. Apart from recovery, (already indicated in the recommendation) penalties like dismissal, reduction in rank, recovery from pay, withholding promotion and withholding increments are also imposed on delinquents.
>
> In order to improve the monitoring and reduction of losses, depots/rail heads which have been showing chronic transit and storage losses have been identified. Intensified checking is conducted in respect of these depots. Field offices are advised to supervise/check every specials/rakes by a committee of officers both at loading and unloading points".

1.23 The Committee, while expressing the view that the issue of storage losses required regular monitoring on the part of the Government as well as by the technical staff posted in the field had, in their earlier report, desired that vigorous efforts should be made to minimize such losses. The Committee had also desired that FCI should analyze the reasons for a huge transit and storage losses and devise effective remedial measures to bring down such losses caused due to human negligence. The Government in their action taken reply have stated that intensified checking is conducted in respect of depots/rail heads showing chronic transit and storage losses. However, they are silent on the issue of analyzing the reasons for transit and storage losses. The Committee, therefore, desire that the Ministry should detect and analyze the reasons for such huge transit and storage losses and take suitable remedial steps so that these losses are reduced to minimum, if not eliminated altogether.

G. Corruption cases in FCI.

Recommendation (S. No. 21, Para No. 5.46)

1.24 The Committee had recommended as below: -

"The Committee are pained to note that despite various punitive and preventive measures, a large number of corruption cases have been detected against the FCI officials during 2007. The Committee are of the view that the corruption in FCI may be rampant on account of lack of institutional mechanism for vigilance available at the zonal and regional offices of FCI. This fact has also been admitted by Secretary, Department of Food and Public Distribution during the course of evidence. The Committee, therefore, recommend that FCI should strengthen its vigilance mechanism in coordination with the States/UTs so as to detect corrupt practices by FCI officers and take stringent punitive action against them, if found guilty. The Committee feel that efforts should be made for early disposal of pending cases as delay in disposal of vigilance cases would encourage corrupt practices and undermine the authority of law"

1.25 Ministry in their action taken replies have stated as under: -

"Recommendations of the Committee are accepted.

FCI is having adequate institutional set up from Headquarters level to field offices (i.e. District Office) level to check corruption. The functioning of vigilance mechanism is monitored through information received / called for from RO/ZO level, regularly. Inspections/reviews are regularly conducted by CVO or by nominated senior officers of CVO. Strengthening of vigilance mechanism is a continuous process with strict implementation of the directions and guidelines of CVC and administrative ministry.

The disposal of pending cases has accelerated in the last three years as shown below:-

Period	Opening Balance at the beginning of the year	Number of cases added during the year	Total number of cases	Number of cases finalised	Closing Balance
1	2	3	4	5	6
2005	1219	2877	4096	1951	2145
2006	2145	2940	5085	3081	2004
2007	2004	2594	4598	3216	1382

From the column No.6 it could be clear that pendency has been considerably reduced".

1.26 The Committee, in their earlier report, had noted that inspite of vigorous punitive and preventive measures taken by FCI, a large number of cases had been detected against FCI officials during the year 2007. The Committee had desired for an early disposal of all the pending cases. From the action taken reply furnished by the Government, it is found that though consequent upon the regular inspections/reviews conducted by officers of CVO, the number of corruption cases have come down considerably during the year 2007, a lot of cases are still pending finalization. The Committee, therefore, desire that besides strengthening the vigilance mechanism, sincere efforts be made for an early disposal of all the pending cases in a time bound manner.

H. Establishment cost of CWC.

Recommendation (S. No. 23, Para No. 6.14)

1.27 The Committee had recommended as below: -

> "The Committee regrets to note that expenditure on establishment cost of CWC is constantly increasing despite various remedial measures being adopted by the Corporation. The expenditure on Establishment cost has risen from Rs. 188.40 crore during the year 2004-05 to Rs. 240.69 crore during the year 2007-08. Although a study was conducted through Tata Consultancy Services (TCS) to suggest measures to curtail the establishment cost of CWC yet the CWC did not give due weightage to their recommendation with the result there is no curtailment in the establishment cost of CWC. The Committee cannot accept the plea of the Government that the main reasons for increase in the establishment cost was due to increase in staff and pay revision of their employees in view of the fact that Corporation reduced its manpower by introducing the VRS. The Committee desire that all recommendations of TCS should be implemented in letter and spirit so that there is no increase in the establishment cost of CWC in the coming years".

1.28 The Ministry in their action taken replies have stated as under:-

> "The recommendations of the Tata Consultancy Services on Manpower Planning were placed before the Board of Directors and the recommendations accepted have generally been implemented by the Corporation.
>
> The Corporation has given due consideration to the recommendations of the Tata Consultancy Services to curtail its establishment cost. There was no fresh recruitment after 1998 and the Manpower has been reduced from 8954 during March 1998 to 6059 as on March 2008.
>
> The Corporation introduced Voluntary Retirement Schemes during the years 1994, 1998, 2002 and 2005 in order to reduce its Manpower, in which more than 2400 employees opted for Voluntary Retirement.
>
> In order to phase out Engineering cadre as per TCS Report, the Construction Cells have been reduced from 17 to 3 and Voluntary Retirement Scheme for the entire Engineering Cadre including Gr. 'A' Officers was introduced.

During the year 2005-06 the establishment cost has increased due to the reason that CWC had to create provision of more than 9 crores towards Post Retirement Medical Scheme as per Revised Accounting Standards issued by the Institute of Chartered Accountants of India for the first time. The provision was created based on the actuarial Valuation. This provision is added in the establishment cost. Similar provision amounting to Rs. 8.68 crores was made in the year 2006-07 and also added to the establishment cost. If the effort of this provision is separated, there is no increase in the establishment cost during the year 2005-06 and 2006-07.

The establishment cost for the year 2007-08 is high due to DA merger w.e.f. 1st January, 2007 for the employees in IDA Pattern of Pay Scale as per DPE Order No. 2(7)/ 2005 DPE (WC) GL-III dated 26th Feb. 2008 and also anticipated Pay Revision cost projected @ 20% on the existing basic pay in respect of both IDA and CDA pattern pay scale employees.

The establishment cost with reference to the total expenditure has reduced during the period 2004-05 to 2006-07 reflected as furnished below:

Year	Income (Rs. In Crore)	Expenditure (Rs. In Crore)	Establishment Cost (Rs. In Crore)	% of Establishment cost to total expenditure
2004-05	522.87	462.45	188.40	40.37%
2005-06	619.50	512.55	197.25	38.48%
2006-07	686.44	552.64	196.06	35.48%

The Storage Capacity of the Corporation has significantly gone up during the years. This has also contributed marginally to increase in the establishment cost".

1.29 In their original Report the Committee had regretted to note that the Establishment Cost of Central Warehousing Corporation (CWC) was constantly increasing and desired that the recommendations of Tata Consultancy Services (TCS) which had suggested measures to curtail the establishment cost of CWC be implemented in letter and spirit so that there was no increase in the Establishment Cost in the coming years. The action taken reply furnished by the Government reveal that though the percentage of Establishment Cost to the total expenditure of CWC was decreasing over the years, the Establishment Cost was on the increase. The Committee are of the view that if the establishment cost is not reduced, it may be difficult for the organisation to be financially viable and to sustain itself. The Committee, therefore, reiterate their earlier recommendation that the recommendations of the TCS be implemented in toto. The Government should also find ways and means to contain the Establishment Cost of its organisations to the barest minimum level.

I Liquidation of cane price arrears.

Recommendation (S. No. 27, Para No. 7.27)

1.30 The Committee had recommended as below: -

> "The Committee are constrained to note that as on date, a total of Rs.3260.66 crores which includes Rs.1638.17 crore for 2007-08 sugar season, Rs.1383.36 crore for 2006-07 sugar season and Rs.239.13 crores for sugar season 2005-06 and earlier seasons are outstanding as cane price arrears. The Committee are pained to note that although payment of sugarcane is required to be made within 14 days of the supply of sugarcane by the farmers, it is, however, rarely done. The cane price arrears pertaining to sugar seasons 2005-06 and earlier are still outstanding and yet no action has been taken against the sugar mills for recovery of cane price arrears along with interest @ 15%, as per the provisions of the Sugarcane (Control) Order,1966. As regards State-wise position, the maximum arrears are outstanding in the States of Uttar Pradesh and Maharashtra the main sugarcane producing States. The Committee feel that non payment of cane price arrears to the farmers in time can be a deterrent and might force the farmers to stop cultivation of sugarcane and instead go in for production of some other crops. The Committee, therefore, recommend that to protect the interests of the sugarcane farmers and motivate them to continue to cultivate sugarcane, the aids/grants given to the sugar mills should be kept in abeyance till they liquidate the cane price arrears with interest and strict action should be taken against the sugar mills for not paying cane price arrears".

1.31 The Ministry in their action taken replies have furnished the position of cane prices arrears, as on 29.02.2008 as follows:

2007-08 sugar season:

Against the total cane price payable of Rs.14,420.47 crore, a sum of Rs.9,967.89 crore has been paid leaving a balance payable of Rs.4,452.58 crore (30.88% of the total payable).

2006-07 sugar season:

The cane price arrears have been brought down from Rs.1, 383.36 crore as on 31.12.2007 to Rs.662.88 crore.

2005-06 and earlier sugar seasons:

The cane price arrears for the sugar season 2005-06 and earlier are Rs.234.75 crore which are mainly on account of litigation pending before the Hon'ble Courts or because of closure of sugar mills.

The responsibility of ensuring timely payment of cane price dues to the sugarcane growers lies with the respective State Governments who have been delegated powers under the Sugarcane (Control) Order, 1966 and have the necessary field organizations.

As regards the recommendation of the Standing Committee that to protect the interests of the sugarcane farmers and motivate them to continue to cultivate sugarcane, the aids/grants given to the sugar mills should be kept in abeyance till they liquidate the cane price arrears with interest, the Central Government, in its earlier reply, had indicated that it agrees, in principle, with the views of the Committee, but there are practical difficulties in implementing this recommendation. Usually, the cane price arrears build up in the years of low sugar prices as it happened in 2002-03 and 2006-07 sugar seasons and again happening in 2007-08 sugar season. The Government takes appropriate steps to help the sugar factories and sugarcane growers in such situation. The Central Government has recently taken various steps to help the sugar industry in liquidating the outstanding cane price arrears of 2006-07 and 2007-08 sugar seasons as given as under:-

(i) A buffer stock of 20 lakh tonnes for one year was created for the period 01.05.2007 to 30.04.2008. This has since been dismantled after the expiry of the buffer stock period and the sugar mills have been allowed to sell their allocated buffer stock quantity in the open market with effect from 01.5.2008 before the close of the current sugar season 2007-08.

(ii) A buffer stock of 30 lakh tonnes was created for the period 01.08.2007 to 31.07.2008. The two buffer stocks involve annual subsidy of about Rs.880 crore from the Sugar Development Fund (SDF) and additional bank credit of about Rs.978 crore, and are aimed to enhance liquidity of sugar mills affected by decline in prices of sugar and stock value, for clearing cane price arrears as first priority.

(iii) Export assistance to defray expenditure on internal transport, marketing and handling charges and ocean freight @ Rs.1,350/- per tonne for sugar factories in coastal States and Rs.1,450/- per tonne for those in non coastal States subject to actual by road/rail for exports to the neighboring countries, has been provided for one year from 19.04.2007 to 18.04.2008. The facility has been recently extended up to 30.09.2008 and is likely to involve an amount of up to Rs.700 crore as assistance from SDF, and is aimed for clearing cane price arrears as first priority.

(iv) The requirement of Release Orders for exports has been dispensed with from 31.07.2007.

(v) The NABARD package of 2005 for restructuring of term loans of co-operative sugar factories has been expanded to include cooperative sugar factories not included earlier to avail the benefits, convert outstanding loans on account of harvesting and transport charges appearing in the factories' accounts as on 01.04.2007 up to maximum five year term loans without interest subvention and enhancing budgetary support from Rs.560 crore to Rs.600 crore to provide maximum 3% per annum interest subsidy for restructured term loans carrying an interest cap of 10% per annum.

(vi) A loan scheme of about Rs.3800 crore to extend financial assistance to sugar undertakings has been formulated and implemented to provide additional liquidity support to the extent of notional excise duty on production of sugar in 2006-07 and 2007-08 sugar seasons exclusively earmarked for cane arrears/dues of 2006-07 and 2007-08 sugar seasons respectively relatable to SMP fixed by the Central Government. The total interest subvention estimated at about Rs.1355 crore is to be borne from the Central Government budget (5% out of the maximum 12% p.a. interest subvention and balance up to 7% p.a. from the SDF). As per information received from National Bank of Agricultural and Rural Development (NABARD) and other scheduled commercial banks, a sum of about Rs.2482 crores has been sanctioned by them to concerned sugar factories. Further, the proposals amounting to Rs.464 crores are under process with the banks.

(vii) To promote Ethanol Blending with petrol (EBP), the following have been decided:-

(a) 5% ethanol blending made mandatory from October, 2007 with 10% blending being made optional from October, 2007 and mandatory from October, 2008 except in Jammu and Kashmir, North-Eastern States and Island territories.

(b) Uniform Purchase Price of Rs.21.50 per litre ex-factory for ethanol supplied by sugar factories for next three years.

(c) Permitting sugar factories to produce ethanol from sugarcane juice directly to give flexibility to sugar factories.

(d) Reduction in customs duty from 7.5% to 5% for denatured alcohol and from 10% to 5% on molasses when EBP programme at 5% level is fully operationalized.

The steps taken by the Central Government would definitely help the sugar mills in liquidating their outstanding cane price dues payable to farmers supplying sugarcane.

As the assistance to the mills under the listed schemes is primarily intended for liquidating cane dues, if any, if the suggestion of the Committee is imposed on sugar factories, it will not be possible for the Government to pay buffer subsidy and extend other assistance to sugar mills having cane price arrears due to which sugarcane growers may suffer. The implementation of the recommendation of the Committee will render the primary objective of listed schemes viz., enhancing the liquidity of the sugar industry in order to enable them liquidate cane dues infructuous. Adequate safeguards have been provided in the SDF Rules and the other schemes. Therefore, the recommendation of the Standing Committee cannot be accepted due to practical difficulties in implementing this recommendation".

1.32 **The Committee had in their earlier report expressed concern that although payment of sugarcane was required to be made within 14 days of the supply of sugarcane by the farmers, the sugarcane arrears for sugar seasons 2005-2006, 2006-2007 and 2007-2008 were still outstanding. The Committee, therefore, had recommended that to protect the interests of the sugarcane farmers and motivate them to continue sugarcane cultivation, the grants- in- aid given to the sugarcane mills be kept in abeyance till they liquidate the cane price arrears with interest. In their action taken reply, the Ministry has stated that they have taken a number of steps, which would definitely help the sugar mills in liquidating their outstanding cane price dues payable to farmers. The Committee are not inclined to accept the further reply of the Ministry stating that if the suggestion of the Committee is imposed on sugar mills, it will not be possible for the Government to pay buffer subsidy and extend other assistance to sugar mills having cane prices arrears, due to which sugarcane growers may suffer. The Committee are of the view that if the outstanding arrears of sugarcane mills are not paid within a fixed time period, they may suffer and opt for other commercial crops. While reiterating their earlier recommendation, the Committee desire that all the incentives/grant- in- aid to sugar mills be contingent upon the liquidation of the cane arrears in future.**

J Need to increase the production and productivity of edible oils/oilseeds crops

Recommendation (S. No. 30, Para No. 8.13)

1.33 The Committee had recommended as below: -

> "The Committee note with concern that despite the various measures undertaken by the Government to increase the production of oilseeds in the country which include enhanced incentives to farmers through fixation of Minimum Support Price (MSP), implementation of "Integrated scheme of oilseeds, Pulses, Oil Palm and Maize" (ISOPOM), the production of oilseeds has not increased. Although there was an increased production of edible oils in the Country from 72.47 lakh tonnes in 2004-05 to 83.16 lakh tonnes during 2005-06, the production during 2006-07 decreased to 73.70 lakh tonnes i.e. a decline of 9.46 lakh tonnes when compared to the previous year. The Committee note that the edible oils produced in the country barely meets about 55-60 per cent of the total edible oil requirements in the country. Due to increasing population and consequently the demand of edible oils, the country has to import about 40-45 lakh tonnes of edible oils every year to meet its total requirements. The dependency on imports with regard to edible oils has been around 35 to 40 per cent during the last few years. The Secretary of the Department during the course of oral evidence also acknowledged that the country may not be self-sufficient in edible oils in the next five years as new varieties and very high yielding varieties have not really come out on a large scale and a real technology breakthrough is required in this regard. Considering the overall scenario with regard to oil seeds and edible oils in the country, the Committee feel that efforts being made by the Department in the field of developing improved high yielding verities of oilseeds need to be geared up. The Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) should be extended to other States also to encourage the farmers to go in for the production of oilseeds. The Committee feel that to bridge the gap between demand and supply of edible oils, the increase in production and productivity is imperative. The Committee, therefore, recommend that there is a need to review and restructure the centrally sponsored scheme ISOPOM, as neither the production nor the productivity of oilseeds have shown a rising trend over the last few years. The Committee also recommends that other ways and means should also be explored to increase the production and productivity of oilseed crops. Further, to reduce the dependency on imported edible oils, result oriented action should be taken to promote and popularize the use of non-traditional secondary sources of edible oils".

1.34 The Ministry in their action taken replies have stated as under:-

> “The subject matter primarily relates to production and productivity and Minimum Support Price (MSP) of edible oils, which lies within the purview of Ministry of Agriculture. The matter has been taken up with that Ministry. The Ministry of Agriculture has stated as follows:-
>
> Oilseeds are mainly grown on marginal and sub-marginal lands under rain fed conditions with low input uses. Less than 25% of the area under oilseeds are irrigated, exposing most oilseeds production to weather related yield risks. Consequently, oilseeds production in India is characterized by fluctuating production and low yield.
>
> Some of the major factors/reasons impeding the productivity and production of oilseeds in the country are: -
>
> (i) Non-Availability of hybrids in mustard, groundnut, sesamum, soybean, niger and pest and diseases resistance varieties.
>
> (ii) Low monetary returns from cultivation of oilseeds due to low production potential in comparison to crops like rice, wheat and sugarcane.
>
> (iii) High risks in oilseeds cultivation due to vagaries of nature and susceptibility to a number of insects/pests and diseases.
>
> (iv) Use of poor quality of seeds by the farmers.
>
> (v) Un-assured market of remunerative prices resulting in realization of low prices of oilseeds during the harvesting period.
>
> With a view to enhancing the productivity and production of oilseeds in the country and also to make the implementation of the integrated scheme of Oilseeds, Pulses, Oil palm and Maize (ISOPOM) more effective, ISOPOM has recently been modified as a part of National Food Security Mission with regard to norms and pattern of assistance, inclusion of new components and additional implementing agencies during 11th Plan Period.
>
> Further, keeping in view the fact that there is a constraint in area expansion under oilseeds, the thrust during the 11th Plan will be given towards yield improvement in oilseeds besides promoting

the cultivation of oil palm, a crop with a potential of producing 3 - 3.5 MT of palm oil per ha. for augmenting the indigenous availability of edible oils in the country. The States especially North-Eastern States which are not covered under ISOPOM can also promote oilseeds cultivation as a new initiative under Macro Management mode of Agriculture. Further, the revised scheme of Macro Management of Agriculture will be helpful in encouraging the oilseeds production programme in the States, which are not covered under ISOPOM during 11th Plan".

1.35 **The Committee while noting that the production of oilseeds in the country had not increased over the years, had recommended that there was a need to review and restructure the centrally sponsored scheme ISOPOM. The Committee had also recommended that other ways and means be explored to increase the production and productivity of oilseeds crops and result-oriented action be taken to promote and popularize the use of non-traditional secondary sources of edible oils. The Ministry in their action taken reply has stated that with a view to enhancing the productivity and production of oilseeds in the country ISOPOM has recently been modified as a part of National Food Security Mission and during the 11th Plan the thrust will be towards yield improvement in oilseeds besides promoting the cultivation of oil palm. The Committee are not convinced with the reply of the Ministry and feel that the bottlenecks mentioned by them in the way of less production and productivity of oil seeds viz. non-availability of hybrids in mustard, groundnut, soyabean etc; pest and diseases resistance varieties; use of poor quality seeds by farmers, low monetary returns due to low production potential and unassured market of remunerative prices can surely be taken care of by the Government by strengthening its R&D projects and by fixing a reasonable minimum support price of different oil seeds, to make them a viable proposition for the farmers. While reiterating their earlier recommendation, the Committee desire that besides effectively monitoring the ISOPOM, the Government should take concrete steps to promote and popularize the use of non traditional sources of edible oils to bridge the gap between demand and production of edible oils.**

K Need to enhance inspections by the officials of Directorate of Vanaspati, Vegetable Oils and Fats(DVVO&F)

Recommendation (S. No. 31, Para No. 8.14)

1.36 The Committee had recommended as below: -

> "The Committee are constrained to note that the number of inspections carried out by the officials of DVVO&F as well as the number of samples being drawn and analysed are on the decline. For instance, the number of inspection carried out in 2006-07 were 900 which declined to 610 during 2007-08. Similarly, the number of samples analysed which were 3207 in 2006-07 declined to 2501 during 2007-08. The Committee are of the opinion that in a vast country like India where the main cooking medium are edible oils and where adulteration in edible oils is so rampant, the number of inspections being carried out and samples drawn and analysed are very low. The Committee are unhappy to note that not a single inspection has been carried out by the field officers of DVVO&F of the Institutes funded for conducting R and D projects under the plan schemes of the DVVO&F. The Committee have been apprised that the prime reason for decline in the number of inspections by officials of DVVO&F is shortage of manpower. The Committee therefore recommend that to keep a check on the widespread adulteration in edible oils and in order to protect the health of the citizens of the country, the number of inspections to be carried out as well as drawing and analysis of samples of edible oils from all around the country need to be enhanced. The Committee also desire that the Department should strengthen its enforcement machinery and take strongest possible action against the adulterators of edible oils, who are playing with the health and life of the people of the country.

1.37 The Ministry in their action taken replies have stated as under: -

> "The subject matter primarily relates to adulteration of edible oils, which lies within the purview of Ministry of Health, Directorate General of Health Services, (PFA). The matter has been taken up with that Ministry. The response of the Ministry of Health is as follows: -
>
> The implementation of the Prevention of Food Adulteration (PFA) Act, 1954 and Rules framed thereunder are vested with the Food (Health) Authorities of the States/UTs. The enforcement staff/machinery of the concerned State/U.T. draw the samples of commonly used food commodity suspected to be adulterated/misbranded. As such the total number of food samples drawn/examined during the year 2001 were 93,335 and 11,008

samples were found to be adulterated, whereas in 2005, the total number of food samples drawn/examined were 90,285 and samples found to be adulterated were 8,645 (information for the year 2005 was not received from the State of Rajasthan). Similarly the number of samples of edible oil, fats and vanaspati examined during the year 2001 was 15918 which declined to 13970 during the year 2005 and the number of samples found adulterated also declined from 1790 in 2001 to 1090 in 2005.

The concern of the Committee to draw large number of samples of edible oils is being sent to all Food (Health) Authorities of the States/UTs for compliance.

As regards action taken against adulterated samples of edible oils and fats, the concerned State/UTs Government take necessary action under the provisions of the Prevention of Food Adulteration (PFA) Act, 1954 and Rules framed thereunder".

1.38 While expressing their unhappiness to note that not a single inspection had been carried out by the Field Officers of DVVO & F of the Institutes funded for conducting R&D projects under the Plan Schemes, the Committee had recommended that to keep a check on the widespread adulteration in edible oils and in order to protect the health of the citizens of the country the number of inspections carried out as well as drawing and analyzing the samples of edible oils from all around the country be enhanced. The Committee had also recommended for strengthening of the enforcement machinery and to take strongest possible action against adulterators of edible oils. The Ministry in their action taken reply have given the data of the number of food samples drawn/ examined which indicates that in the year 2005, the total number of food samples drawn/examined were 90,285 and samples found to be adulterated were 8,645. Similarly out of the 13,970 number of samples of edible oils, fats and vanaspati examined during 2005, 1,090 number of samples were found adulterated, which was a decline from 1,790 in the year 2001. The Ministry have stated that the concern of the Committee to draw large number of samples of edible oils was being sent to all food authorities of the States/ Union Territories for compliance. The Ministry has also stated that action against adulterated samples of edible oils was taken by the concerned State Governments / Union Territories Administration. The Committee would like to reiterate their earlier recommendation for enhancing the drawing and analyzing of samples of edible oils and strengthening of the enforcement machinery.

Chapter II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (S.No.1- 3 Para No. 3.16 to 3.18)

The Committee note that the total allocation of the Department at Budget Estimates (BE) stage during 2008-09 is Rs.34111 crores out of which Rs.34016 crore are for non-plan schemes and Rs.95 crore for the plan schemes. The enhancement in non-plan outlay over the allocations made during the previous year i.e. 2007-08 was to the tune of Rs.7609.80 crore and the enhancement, when compared to the year 2006-07, is Rs.9516.00 crore. The Committee note that there was heavy reduction of plan funds of the Department at Revised Estimates stage during 2006-07 as well as 2007-08 which is evident from the fact that the allocations under plan head during 2006-07 was reduced from Rs.95.80 crore at BE stage to Rs.70.00 crore at RE stage and the actual expenditure during the year was Rs.65.63 crore i.e. just 68.50 per cent of the allocations at BE stage. Again during 2007-08 there was a cut of Rs.25 crore i.e. compared to BE of Rs.85 crore, the RE is Rs.60 crore. The Committee feel that the heavy reductions of funds at RE stage show a lack of proper perspective planning on the part of the Department due to which the Department is not able to make realistic projections, which leads to heavy cuts in the allocations at RE stage. The Committee is not willing to accept the plea of the Department that being the first year of the 11^{th} Five Year Plan, the evaluation of some important schemes could not be done and also the approval of EFC/SFC procedure was required for implementation of the schemes. The committee therefore strongly recommended that the Department should make advance and better planning to fix realistic targets to avoid heavy reduction of plan funds at RE stage and the allocations earmarked for the different schemes are fully utilized during the year.

The Committee are unhappy to note the uneven utilization of funds, both under plan and non-plan heads during the year 2007-08. For instance, the actual expenditure under plan head during the first quarter was NIL and during the second quarter, it was almost negligible at 0.03 per cent which however rose to 33.03 per cent in the fourth quarter. The Committee are also perturbed to note the decline in percentage utilization of funds during 2007-08 as compared to 2006-07. It was 68.50 per cent during 2006-07 which declined to 56.54 per cent during 2007-08. The Committee are not convinced with the plea that the shortfall in expenditure was due to non clearance of the scheme viz. (i) Construction of Godowns; (ii) Integrated Information System for Food grain Management (IISFM) and (iii) Village Grain Bank Scheme by the Planning commission, which took a long time. The Committee in its earlier reports had been emphasizing on the need to utilize/spread the expenditure evenly throughout the year. The Committee feel that its recommendations in this regard are not being taken seriously. The Committee also note with concern that even the financial rules of the Government, which clearly stipulate spreading of expenditure evenly over all the four quarters and bar the rushing of expenditure especially in the last fourth quarter, have been ignored/not adhered to by the Department. The Committee, therefore, while deploring the tendency of making major part of the expenditure during the last two quarters, strongly recommend that the Government should ensure spreading of expenditure evenly over all the four quarters of the year so that the situation of rush of expenditure in the last few months of the financial year is avoided.

The Committee note that there is huge underspending under different schemes, both plan and non-plan during the years 2006-07 and 2007-08 especially in the programmes related to loans for cane development, reimbursement of internal transport and freight charges to sugar factories on export shipment of sugar, loans to sugar mills for bagasse based cogeneration power projects and loans for production of anhydrous alcohol/ethanol. Similarly, the position/situation is quite dismal during the year 2007-08 as physical achievement in the first three quarters have been reported to be 'NIL' in case of following seven plan schemes viz. (i) Construction of Godowns by FCI/State Governments, etc. (ii) Integrated Information System in Foodgrains Management (IISFM), (iii) Computerization of PDS Operations, (iv) Strengthening of PDS and Capacity Building, (v) NSI, Kanpur (vi) Consultancies, Training and Research and (vii) Village Grain Bank. Further, the physical achievement during the fourth quarter also under the two schemes viz. Computerisation of PDS and NSI Kanpur is again 'NIL'. The reasons put forth by the Department for the under spending which include non-completion of certain procedural formalities, non-furnishing of relevant papers in time etc. are not acceptable to the Committee. Moreover, NIL expenditure under such very important schemes of the Department is a matter of serious concern. The Committee, therefore, strongly recommend that the Department should take the corrective actions to ensure that the position of underspending is not repeated year after year.

Reply of the Government

PLAN

The recommendation that this Department should make advance and better planning to fix realistic targets and ensure spreading of expenditure evenly over all the four quarters of the year has been noted for strict compliance. It will also be ensured that the position of under spending will not be repeated. The recommendation is also being circulated to all the Joint Secretaries for compliance.

It is, however, mentioned that as per Ministry of Finance, Department of Expenditure (Plan Finance II Division) vide their O.M. No.1(3) PF.II/2001 dated

29.5.2007, comprehensive, in-depth and independent evaluations of Plan Schemes is necessary before continuation of the Schemes from 10th to 11th Five Year Plan. Ministry of Finance conveyed their approval on 20.6.07 for exemption of Village Grain Bank Scheme which was less than 3 years old in the Department of Food and Public Distribution. Evaluation of rest of the schemes was done in 2007-08. In the case of Construction of Godown Scheme, Planning Commission furnished their comments on 28.1.2008 though the EFC Memo was circulated on 14.9.2007. A statement showing the date of EFC meeting and approval of sanctioning authority is given as under:-

Status of EFC/SFC Memos.

S.No.	Name of the Plan Scheme	11th Plan outlay at current prices (tentative)(Rs. In crore)	Date of EFC meeting	Approval of sanctioning Authority
1.	Construction of Godowns by FCI/State Governments	149	11-2-08*	24-3-2008 (FM)
2.	Integrated Information System for Foodgrains Management (IISFM)	28	28-9-07	12-11-07 (MOCAFandPD)
3.	Computerisation of PDS Operations	376	-	-
4.	Strengthening of PDS- Capacity building.	31.50	28-12-07	Jan. 2008 (MOCAFandPD)
5.	NSI, Kanpur	7.50	-	3-12-07 (Secy(FandPD)
6.	Consultancies, Training and Research	9.50	23-10-07	31-10-07 (MOCAFandPD)
7.	Setting up of Warehousing Development and Regulatory Authority	5.50	-	17-1-08 (MOCAFandPD)
8.	Village Grain Bank	87	12-11-07	7-1-08 (FM)
	Total	694		

* Though EFC Memo was circulated for comments on 14-9-2007, comments from Planning Commission were received on 28.1.2008.

The Planning Commission had conveyed the tentative total plan outlay for the 11th Five Year Plan vide note dated 7.9.2007 and confirmed final scheme-wise plan allocation for the 11th Plan vide O.M. dated 31.1.08.

NON PLAN

The Committee has rightly observed that there had been increase in Non-Plan BE 2008-09 by Rs. 7609.80 crore over BE in 2007-08 and by Rs. 9516.00 crore over BE 2006-07. The provision of Rs. 34016.00 crore made under Non-Plan for the year 2008-09 is mainly on account of the increase in food subsidy payable to FCI and State Governments on decentralized procurement of foodgrains, subsidy for maintenance of buffer stock of sugar, reimbursement of internal transport and freight charges to sugar factories on export shipment of sugar etc. The increase in food subsidy inevitable in view of increase in Minimum Support Price, (MSP), bonus and rail and road transport etc. cannot be fully met with the provision made under the Non-Plan for the purpose. Additional provisioning will be necessitated through supplementaries is due course.

The Committee has rightly observed that there had been under spending of non-plan funds during 2006-2007 and 2007-08 in the Programme/Schemes relating to loans for cane development, reimbursement of internal transport and freight charges to sugar factories on export shipment of sugar, loans to sugar mills for bagasse based cogeneration power projects and loans for production anhydrous alcohol/ethanol. The recommendations of the Committee have been noted for taking correcting actions. In this regard all the Grant Controlling Authorities were requested vide letter No I-34/3/2007-08 Budget dated 26th May, 2008 to take necessary steps to utilize the funds fully.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 4-01/08 - Plan dated the 26/5/2008
OM. No1-34/3/2007-08/Budget dated the 26/5/2008

Comments of the Committee

(Please see Para No. 1.8 of Chapter – I of the Report)

Recommendation (S. No.4 Para No.3.19)

The Committee also note that an amount of Rs.26.28 crore was released to States/UTs from 1989 to 2001 for purchase of vans and construction of godowns but utilization certificates have not been furnished by the States/UTs till date. Similarly, an amount of Rs. 21.75 crore was released to 9 States under the Scheme construction of godown from 1992-93 to 1998-99 but utilization certificates have not yet been received from these States. The reasons furnished by the Department viz. the funds released by the Department proved to be inadequate, some States purchased higher/lesser capacity vans which was not permitted in pattern approved under the scheme, etc. are not acceptable to the Committee. The Committee also note that the Department has assured the Committee to take up the matter at higher levels and funds for other schemes to these States will be released only after the receipt of the utilization certificate of earlier releases. The Committee are of the view that non-release of funds for other schemes till receipt of utilization certificates of earlier releases is not a solution of the problem as it would hamper the progress of the other schemes. The Committee feel that mere assurance on the part of the Department is not going to serve any purpose and therefore, strongly recommend that the matter may be immediately taken at the highest levels for an early settlement of the issue as lot of public money has remained unaccounted for during the last almost 20 years. The action taken in this regard should be communicated to the Committee at the earliest.

Reply of the Government

The matter has been taken at the level of State Food Secretaries. It is being further followed up at higher levels.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No.9(2)2008-PD-I/III dated the 8/7/2008

Comments of the Committee

(Please see Para No. 1.11 of Chapter – I of the Report)

Recommendation (S. No. 7 Para No.4.26)

The Committee find that there has been a spurt in prices of foodgrains in the recent past. The Finance Minister in his speech on Budget (2008-09) has expressed concern over rising price of food articles and highlighted that the prices of wheat and rice have increased in the world market by 88 per cent and 15 percent, respectively during the period April, 2007 to January,2008 and as such there is a pressure on domestic prices especially on the prices of various food articles. Significant price rise was also recorded in pulses and edible oils. The low domestic production coupled with high demands, hoarding of large quantities of foodgrains by private traders who create artificial scarcity in the market are the reasons for increase in the prices of wheat, pulses, edible oils, etc. The measures taken by the Government to arrest the price rise include augmenting of domestic supplies of wheat and pulses through imports at reduced rates of duty, ban on exports of these items, imposing of stock limits on wheat, pulses, edible oils and even on rice. The Committee feel that the Government is fully aware of the inflationary trends prevailing in the Country but the steps taken by it to bring down the prices of the essential commodities, especially food articles are not proving to be effective. The Committee, therefore, recommend that the Department should in consultation with the other Ministries/Departments, draw a long term plan to meet the situation before it goes out of hand to unbearable proportions.

Reply of the Government

Prices of rice and wheat are monitored regularly in Department of Food and Public Distribution. Further regular meetings of the CCP and COS are held to review prices of essential commodities including wheat and rice. With the increased procurement of wheat in the Central Pool in the current RMS 2008-09, prices of wheat has shown a softening trend. With the procurement of sufficient quantity of rice in the Current KMS 2007-08 to meet the requirement of TPDS and Welfare Schemes and other steps taken to increase availability of rice in the country, it is expected that prices will be contained at the manageable level.

Department of Food and Public Distribution has introduced a Scheme for Distribution of Subsidized Imported Oils through State Government/UTs for increased availability and softening of prices of edible oils in the domestic markets. The Scheme would be restricted to imported edible oils. The subsidies from Government of India will be restricted to a total one million tonnes of edible oil under this Scheme @ Rs. 15 per kg. during the financial year 2008-09. However, initially 3 lakh tonnes of oil will be allocated amongst the States. The Scheme will initially be implemented for 3 months and can be extended after a review of its impact on domestic availability and prices of edible oils. The edible oil will be allocated by Department of Food and Public Distribution to the States/UTs for distribution of subsidized imported oil to BPL families or part of APL families as well, depending upon the availability and the distribution logistics subject to maximum of 1 kg. edible oil per ration card/family per month. The other steps taken to reduce the prices of edible oils are cut in custom duties, imposing of stock limit on edible oils and oil seeds(other than imported oils), exemption from 4% SAD of Crude and refined edible grade vegetable oils, condition no. 18 made non-applicable to import soyabean oil, no mandatory compulsion regarding usages of indigenous oils including expeller mustard oil in the manufacture of vanaspati and export of major edible oils banned.

The Department of Agriculture and Cooperation has launched two major schemes i.e. National Food Security Mission (NFSM) and Rashtriya Krishi Vikas Yojana (RKVY) during Eleventh Plan for enhancing the production and productivity of foodgrains and for development of agriculture and allied sectors in the country.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution)
OM. No. 156(7)/2008 PY.I dated 4th June,2008

Recommendation (S. No. 10 Para No.4.72)

The Committee find that diversion of foodgrains meant for the poorest of the poor is the biggest menace in the functioning of Public Distribution System. The studies conducted by Programme Evaluation Organisation (PEO) and ORG Marg to evaluate the Targeted Public Distribution System in the country have revealed diversion of foodgrains in most of the States. The worst position in this regard is in the North Eastern States where diversion upto 100 per cent in case of wheat and upto 97.7 per cent in case of rice has been reported. The Committee take a very serious view of the diversion and is of the opinion that the very purpose of PDS would be defeated if the PDS foodgrains do not reach the intended beneficiaries and are instead diverted to the open market. The Committee, therefore, recommend that the Government should evolve a foolproof mechanism within a fixed time frame to check the diversion of foodgrains. Although the management and operation of PDS is the joint responsibility of Central and State Governments concerned but Central Government is responsible for procurement and allocation of foodgrains to the State Governments which in turn distribute foodgrains through their agencies within their respective States. The Committee, therefore, emphasise that the issue of diversion of foodgrains should be tackled with utmost seriousness and recommend that to check the diversion of foodgrains, a joint special audit by officials of FCI and State Governments should be conducted in the event of off-take being abnormally high.

The Committee feel that diversion of foodgrains from Fair Price Shops to the open market is a matter of serious concern which urgently needs to be looked into. The Committee note that one of the major reasons for diversion of foodgrains from fair price shops is the low commission being provided to the fair price shop owners inducing them to indulge in malpractices. The Committee, therefore, desire that the matter regarding increase of commission of fair price shop owners should be taken up with the State Governments, as a reasonable increase in their commission would make the Fair price shops economically more viable and could help in curbing the diversion of PDS foodgrains to the open market.

The Committee also note that to check diversion of PDS foodgrains, technological interventions such as tracking of movement of vehicles carrying TPDS foodgrains through Global Positioning System (GPS) devices, issuance of

Bar Coded Coupons with rations cards for delivery of TPDS foodgrains to genuine ration card holders, capturing of biometric features of card holders while issuing ration cards to avoid issuance of bogus or fake ration cards and introduction of smart cards for similar purposes are being tried in different States. The Committee feel that all these measures and also other monitoring mechanism in place like formation of vigilance Committees, involvement of Panchayati Raj Institutions and self-help groups in the activities of public distribution system should be implemented in the right earnest to achieve the desired results.

Reply of the Government

For this, the following measures have been taken:

(1) Evaluation of TPDS :

To strengthen the TPDS, Government. got it evaluated through PEO of the Planning Commission and ORG MARG, New Delhi. Their reports received in 2005 pointed out certain shortcomings such as diversion/leakages of foodgrains, inclusion and exclusion errors in identification of targeted beneficiaries and non-viability of operation of Fair Price Shops.

(2) 9-Point Action Plan :

Based upon PEO and ORG MARG evaluation reports, a 9-Point Action Plan was prepared in 2006. It is being implemented by the State and UT Governments. The Nine Points Action Plan for strengthening the TPDS is as under:-

1. Continuous review of the BPL and AAY lists to eliminate bogus ration cards and to ensure coverage of only eligible BPL and Antyodaya families.

2. Ensuring leakage-free and diversion-free distribution of PDS commodities, regular inspection by different levels of functionaries, strict action against guilty persons/agencies.

3. Involvement of Panchayati Raj Institutions in PDS operations – PRI representatives on Advisory Committees, running of fair price shops by Panchayats and effective representation of Panchayati Raj representatives on Vigilance Committees.

4. Ensuring transparency in working of PDS, display of BPL and AAY lists by fair price shops, observance of notified timings by fair price shops.

5. Use of Information Technology, Computerization of TPDS operations, display of fair price shop-wise and district wise allocation of PDS commodities on web-sites for public scrutiny.

6. Carryout door-step delivery of PDS commodities to fair price shops.

7. Ensuring timely availability of and issuance of foodgrains by fair price shops.

8. Creating awareness among public about PDS operations, training Vigilance Committees of intricacies of PDS Operations.

9. Making fair price shops financially viable entities-allowing them to sell non PDS items etc.

The Department of Food and Public Distribution is continuously reviewing progress of implementation of the 9-Point Action Plan. Secretary, Government of India has been taking it up with Chief Secretaries of States and UT Governments, and Minister of Consumer Affairs, Food and Public Distribution has written to Chief Ministers drawing their personal attention for taking strict action to eliminate diversion and leakages under the TPDS.State and UT Governments have reported reduction in diversions and leakages of foodgrains under TPDS through measures like –

(a) Elimination of bogus ration cards,

(b) Introduction of coupons/bar coded coupons in some States,

(c) Allocation of Fair Price Shops to Women's Self Help Groups, and

(d) Door delivery of foodgrains upto Fair Price Shops.

(3) Concurrent Evaluation:

Concurrent evaluation of TPDS functioning has been taken up in 26 States and UTs. The National Council of Applied Economic Research and Indian Institute of Public Administration have been assigned this study in 12 and 14 States and UTs, respectively. The reports of NCAER for 12 States have been received. Compared to the earlier findings of PEO and ORG Marg, these reports have revealed improvement in functioning of TPDS in some of these States.

(4) TPDS Operations made transparent and amenable to RTI Act provisions:

With a view to make functioning of the TPDS amenable to public scrutiny, a model Citizens' Charter was issued by the Central Government in 1997 and again in 2006 for adoption by the State Governments/UT Administrations. A revised Citizens' Charter has been issued in July, 2007 for adoption and implementation by State/UT Governments for facilitating use by Citizens of provisions of Right to information (RTI) Act, 2005 in relation to functioning of the TPDS.

(5) Rationalization of APL allocations :

Since the allocations of wheat and rice to States and UTs for the APL category made during earlier years of their surplus stocks in the Central Pool were very high and the actual offtake was very low, these allocations have been rationalized for wheat and rice from June, 2006 and April, 2007, respectively. This has been done by linking the allocations with the offtake of previous three years (2003-04 to 2005-06) so as to make them realistic, in line with the actual offtake and manageable within the stocks available in the Central Pool.

(6) Road-map for reforming TPDS :

The Department has directed the State Governments to pursue road-map for reforming the TPDS–

(a) Monitoring of implementation of 9 Point Action Plan**:**

Since implementation of 9 Point Action Plan by State and UT Governments has shown improvement in the functioning of TPDS in many of States and UTs., the Department will continue its monitoring for better implementation through periodic reviews.

(b) Issuance of revised orders for lifting of foodgrains by State and UT Governments from FCI depots and validity period for this purpose:

While allocating foodgrains to States and UT Governments, presently a period of 2 months is allowed for lifting from FCI depots. This is to enable the State and UT Governments to lift foodgrains during the month preceding the allocation month so that subsequent internal allocations and distribution may be organized within States and UTs in the first half of the allocation month. To streamline this process, revised orders have been issued by the Department in February, 2008, so that State and UT Governments. may lift foodgrains by 15^{th} of every allocation month, ensure their proper distribution during that month and chances for diversion are minimized.

(c) Monthly certification by Village Panchayats/Vigilance Committees/Urban Local Bodies/Self Help Groups for delivery of foodgrains to FPS and distribution to ration card holders :

In order to ensure increased transparency in functioning of FPSs, the State and UT Governments have been directed in March, 2008 to introduce monthly certification by Village Panchayats/Vigilance

Committees/Urban Local Bodies/Self Help Groups for delivery of foodgrains to FPS and their distribution to ration card holders. Such a certification of actual delivery of foodgrains to Fair Price Shops in time and their distribution to ration card holders is also expected to streamline functioning of Vigilance Committees at Fair Price Shop level.

(d) Distribution of wheat flour/fortified wheat flour under TPDS:

To facilitate distribution of wheat flour/fortified wheat flour under TPDS instead of wheat in convergence with other Government. programmes/schemes for nutritional improvement of targeted beneficiaries, the Department has issued revised policy guidelines on this subject in January, 2008.

(e) Publicity-cum-Awareness Campaign: -

For greater public scrutiny of TPDS functioning through the provisions of the RTI Act, 2005, a publicity-cum-awareness campaign on TPDS is being taken up as a part of the plan scheme on strengthening of TPDS. Revised guidelines for taking up the campaign have been issued and proposals invited from State Government for sanction. In addition, the Department is also taking up such a campaign at its level.

(f) Training Programmes:

As a part of a Plan Scheme on strengthening of TPDS, the Department will support training programmes to be taken up by State and UT Governments for TPDS functionaries and members of Vigilance Committees, etc. during the11th Plan period.

(g) Integrated Information System for Foodgrain Management (IISFM)

A project named Integrated Information System for Foodgrains Management has been implemented in the Food Corporation of India. While coverage of FCI offices and depots has been completed under this project, depots/godowns of State Governments. in Decentralised Procurement States are to be covered, during the current year.

(h) Computerization of TPDS operations : -

Digitization of PDS operations at National/State/District and Block levels all over the country has been taken up under a Plan Scheme on Computerization of TPDS during the 11th Plan Period. For this the NISG has been appointed as consultant, it is studying processes and systems of TPDS functioning in four pilot States namely Assam, Chhattisgarh, Andhra Pradesh and Delhi to prepare a detailed report for further work under the project.

(i) Introduction of new technologies in functioning of TPDS

Piloting of Global Positioning System (GPS) for tracking movement of vehicles carrying TPDS commodities has been taken up in Chhattisgarh, Tamil Nadu and Delhi.

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Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 9(2) 2008-PD-I/III dated the 8/7/2008

Comments of the Committee
(Please see Para No. 1.14 of Chapter – I of the Report)

Recommendation (S. No. 11 Para No.4.73)

The Committee note that the PDS (Control) Order, 2001 stipulates that elimination of bogus ration cards as well as bogus units in the ration cards shall be a continuous exercise by the State Governments to check diversion of essential commodities. The Committee further note that since July 2006, subsequent to the reviews undertaken by States/UTs, 67.41 lakh bogus and ineligible ration cards have been eliminated by 11 States, highest being 24.87 lakh in Madhya Pradesh followed by Delhi at 14.62 lakh. The Committee feel that the problem of proper identification of BPL persons and inclusion and exclusion errors arising out of lack of proper coordination between the concerned Departments is a matter of serious concern before the Government. The Committee therefore, strongly recommend that all States/UTs be strictly asked to review the BPL list immediately for elimination of bogus and ineligible ration cards. Proper identification of the BPL persons would help in ensuring that the food subsidy meant for the poorest of the poor actually reaches the targeted beneficiaries. The Committee would like to be apprised of the action taken in this regard.

Reply of the Government

All the State/UT Governments have been requested to send a detailed report on (i) number of bogus/ghost ration cards deleted w.e.f. July, 2006 (month-wise), (ii) action taken against the families who were found possessing bogus/ghost ration cards and also action taken against the officials who issued such bogus/ghost ration cards. After submission of the last reply to the Standing Committee on 20th August 2007, five State/UT Governments have reported deletion of 29,55,868 number of ration cards. Replies received from 10 State and UT Governments regarding action taken in the deletion of bogus ration cards and action taken thereon with effect from July, 2006 are given as under: -

(As compiled on 30.06.08)

Sl. No	Name of the State/UT	Number of bogus ration cards deducted/ deleted/ cancelled	Number of staff members who had issued such bogus ration cards	Details of action taken against the staff responsible	Number of persons/ families found possessing bogus ration cards	Details of action taken against such persons/ families
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Goa	------------------------------ NIL Reported ----------------------------				
2	Himachal Pradesh	There are no bogus/ghost ration cards of BPL/AAY in the State as cards under the scheme are issued to the beneficiaries as per the identification list supplied by the Rural/Urban Department.				
3	Kerala	103	Genuine cards are issued and later the card holders migrate to some other places due to various reasons without canceling the cards. Such cards are detected and cancelled.	Staff is not responsible for issue since genuine cards are issued. They detect invalid cards on verification and cancelled.	41	In valid cards found registered in ARDs-Authorization suspended. Single member cards have been deleted due to expiry of card holder.
4	Maharashtra	29,45,000 approx.	The distribution of foodgrains has been stopped against these ration cards holders.			
5	Mizoram	889	No action has been taken against the defaulting officials/families during the period in question.			
6	Tripura	------------------------------- NIL Reported ------------------------				
7	A and N Islands	--------------------- NIL Reported ---------------------------				
8	Chandigarh	6935 BPL 2519 AAY	These cards have been weeded out/deleted as they were found to have either attained the status of APL or found to have shifted from Chandigarh. In these circumstances, no penal action has been taken against any person/official.			
9	D and N Haveli	------------------------------- NIL Reported---------------------------				
10	Pondicherry	422	NA- As the door to door enumeration was done by engaging the services of various Governments Departments' officials, the responsibility may not be fixed in this regard at this juncture.		422	Cards were cancelled

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution

OM. No. 9(2)2008-PD-I/III dated the 8/7/2008

Recommendation (S. No. 12 Para No.4.74)

The Committee note that 19 States/UTs are presently selling non-PDS items such as exercise books, iodised salts, pulses, tea, etc., through Fair Price Shops (FPSs). The Committee also note that the Department has also taken up with the Ministry of Railways and Department of Posts to explore the possibility of selling railway tickets and postal stationery, etc. through FPSs. The Committee desire that all the State/UTs may be persuaded to sell non-PDS items through FPSs so that the people in rural areas, especially those living in far flung, backward and remote areas can get the items of their daily use from FPSs. As per the Committee, this would also help in making FPSs economically viable and in a way help in curbing diversion of food grains from Fair Prices Shops. The Committee further note that Gujarat have implemented a scheme (Roaming Ration Card) with a view to issue roaming ration cards to those families who migrate to a new destination within their State. The Department has also advised other States and UTs to follow the said scheme in their respective States/UTs also. The Committee desire that the Department should pursue the matter further with the State Governments and intimate to the Committee about the follow up action taken by them in this regard.

Reply of the Government

The State/UT Governments of Haryana, Punjab, Himachal Pradesh, Kerala and Andhra Pradesh have reported that they have a provision to cover migrant labour for the issue of ration cards under TPDS. The Government of Arunachal Pradesh has reported that the Deputy Commissioners or District Food and Civil Supplies Officers, in the districts are the competent authorities for issuing of special permit or temporary group ration card for such purpose. The UT of Chandigarh has reported that the UT is very small and as such if beneficiaries want to get their address changed, they can approach the centrally located office of the department and the same is recorded in their card and database updated accordingly. In the UT of Andaman and Nicobar Islands, it has been reported that roaming population does not exist but BPL and AAY cards are transferred to places where card holders migrate within the UT of Andaman and Nicobar. The other State/UT Governments have again been reminded on 24.06.08 to issue ration card to migrant labourers.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 9(2)2008-PD-I/III dated the 8/7/2008

Recommendation (S. No. 13 Para No.4.75)

The Committee note that the Ministry has appointed Area Officers for different States/UTs to coordinate with the State Governments/UTs for regular and effective monitoring of Public Distribution System. The guidelines for the Area Officers Scheme provide that the Area Officers would visit their allocated States/UTs at least once in a quarter and conduct review of performance of the TPDS. The Committee's examination reveal that not a single visit has been made during the last five years in the States of Arunachal Pradesh, Bihar, Delhi, Goa, Gujarat, Punjab, Haryana whereas only one and at the most two visits have been made during the five years in some States like Rajasthan, etc. Moreover, during 2007-08, not a single visit to any of the States/UTs has been undertaken. The Ministry have stated that due to exigencies of work and vacancies in the Department, the Area Officers were unable to undertake such visits. The Committee are dismayed that not even a single visit was made by the Area Officers during the last five years in some of the States. The Committee deplore the casual approach of the Ministry in this regard and express their displeasure on the aforesaid situation and recommend that regular visits should be undertaken by the Area Officers to review and monitor the working of PDS in a given State. The Committee desire that follow up action taken in this regard may be reported to them within three months of the presentation of this Report to Parliament.

Reply of the Government

In pursuance of the Standing Committee recommendations, the Department has taken action and officers have started visits to the States to inspect functioning of TPDS in those States. So far officers of the rank of Directors and Deputy Secretaries have visited the States of Delhi, West Bengal, Maharashtra, Madhya Pradesh, Rajasthan, and Bihar.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 9(2)2008-PD-I/III dated the 8/7/2008

Recommendation (S. No. 15 Para No.5.7)

The Committee note with concern that a large amount is still outstanding against the Ministry of Rural Development and Ministry of Human Resource Development on account of foodgrains provided to them for various welfare schemes on payment basis. Although the balance outstanding principal amount has decreased yet the interest on the principal amount has considerably increased over the years. The outstanding dues which were Rs.19,898.64 crore in 2006-07 from these Ministries, has increased to Rs.21,902.80 crore as on 31st March, 2007, including the interest accrued on the principal amount. Since the interest accrued is also loaded on the food subsidy bill, the Committee feel that inability to liquidate the outstanding dues of FCI over the years indicate financial indiscipline. The Committee view this with grave concern and desire that the Department should take up the matter at the highest level with the concerned Ministry so that the outstanding dues are liquidated at the earliest and the burden on Food Subsidy is reduced. The Committee also desire that a time limit should be fixed within which the Central Ministries should be required to make payments.

Reply of the Government

The issue of liquidation of outstanding dues of the FCI pending against the Ministry of Rural Development has been taken up at the highest level. The Cabinet Committee on Economic Affairs(CCEA), in its meeting held on 8.11.2007, considered the Note dated 29.10.07 submitted by this Department and approved the proposals of this Department to direct the Ministry of Rural Development(MoRD)/Ministry of Finance(MoF) to settle the balance outstanding dues of FCI as on 31.08.07 amounting to Rs.19,000 crore for foodgrains supplied for various welfare schemes of the MoRD by cash payments to FCI during 2007-08/2008-09 and directed the MOF to make adequate budgetary provision in the budget of MoRD for supply of foodgrains by FCI for the various welfare programmes from 2007-08 onwards and also directed that the foodgrains would be supplied by FCI for the various schemes of MoRD on pre-payment basis. This matter has subsequently been regularly taken up with the Ministry of Rural Development and Ministry of Finance for early implementation of these decisions of the CCEA. Similarly, the issue of making payment to the FCI for supply of foodgrains to the Ministry of Human Resource Development Ministry for their Mid Day Meal(MDM) programme has also been taken up with that Ministry regularly.

Ministry of Consumer Affairs, Food and Public Distribution
Department of Food and Public Distribution
O.M.No.197(1)/2008 FC A/Cs dated 30.04.2008.

Comments of the Committee

(Please see Para No. 1.17 of Chapter – I of the Report)

Recommendation (S. No. 16 Para No.5.11)

The Committee are concerned to note the steep rise in the Establishment Cost of FCI during 2007-08 as compared to previous year 2006-07. The Establishment Cost of FCI during the year 2007-08 was Rs.1759.18 crore which was 28.42% more than establishment cost of FCI of Rs.1369.86 crore during the year 2006-07. According to the Ministry, the steep rise in Establishment Cost was mainly due to additional outgo for the 50% merger of DA along with arrears payment. In the opinion of the Committee, the Establishment Cost of the Corporation is still very high during the year 2007-08 even after taking into account the DA and arrears payment. The Committee feel that there is still scope to further reduce the Establishment Cost. The Committee, therefore, recommend that ways and means should be devised to reduce the Establishment Cost so that substantial amount of food subsidy, which is basically meant for the poor section of the society, percolates down to rightful beneficiaries only.

Reply of the Government

It is stated that the higher figure of Rs.1723.13 crore for the year 2006 - 2007 RE was mainly due to provision made for payment of higher Dearness Pay, higher HRA, higher LTC based on merger of 50% DA for the staff drawing salaries on IDA pattern of pay scales, payment of interim relief, enhanced amount of PLI due to amendment in Payment of Bonus Act etc, which did not materialise during the year (2006-07). The actual expenditure for 2006-2007 (provisional) came down sharply from <u>Rs.1723.13 crore</u> to <u>Rs.1369.86</u> crore.

Rs.1759.18 crore in RE 2007-08 included provision for payment on account of merger of 50% DA with Basic Pay of the employees on IDA pattern of pay scales and higher payment of PLI due to amendment in Payment of Bonus Act etc, which again did not materialise during the year . The actual expenditure for the year 2007-08 will correspondingly reduce as happened in the previous year.

However, the Corporation has been making all possible efforts for reducing the establishment cost as is evident from the steps taken in the past, as under: -

(a) The filling up of direct recruitment vacancies has been restricted to 1/3rd of the total of direct recruitment vacancies accrued in the year or 1% of sanctioned posts whichever is lower, in the light of DOPT instructions vide OM No.2/8/2001-PIC dated 16/05/2001.

(b) In 2004, a special Voluntary Retirement Scheme was introduced under which 8777 posts were abolished.

(c) In 2006, 2449 vacant posts were abolished which had remained unfilled for a period of more than one year.

(d) Continuous efforts are being made to seek exemption from the State Governments/UTs from their respective Shops and Establishments Acts in favour of FCI establishments so as to pay OTA to its employees at single rates instead of twice the normal wages as defined in the said acts.

(e) The economy instructions issued vide Ministry of Finance, Department of Expenditure OM No.7 (2)/E-Coord/2005 dated 23rd November 2005 is being followed in the Corporation.

It may be seen from the above that the Corporation has taken all possible measures to reduce its establishment cost to the maximum extent. The establishment cost constitutes mainly payment of pay and allowances to the employees and retirement benefits to the retiring employees.

It is also to be noted that the manpower of the Corporation will get further reduced by 9219 posts up to year 2010 by way of normal retirements. The Corporation will continue to following the restrictions imposed in filling up of direct recruitment posts vide DOPT OM dated 16/05/2001 referred to above, with a view to reduce the establishment cost and the economy instructions issued vide Ministry of Finance, Department of Expenditure OM dated 23rd November 2005 will be strictly complied with.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 8-1/2008-FC-II Vol.II dated the 4th JUNE, 2008

Recommendation (S. No. 17 Para No.5.24)

The Committee note that although the Bureau of Industrial Costs and Prices (BICP) had suggested a norm of 75% capacity utilization of FCI godowns, the actual capacity utilistion as on 31st January, 2008 was only 40%. The Committee are deeply distressed by such a low utilization by FCI of its storage capacity, it has been observed that during 2007-08, utilization of Covered/Hired capacity was 51% whereas the utilization of Covered/Owned capacity was only 38%. Also, capacity utilization of CAP/Hired was 98% whereas utilization of CAP/Owned was merely 05%. In the opinion of the Committee, this is a very highly disturbing state of affairs because the capacity utilization of hired capacity is much more than the capacity utilization of FCI owned godowns. The Committee feel that since large amount of money is being spent on hiring godowns, it clearly reflects lack of planning and improper management on the part of FCI.

The Committee, therefore, desire that FCI should reassess their requirement of storage space and dehire the hired godowns on priority basis and put their owned capacity to maximum utilization by proper scientific management. This will enable FCI to save huge amount of funds required for hiring storage space on exorbitant rates from the market.

Reply of the Government

CAP storage capacity is temporarily hired as per the requirement for a limited period till the liquidation of stocks and all possible efforts are made to release the hired capacities as soon as the stocks are liquidated. As on 31.1.2008. CAP capacity was hired only in Rajasthan and Chhatisgarh Region where CAP capacity utilization was almostly 100% during Jan.2008 to March.2008, as per table given below:-

(Figures in lakh MTs)

CAP CAPACITY						
Owned				**Hired**		
State	Capacity	Stock	Utilization	Capacity	Stock	Utilization
31.1.2008						
Rajasthan	1.58	0.05	3%	0.05	0.01	20%
Chhatisgarh	0.41	0.41	100%	2.44	2.44	100%
29.2.2008						
Rajasthan	1.58	0.16	10%	0.02	0.02	100%
Chhatisgarh	0.19	0.19	100%	1.13	1.13	100%
31.3.2008						
Rajasthan	1.58	0.12	5%	0.02	0.02	100%
Chhatisgarh	0.02	0.02	100%	0.25	0.25	100%

So far dehiring of CAP capacity is concerned, the hired CAP capacity 2.49 lakh MT in January,2008 has been reduced to 0.27 lakh MT. As on 31.3.2008 FCI was having only 0.27 lakh MT. hired CAP capacity with 100% utilization, which was expected to be dehired as soon the stocks were liquidated. On the other hand in the case of owned CAP capacities, with the changing pattern of procurement, their capacity utilization goes down.

As regards Covered hired capacity, out of 87.13 lakh MT 69.06 lakh MT is on seven year guarantee basis as on 31.3.2008 and can not be dehired till the expiry of the agreement period and balance hired capacity to the tune of 18.07 lakh MT capacity has been taken at the needy places where FCI's capacity is not available. As such the utilization of hired capacity is higher as compared to owned capacity.

Utilization of godowns capacity depends upon the trend of procurement and off-take of foodgrains. During the RMS 2007-08 the wheat procured in the Central Pool was 111.28 lakh MT out of which FCI procured 15.40 lakh MT whereas during the current RMS 2008-09 the wheat procurement has crossed level of 211 lakh MT in the Central pool as on 20-05-2008, out of which FCI alone has procured 45.60 lakh MT upto 28.5.2008.

It is hoped that the %age of utilization of the owned/covered and CAP capacity will be improved and the utilization may be beyond 75%. However, instructions to the field offices are being issued to maximize the utilization of godowns capacity.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No.8-1/2008-FC-II Vol.II dated the 4th JUNE, 2008

Recommendation (S. No. 18 Para No.5.25)

The Committee Note that the Planning Commission has allocated an amount of Rs.20.40 crore for the financial year 2007-08 for construction of godowns, but the entire fund could not be utilized due to non-acquisition of land for construction of godowns by the FCI. The Committee feel that there is lack of coordination between the Department of Food and Public Distribution and States/UTs which resulted in non-acquisition of land for construction of godowns in the States. The Committee, therefore, recommend that the Department of Food and Public Distribution should take up the matter urgently with States/UTs at highest level for identifying and providing suitable land for construction of godowns and ensure that the funds earmarked for the purpose do not remain unutilised. The Committee also recommend that the proposal sent by UT of

Lakshadweep for construction of godowns may be considered on priority basis and efforts should be made to resolve the problem of storage capacity there.

Reply of the Government

The Government has decided that FCI would construct a storage godown at Lakshadweep during the XI^{th} Five Year Plan under the Plan Scheme for construction of storage godowns. The FCI has already taken up the matter with the Lakshadweep Administration for identification/acquisition of suitable land for construction of storage godowns. Construction of godowns will be taken up immediately after suitable land is handed over to the FCI by the UT Administration.

As regards land availability at other places, the matter has been taken up with the concerned State Governments to identify suitable land for acquisition.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No.8-1/2008-FC-II Vol.II dated the 4^{th} June, 2008

Comments of the Committee

(Please see Para No. 1.20 of Chapter – I of the Report)

Recommendation (S. No. 19 Para No.5.32)

The Committee note that as a result of various measures taken by the Ministry, storage and transit losses have been reduced to a considerable extent but still they are quiet high. The Committee feel that the issue of storage losses requires regular monitoring on the part of the Government as well by the technical staff posted in the field. In the opinion of the Committee, the steps taken by FCI to prevent storage losses are not adequate. Regular inspections and constant monitoring are required to ensure that losses do not increase further. The Committee desire that vigorous efforts should be made to minimize the losses so that funds earmarked for the poorest of the poor reach the actual beneficiaries. The Committee would like to be apprised of the concrete measures taken in this regard.

The Committee are further constrained to note that 3320 cases were initiated up to 2007 where 18042 officials were held responsible for transit and storage losses. A penalty of Rs.2.24 crore was imposed on such officials. From the above facts, the Committee concluded that the FCI is not serious about the storage and transit losses which occur due to human error. The Committee desire that the FCI should improve its monitoring over field staff so that their losses are minimized. Also they desire that FCI should also analyze the reasons for such a huge transit and storage losses and devise effective remedial measures to bring down such losses due to human negligence.

Reply of the Government

The recommendation of Committee has been noted.

It is submitted that storage and transit loss cases are vigorously pursued. Apart from recovery, (already indicated in the recommendation) penalties like dismissal, reduction in rank, recovery from pay, withholding promotion and withholding increments are also imposed on delinquents.

In order to improve the monitoring and reduction of losses, depots / rail heads which have been showing chronic transit and storage losses have been identified. Intensified checking is conducted in respect of these depots. Field offices are advised to supervise/check every specials/rakes by a committee of officers both at loading and unloading points.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No.8-1/2008-FC-II Vol.II dated the 4th JUNE, 2008

Comments of the Committee

(Please see Para No. 1.23 of Chapter – I of the Report)

Recommendation (S. No. 21 Para No 5.46)

The Committee are pained to note that despite various punitive and preventive measures, a large number of corruption cases have been detected against the FCI officials during 2007. The Committee are of the view that the corruption in FCI may be rampant on account of lack of institutional mechanism for vigilance available at the zonal and regional offices of FCI. This fact has also been admitted by Secretary, Department of Food and Public Distribution during the course of evidence. The Committee, therefore, recommend that FCI should strengthen its vigilance mechanism in coordination with the States/UTs so as to detect corrupt practices by FCI officers and take stringent punitive action against them, if found guilty. The Committee feel that efforts should be made for early disposal of pending cases as delay in disposal of vigilance cases would encourage corrupt practices and undermine the authority of law.

Reply of the Government

Recommendations of the Committee are accepted.

FCI is having adequate institutional set up from Headquarters level to field offices (i.e. District Office) level to check corruption. The functioning of vigilance mechanism is monitored through information received / called for from RO/ZO level, regularly. Inspections/reviews are regularly conducted by CVO or by nominated senior officers of CVO. Strengthening of vigilance mechanism is a continuous process with strict implementation of the directions and guidelines of CVC and administrative ministry.

The disposal of pending cases has accelerated in the last three years as shown below:-

Period	Opening Balance at the beginning of the year	Number of cases added during the year	Total number of cases	Number of cases finalized	Closing Balance
1	2	3	4	5	6
2005	1219	2877	4096	1951	2145
2006	2145	2940	5085	3081	2004
2007	2004	2594	4598	3216	1382

From the column No.6 it could be clear that pendency has been considerably reduced.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No.8-1/2008-FC-II Vol.II dated the 4th June, 2008

Comments of the Committee

(Please see Para No. 1.26 of Chapter – I of the Report)

Recommendation (S. No. 22 Para No.6.8)

The Committee are perturbed to note that outstanding dues of CWC during the last three years, 2004-05 to 2006-07 has been consistently increasing from Rs. 118.87 crores to Rs. 154.94 crore. Outstanding liabilities also rose from Rs. 119.08 crore to Rs. 146.16 crore during the same period. According to the Ministry, the main reasons for increase in the outstanding dues of CWC are (i) increase in turnover of CWC; (ii) deduction made and pending regularization of storage and transit losses by FCI; and (iii) credit facilities extended to attract the customers. It is surprising that every year a huge amount is declared as bad debts and written off for the last three years. In the opinion of the Committee, there is a casual approach in the CWC over their mounting dues and liabilities. The Committee, therefore, recommends the CWC should make concerted efforts for liquidation of outstanding dues fully the earliest in order to enhance its profitability. The Committee would also like to be apprised about the reasons for a huge jump in the amount of bad debts written off and would like the Ministry to keep a close watch on it.

Reply of the Government

As per the recommendation of the Committee, efforts to reduce the outstanding dues shall be made by close follow up with the depositors. The amount of outstanding dues has gone high due to increase in turnover. Regarding Committee's observations on jump in the amount of bad debts written off, it is stated that the Bad Debts written off has gone upto Rs. 17.18 lakh during 2005-06 from Rs. 4.33 lakhs during 2004-05. This is because during 2005-06, the dues relating to godown rent in respect of Maharashtra Government on whose behalf, CWC was handling Public Distribution of their stocks which were long pending and under dispute, have been ultimately written off. However, the bad debts have come down to a negligible amount of Rs. 0.94 lakhs during 2006-07.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 1-1/2008-SG dated the 28/4/2008

Recommendation (S. No. 23 Para No. 6.14)

The Committee regrets to note that expenditure on establishment cost of CWC is constantly increasing despite various remedial measures being adopted by the Corporation. The expenditure on Establishment cost has risen from Rs. 188.40 crore during the year 2004-05 to Rs. 240.69 crore during the year 2007-08. Although a study was conducted through Tata Consultancy Services (TCS) to suggest measures to curtail the establishment cost of CWC yet the CWC did give due weightage to their recommendation with the result there is no curtailment in the establishment cost of CWC. The Committee cannot accept the plea of the Government that the main reasons for increase in the establishment cost was due to increase in staff and pay revision of their employees in view of the fact that Corporation reduced its manpower by introducing the VRS. The Committee desire that all recommendations of TCS should be implemented in letter and spirit so that there is no increase in the establishment cost of CWC in the coming years.

Reply of the Government

The recommendations of the Tata Consultancy Services on Manpower Planning were placed before the Board of Directors and the recommendations accepted have generally been implemented by the Corporation.

The Corporation has given due consideration to the recommendations of the Tata Consultancy Services to curtail its establishment cost. There was no fresh recruitment after 1998 and the Manpower has been reduced from 8954 during March 1998 to 6059 as on March 2008.

The Corporation introduced Voluntary Retirement Schemes during the years 1994, 1998, 2002 and 2005 in order to reduce its Manpower, in which more than 2400 employees opted for Voluntary Retirement.

In order to phase out Engineering cadre as per TCS Report, the Construction Cells have been reduced from 17 to 3 and Voluntary Retirement Scheme for the entire Engineering Cadre including Gr. 'A' Officers was introduced.

During the year 2005-06 the establishment cost has increased due to the reason that CWC had to create provision of more than 9 crores towards Post Retirement Medical Scheme as per Revised Accounting Standards issued by the Institute of Chartered Accountants of India for the first time. The provision was created based on the actuarial Valuation. This provision is added in the establishment cost. Similar provision amounting to Rs. 8.68 crores was made in the year 2006-07 and also added to the establishment cost. If the effort of this provision is separated, there is no increase in the establishment cost during the year 2005-06 and 2006-07.

The establishment cost for the year 2007-08 is high due to DA merger w.e.f. 1st January, 2007 for the employees in IDA Pattern of Pay Scale as per DPE Order No. 2(7)/ 2005 DPE (WC) GL-III dated 26th Feb. 2008 and also anticipated Pay Revision cost projected @ 20% on the existing basic pay in respect of both IDA and CDA pattern pay scale employees.

The establishment cost with reference to the total expenditure has reduced during the period 2004-05 to 2006-07 reflected as furnished below:

Year	Income (Rs. In Crore)	Expenditure (Rs. In Crore)	Establishment Cost (Rs. In Crore)	% of Establishment cost to total expenditure
2004-05	522.87	462.45	188.40	40.37%
2005-06	619.50	512.55	197.25	38.48%
2006-07	686.44	552.64	196.06	35.48%

The Storage Capacity of the Corporation has significantly gone up during the years. This has also contributed marginally to increase in the establishment cost.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 1-1/2008-SG dated the 28/4/2008

Comments of the Committee
(Please see Para No. 1.29 of Chapter – I of the Report)

Recommendation (S. No. 25 Para No. 6.26)

The Committee note that up to 28th February, 2008 total storage capacity available with Punjab was 51.55 lakh MTs (owned – 24.17 lakh MTs and hired – 26.92 lakh MTs Plinth – 0.88 lakh MTs, which in percentage tonne is 45.52, 51.81 and 1.65 respectively) but occupancy level was only 40.32 lakh MTs (78% occupancy). Similar is the situation in the State of Andhra Pradesh. The Committee are constrained to note that although the hired capacity is being utilized to the maximum but surprisingly not the owned one. The Committee express their deep anguish over under-utilization of owned capacity and the in fructuous expenditure being incurred on hiring the storage capacity. The Committee, therefore, strongly recommend that due care should be taken by CWC by utilizing their own capacity to the maximum first before hiring any storage capacity from outside in order to save precious funds spent on hiring space.

Reply of the Government

As on 1st April, 08, the capacity of Punjab Region is 7,13,759 MT which comprises 6,44,659 MT owned and 69,100 MT of hired capacity. The occupancy of owned capacity is 52% and occupancy of hired capacity is 53%.

In Andhra Pradesh Region, the total capacity is 13,10,341 MT which comprises 11,70,242 MT owned and 1,40,099 MT hired. The occupancy of owned capacity is 58% and hired capacity is 90%. The capacity has been hired in places where CWC does not have their own godowns and these hired godowns have maximum utilization due to which, the occupancy of hired godowns is more than that of owned capacity.

The total capacity of CWC as on 1st April, 08 is 97,52,420 MT which comprises 67,17,079 MT owned and 30,35,341 MT of hired capacity. The hired capacity includes 13,78,760 MT open area owned/hired and 4,29,160 MT taken on management basis for which no rent is being paid. The total occupancy of the Corporation is 74%. Out of which utilization of owned capacity is 74% and of hired occupancy is 76%.

From the above, it can be seen that the hired capacity of the Corporation is only 31% of the total capacity and utilization of hired capacity is more than the utilization of owned capacity since a lot of hired Warehouses is on management basis for which CWC is not paying any rent and their occupancy is 100%, due to which occupancy of hired units have increased. The Corporation prefers to utilize its own godowns to the maximum first and hires the storage capacity only when either owned storage capacity is full or owned storage capacity is not available and there is demand of space from the depositors.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 1-1/2008-SG dated the 28/4/2008

Recommendation (S. No. 26 Para No.7.26)

The Committee note that the Sugar Development Fund (SDF) was created in 1982 for financing the activities of sugar industries for their development. A cess of Rs.14 per quintal upto 31.12.2007 and @ Rs.15.00 per quintal w.e.f. 01.01.2008 and @ Rs.24.00 per quintal w.e.f. 01.3.2008 is being collected as excise duty on all sugar produced by any sugar factory in India under the Sugar Cess Act, 1982. The Committee also note that during the period 1982-83 to 2007-08 (upto 30.11.2007) an amount of Rs.4685 crore were collected as cess, out of which Rs.4006 crore has been transferred to the Sugar Development Fund and Rs. 3754 core have been disbursed for the development of the sugar industry upto 31st November, 2007. The Committee are constrained to note that there is huge underspending under various schemes for the development of the sugar industry during the years 2006-07 and 2007-08 which is evident from the fact that during 2006-07 out of Rs.300 crore, the Department could utilise only Rs.195.57 crore. Similarly, during 2007-08, the Department could utilise Rs.190.62 crore out of the total allocation of Rs.330 crore. The Committee also find that the amount allocated at BE Stage was enhanced at RE Stage even when the actual expenditure was far less than the allocated amount. The Committee are not satisfied with the reply of the Government which states that huge underspending have been due to receipt of lesser and incomplete applications as required under the rules, non-execution of timely Tripartite Agreement (TPA), non completion of certain procedural formalities etc. The Committee view this very seriously and feel that the very purpose of SDF would be defeated if the funds allocated/sanctioned for the various schemes are not fully utilised /disbursed. The Committee, therefore, recommend that maximum amount of SDF should be disbursed for the development of sugar industries and also desire that procedures involved for advancing loans to various sugar mills from the Sugar Development Fund be simplified to remove the procedural bottlenecks so that more and more sugar mills could avail of the benefits of loans from SDF.

Reply of the Government

Total spending during the year 2007-2008 upto 31.3.2008 was as under:

S. No.	**Name of the Scheme**	**Budget 2007-08 (Rs. in crore)**	**Actual Exp. (Rs. in crore)**
1	Loans for modernization/ rehabilitation of sugar mills:	125.00	125.00
2	Cane Development	25.00	5.06
3	Bagasse based co-generation	150.00	150.00
4	Loan for production of ethanol	30.00	8.36
	Total	330.00	288.42

From the above, it would be seen that in case of modernisation/rehabilitation and bagasse based cogeneration schemes 100% of the allotted amount for the year 2007-08 was utilised within the financial year i.e. Department was able to achieve the set targets.

Disbursement of loan from Sugar Development Fund for all the schemes is dependent on completion of necessary documentation, furnishing of security etc. in time. In case of Cane Development a number of loans were sanctioned but the same could not be disbursed due to the fact that the factories failed to furnish requisite bank guarantee or State Government Guarantee as security as per SDF Rules. In case of ethanol scheme, due to lack of adequate demand and an assured market for ethanol, factories were not forthcoming with proposals for grant of loan for production of ethanol. The Government policy was also, till recently, not clear with regard to a mandatory blending programme. Therefore, the number of applications received in the department for such loans were much below expectations.

However, In order to minimize the procedural delays in disbursement of sanctioned loans to the minimum and as advised by the Standing Committee, the Government have since reviewed some of the existing guidelines and taken following decisions:-

(a) Sugar factories are now allowed to furnish a charge on the assets in addition to the earlier requirement of bank guarantee only for loans for sugarcane development and for ethanol projects;

(b) The nature of security to be furnished by the sugar factories, which was being earlier decided at the time of disbursement of SDF loans are now being decided at the time of sanction of the loan itself;

(c) A bench-mark has been fixed and industry informed for the Fixed Assets Coverage Ratio (FACR) to decide the nature of security;

(d) Payments are now being made through Electronic Clearance Service (ECS) so that the sugar factory receives payment within a day or two instead of receiving payment through our monitoring agencies viz., IFCI and NCDC.

The Committee's recommendation to the Ministry to continue the pro-active initiatives to simplify the procedures for disbursement of SDF loan has been accepted and all possible steps are being taken in this regard.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 3-2/2008-SDF dated the 5/5/2008

Recommendation (S. No. 28 Para 7.28)

The Committee are perturbed to note the continuous decline in the number of claims being settled on account of reimbursement of internal transport and freight charges and also on Ocean freight and handling and marketing charges. For instance, the number of claims settled on account of internal transport which were 418 during 2003-04 declined to just 38 during 2006-07 and in 2007-08 a mere 15 claims have been settled on this account upto 31st December,2007. Similar is the position with regard to number of claims settled on account of ocean freight and handling and marketing charges. 270 claims were settled during 2005-06 which came down to 94 during 2006-07 and to just 44 during 2007-08 upto 31st December,2007. Total expenditure on both these accounts during 2005-06 was just Rs. 37.44 crore against the Budget allocation of Rs. 90 crore and during 2006-07 it was Rs. 20.96 crore out of the budget allocations of Rs. 50 crore. The reasons for settlement of less number of claims given is that a large number of claims received were found to be deficient and incomplete is not acceptable to the Committee. The Committee view this matter with great anxiety and recommend that concerted efforts should be made for maximum utilisation/disbursal of funds under these heads so that huge amounts are not blocked under these heads resulting in their surrender. The Committee also recommend that the cumbersome procedural formalities which are gone into for clearance/settlement of claims should be made easier and entrepreneur friendly, so that more and more claims are settled expeditiously.

Reply of the Government

The scheme announced in 2002 by the Central Government for providing export assistance to sugar mills was applicable for the exports made between 21st June,2002 and 18th August 2004. The claims referred to by the Committee are with regard to this scheme. Efforts are being made to settle more and more claims still pending disposal under this scheme to avoid surrender of funds. The sugar mills are being regularly advised to submit complete claims so as to settle the same. Most of the claims were settled in the first year of the scheme i.e. 2003-04 for internal transport and freight charges and 2005-06 for ocean freight and handling and marketing charges. The rest of the cases could be settled in the subsequent years as and when the relevant documents and information were furnished by the mills. Therefore, the claims settled in subsequent years have been less.

There has been no scheme till April 2007 for export assistance since expiry of the earlier scheme on 18th August 2004.

The Central Government announced a new export assistance scheme for exports of sugar made on or after 19th April 2007 and upto 18th April 2008. The SDF Rules have been amended by insertion of a new Rule 20A vide notification dated 7.11.2007. The scheme has since been extended for exports made upto 30th September 2008. The procedure this time has been made as simple as possible requiring minimum number of documents. As a result in just about 3-4 months (the claims were submitted from December 2007 onwards), altogether 124 claims have been settled and an amount of Rs.69.92 crore has been disbursed to the sugar factories on account of the above during the financial year 2007-08. Besides, another 86 cases under the earlier scheme involving an amount of Rs. 10.40 crore has been disbursed to the sugar factories during the 2007-08 financial year.

(Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
O.M. No. 6-1/2008- SPF dated 9.5.2008)

Recommendation (S. No. 29 Para No. 7.29)

The Committee are constrained to note that the percentage of recovery of funds from the financial assistance provided to the sugar mills from Sugar Development Fund has been quite low over the years. It was just 14 to 18 percent during the years 2003-04 to 2005-06 which increased to 31 percent during 2006-07. The Committee also note that the provisional figure for recovery during 2007-08 was only 47 per cent. The Committee feel that the recovery of loans given as assistance to the sugar mills from SDF is still not upto the mark and desire that the Department should make concerted efforts to make the recovery to a higher level say about 50-60 per cent of the loans so provided. They desire that action taken in this regard may be communicated to them at the earliest.

Reply of the Government

Secretary (F&PD) has already taken up the matter with the Ministry of Finance for the recovery of outstanding SDF dues from the Normal Central Assistance to the State Governments of Maharashtra, Punjab and U.P. where the State Governments had guaranteed the repayment of the SDF loan. The Ministry of Finance has already issued instructions to adjust SDF dues with the Normal Central Assistance to the State Governments of Maharashtra, Punjab and U.P.

Secretary (F&PD) has written D.O letters to all concerned Chief Secretaries of the State Governments for arranging payment of default where the repayments of loans were guaranteed by the State Government.

Letters have been written to the defaulter Sugar Units advising them to liquidate overdues to avoid legal complications. In some cases, legal notices have been also issued.

Special Meetings were held with major defaulters including U.P. State Sugar Corporation for liquidation of default.

SDF dues are being recovered from the claims of differential levy price of levy sugar, reimbursement of expenditure on export of sugar and buffer stock maintained by the sugar units.

IFCI and NCDC, who are the nominated agencies to recover SDF dues, have been impressed upon to put in extra efforts for collection of defaults. The payments of fees to these two agencies have also been linked to the actual recoveries of SDF dues made by them.

The above steps taken over the last two years have shown fruitful results, as from 2005-06 onwards the percentage increase in default over previous year has decelerated and percentage wise recovery of SDF dues with reference to total default has accelerated. It is expected that with the steps taken by the Government, this trend will continue which will bring down the default further in future.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 3-2/2008-SDF dated the 5/5/2008

CHAPTER III

RECOMMENDATIONS/OBSEVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLIES

Recommendation (S.N. 5 Para No.4.24)

From the data of procurement of wheat, the Committee note that the procurement is mainly from Haryana and Punjab. Out of 111.2 lakh tonnes of wheat procured during 2007-08, the quantity of wheat purchased from Punjab and Haryana is 67.81 lakh tonnes and 33.50 lakh tonnes, respectively which amounts to 91.04 per cent of the total wheat procurement in the country. In case of rice, the maximum procurement is from Punjab, Chhatisgarh, Orissa, Haryana and Uttar Pradesh. The Committee note that to increase the procurement of wheat during RMS 2008-09, certain steps have been taken by the Government which include fixing of MSP of wheat at Rs. 1000 per quintal, ban on export of wheat on private account as well as from the central pool, permitting of import of wheat on private account at zero duty etc. The Committee further note that to increase the procurement of wheat from non-traditional States and to encourage procurement operations in these States a number of steps have been taken which include enhancement of commission to societies/sub agents to 2.5 per cent, directions to the concerned Departments of State Governments to closely monitor the mandi arrivals and also to procure at least the requisite quantity of wheat which may be sufficient to meet its requirement of wheat for TPDS from within the State. NAFED has been authorized in some States to procure wheat on behalf of FCI. The Committee note that despite a number of initiatives taken by the Department, the procurement of wheat by the Government agencies is not upto the mark. The Committee therefore recommend that result oriented initiatives be taken by the Department to increase the procurement of wheat from non-traditional States. The Committee also feel that the problem of procurement of wheat for the Central pool will continue unless and until there is a marked improvement in the production of wheat in the country. The Committee, therefore, desire that the Department should, in consultation with other concerned Ministries/Departments, chalk out a comprehensive plan for increasing the production of wheat in the country.

Reply of the Government

As per the 3rd Advance Estimates of Department of Agriculture and Cooperation, production of wheat crop 2007-08 (to be marketed in RMS 2008-09) is estimated at 767.84 lakh tonnes against the final estimates of wheat production of 758.07 lakh tonnes of crop 2006-07 (marketed in RMS 2007-08). The Government has significantly increased minimum support price of both paddy and wheat in recent years to encourage farmers to grow more wheat and rice. Moreover, to increase production of wheat, rice and coarse cereals, Centrally Sponsored Integrated Cereals Development Programme (ICDP) is in operation from October, 2000. The Government has also initiated two schemes for increasing foodgrains production and improving the agricultural growth in the country. These are (i) National Food Security Mission (NFSM) and (ii) Rashtriya Krishi Vikash Yojana (RKVY).

Due to various initiatives taken by the Department as well as the increase in MSP for wheat crop 2007-08 (to be marketed in RMS 2008-09) 180.12 lakh tonnes of wheat has been procured in RMS 2008-09 (as on 8.5.08) against 111.3 lakh tonnes procured in the entire RMS 2007-08. Further, procurement in Uttar Pradesh is 13.37 lakh tonnes (as on 8.5.2008) during current RMS against 0.53 lakh tonnes procured in the corresponding period last year. In the last few years, no wheat was ever procured in Gujarat. However, procurement this year is 1.73 lakh tonnes (as on 8.5.2008). Similarly, in Madhya Pradesh, the procurement this year is 12.58 lakh tonnes (as on 8.5.08) as against 3688 tonnes in the corresponding period last year. Procurement in Rajasthan is 7.03 lakh tonnes of wheat during the current RMS (as on 8.5.2008) as against 1.56 tonnes in the corresponding period last year.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No.156(7)/2008 PY.I dated 16th May,2008)

Recommendation (S. No. 6 Para No.4.25)

The Committee find that a large number of multinational companies/private traders have entered into the market in a big way and are purchasing huge quantity of wheat over and above the Minimum Support Price (MSP) fixed by the Government. They procure wheat in excess of their requirement which leads to profiteering, hoarding and black marketing of wheat. The Committee apprehend that the wheat procured by private traders/MNCs is offloaded to roller flourmills and other manufacturers of wheat products at a much higher price. The Committee note that in order to monitor purchases of wheat by private traders, a notification has been issued on 11.2.2008 which stipulates that any company which purchases wheat beyond 10,000 tonnes during RMS 2008-09 shall furnish a return of the same to the State Government., and if it purchases over 25,000 tonnes of wheat it will furnish a return to the Central Government. However, the main concern of the Committee is about the purchase of unlimited stocks of wheat and that too for unlimited period by the MNCs/private traders. Owing to unlimited purchase of wheat by these companies, even the

Government is not able to procure the quantity of wheat required to maintain its buffer stock and has to resort to imports to meet the minimum buffer norms and also to meet the requirements of Public Distribution System (PDS) and other Welfare Schemes in the Country. In the opinion of the Committee these private traders create artificial scarcity by hoarding large quantities of wheat and jack up the prices of wheat in the market. The Secretary, Department of Food and Public Distribution during the course of oral evidence has submitted that it is very difficult to come to a national average in terms of any stock limit so that States have been authorized to put whatever stock limit they think was appropriate. The Committee also note that Eleven States/UTs have decided not to implement the stock limit order, while five States are reported to be considering the issue of stock limit order and the remaining States have already issued stock limit orders. The Committee are of the view that mere filling of returns by private companies making purchase of over 25000 tonnes of wheat cannot stop the MNCs/private traders from purchasing unlimited stocks. The Committee also note that the notification issued by the Government makes provision for disclosure only. The Committee, therefore, strongly recommend that the Government should work out some maximum stock limit for purchase of wheat by private traders so as to curb the tendency of hoarding by the unscrupulous private traders for making profits and also to protect the interest of the consumer at large. The Committee desire that action taken in this regard may be communicated to them at the earliest.

Reply of the Government.

The Government notified the removal of "Removal of (Licensing requirements, Stock limits and Movement Restrictions) on specified Foodstuffs Order, 2002" on 15.2.2002 to facilitate movement and trade and to ensure remunerative prices to farmers.

The situation was reviewed in the context of rise in prices of essential commodities, including wheat and wheat product, in the mid 2006 and various options including imposition of stock limits for wheat were considered. A Central Order No.1373 (E) dated 29.8.2006 was issued for keeping in abeyance some provisions of the above mentioned Order dated 15.2.2002 with respect to wheat and pulses for a period of 6 months. It has since been periodically extended and is currently valid upto 31.8.2008. This Order revived the powers delegated to State / UT Governments to fix stock limits, as considered appropriate by them, in respect of wheat (and Pulses).

Regarding specifying a maximum stock limit for purchase of wheat by Private Traders by Central Government, it is felt that a uniform stock limit is not feasible for the entire Country since production/availability of wheat and its demand/requirement differ from State to State depending upon various factors such as food habits of the local people and location of wheat based industries.

The Wheat (Stock Declaration by Companies or Firms or Individuals) Order, 2008 is an additional measure intended to keep a watch on bulk purchases by and availability of stock of wheat with Private Traders and to check evasion of taxes on such purchases.

Adequate powers are already available to State/UT Governments to take appropriate action against those found indulging in hoarding and black-marketing of essential commodities, including wheat, under the provisions of `Essential Commodities Act, 1955' and `Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980'. The Department of Consumer Affairs, in pursuance of para 5.37 in the 24th Report of the Standing Committee on Demands for Grants (2008-09 – Department of Consumer Affairs), has also sought views of State/UT Governments regarding any lacunae in the Essential Commodities Act and the 'Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980' and suggestions regarding changes, if any, required to make them more effective in curbing hoarding and black-marketing of Essential Commodities.

(Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution)
OM. No. 2(LS)/2007 PY.III dated 24th July,2008

Recommendation (S. No. 14 Para No.4.76)

The Committee note that the main objective of Village Grain Bank Scheme is to provide safeguard against starvation during the period of natural calamity or during the lean season. The Committee also note that scheme though launched during 1996-97 could not take off because the concept of this scheme was not clear to the intended beneficiaries. Thus, the scheme could not take off in the right earnest. The Committee further note that during the 10th five year plan period only 7188 village grain banks could be established out of 14495 village grain banks sanctioned for the entire plan period. The Committee further note that revised guidelines for implementation of the scheme during 11th Five Year Plan have been issued in January 2008 and the Food Secretary in a meeting with the Food Secretaries of all the States has clarified all the conceptual issues relating to the scheme. In view of the above, the Committee recommends that all the State Governments should be persuaded to establish more and more Village Grain Banks in their States in order to give benefit to the intended beneficiaries under the scheme. The Committee would like to be apprised of the action taken in this regard.

Reply of the Government

As per the recommendations of the Standing Committee, all efforts are being made by this Department to establish more Village Grain Banks. Accordingly special request has been made on 13-5-2008 to all States/UTs Governments to send their fresh proposals for setting up of Village Grain Banks to provide safeguard against starvation to BPL and AAY families in chronically food scarce areas. During 2007-08, 2598 additional Village Grain Banks have been sanctioned in 9 States. More Village Grain Banks are likely to be sanctioned during current year.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 9(2)2008-PD-I/III dated the 8/7/2008

Recommendation (S. No. 24 Para No.6.25)

The Committee are constrained to note that CWC has no proposal for construction of godowns in NE State/JandK. The Ministry has also informed that they are in constant touch with Meghalaya Government for developing cold storage facility. The Committee feels that inadequacy of storage capacity in NE State and JandK poses a serious threat to efficient and smooth running of Public Distribution System, especially during rainy season. According to the Committee, North-Eastern States are the most disadvantaged States in terms of lack of infrastructure, communication and rail/road network. Storage of adequate foodgrains is a continuous problem which needs to be tackled in all seriousness. In the opinion of the Committee, existence of sufficient storage capacity in these States is a pre-requisite for the people of these States to reap the benefits of Public Distribution System. The Committee, therefore, strongly recommends that the Ministry should give highest priority to the task of construction of godowns in NE Region/J&K.

Reply of the Government

The Corporation has six warehouses in Assam State having capacity of 64,200 MT, one warehouse in Dimapur (Nagaland) having 13,000 MT capacity and two Warehouses at Agartala (Tripura) having capacity of 24,000 MT. Thus, the total capacity available in North East Region is 1,01,200 MT. However, the utilization level is only 69%. The vacant capacity may be utilized for storage of foodgrains. In Jammu and Kashmir, CWC is not operating any Warehouse at present.

The CWC is willing to consider request for construction of warehouses in N.E. Region/JandK provided Government. land is made available to CWC and assurance is given by Government/other agencies for full utilization of the same.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 1-1/2008-SG dated the 28/4/2008

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (S. No. 27 Para No.7.27)

The Committee are constrained to note that as on date, a total of Rs.3260.66 crores which includes Rs.1638.17 crore for 2007-08 sugar season, Rs.1383.36 crore for 2006-07 sugar season and Rs.239.13 crores for sugar season 2005-06 and earlier seasons are outstanding as cane price arrears. The Committee are pained to note that although payment of sugarcane is required to be made within 14 days of the supply of sugarcane by the farmers, it is, however, rarely done. The cane price arrears pertaining to sugar seasons 2005-06 and earlier are still outstanding and yet no action has been taken against the sugar mills for recovery of cane price arrears along with interest @ 15%, as per the provisions of the Sugarcane (Control) Order,1966. As regards State-wise position, the maximum arrears are outstanding in the States of Uttar Pradesh and Maharashtra the main sugarcane producing States. The Committee feel that non payment of cane price arrears to the farmers in time can be a deterrent and might force the farmers to stop cultivation of sugarcane and instead go in for production of some other crops. The Committee, therefore, recommend that to protect the interests of the sugarcane farmers and motivate them to continue to cultivate sugarcane, the aids/grants given to the sugar mills should be kept in abeyance till they liquidate the cane price arrears with interest and strict action should be taken against the sugar mills for not paying cane price arrears.

Reply of the Government

The position of cane prices arrears, as on 29.02.2008, is as follows:

2007-08 sugar season:

Against the total cane price payable of Rs.14,420.47 crore, a sum of Rs.9,967.89 crore has been paid leaving a balance payable of Rs.4,452.58 crore (30.88% of the total payable).

2006-07 sugar season:

The cane price arrears have been brought down from Rs.1, 383.36 crore as on 31.12.2007 to Rs.662.88 crore.

2005-06 and earlier sugar seasons:

The cane price arrears for the sugar season 2005-06 and earlier are Rs.234.75 crore which are mainly on account of litigation pending before the Hon'ble Courts or because of closure of sugar mills.

The responsibility of ensuring timely payment of cane price dues to the sugarcane growers lies with the respective State Governments who have been delegated powers under the Sugarcane (Control) Order, 1966 and have the necessary field organizations.

As regards the recommendation of the Standing Committee that to protect the interests of the sugarcane farmers and motivate them to continue to cultivate sugarcane, the aids/grants given to the sugar mills should be kept in abeyance till they liquidate the cane price arrears with interest, the Central Government, in its earlier reply, had indicated that it agrees, in principle, with the views of the Committee, but there are practical difficulties in implementing this recommendation. Usually, the cane price arrears build up in the years of low sugar prices as it happened in 2002-03 and 2006-07 sugar seasons and again happening in 2007-08 sugar season. The Government takes appropriate steps to help the sugar factories and sugarcane growers in such situation. The Central Government has recently taken various steps to help the sugar industry in liquidating the outstanding cane price arrears of 2006-07 and 2007-08 sugar seasons as given as under:-

(i) A buffer stock of 20 lakh tonnes for one year was created for the period 01.05.2007 to 30.04.2008. This has since been dismantled after the expiry of the buffer stock period and the sugar mills have been allowed to sell their allocated buffer stock quantity in the open market with effect from 01.5.2008 before the close of the current sugar season 2007-08.

(ii) A buffer stock of 30 lakh tonnes was created for the period 01.08.2007 to 31.07.2008. The two buffer stocks involve annual subsidy of about Rs.880 crore from the Sugar Development Fund (SDF) and additional bank credit of about Rs.978 crore, and are aimed to enhance liquidity of sugar mills affected by decline in prices of sugar and stock value, for clearing cane price arrears as first priority.

(iii) Export assistance to defray expenditure on internal transport, marketing and handling charges and ocean freight @ Rs.1,350/- per tonne for sugar factories in coastal States and Rs.1,450/- per tonne for those in non coastal States subject to actual by road/rail for exports to the neighboring countries, has been provided for one year from 19.04.2007 to 18.04.2008. The facility has been recently extended up to 30.09.2008 and is likely to involve an amount of up to Rs.700 crore as assistance from SDF, and is aimed for clearing cane price arrears as first priority.

(iv) The requirement of Release Orders for exports has been dispensed with from 31.07.2007.

(v) The NABARD package of 2005 for restructuring of term loans of co-operative sugar factories has been expanded to include cooperative sugar factories not included earlier to avail the benefits, convert outstanding loans on account of harvesting and transport charges appearing in the factories' accounts as on 01.04.2007 up to maximum five year term loans without interest subvention and enhancing budgetary support from Rs.560 crore to Rs.600 crore to provide maximum 3% per annum interest subsidy for restructured term loans carrying an interest cap of 10% per annum.

(vi) A loan scheme of about Rs.3800 crore to extend financial assistance to sugar undertakings has been formulated and implemented to provide additional liquidity support to the extent of notional excise duty on production of sugar in 2006-07 and 2007-08 sugar seasons exclusively earmarked for cane arrears/dues of 2006-07 and 2007-08 sugar seasons respectively relatable to SMP fixed by the Central Government. The total interest subvention estimated at about Rs.1355 crore is to be borne from the Central Government budget (5% out of the maximum 12% p.a. interest subvention and balance up to 7% p.a. from the SDF). As per information received from National Bank of Agricultural and Rural Development (NABARD) and other scheduled commercial banks, a sum of about Rs.2482 crores has been sanctioned by them to concerned sugar factories. Further, the proposals amounting to Rs.464 crores are under process with the banks.

(vii) To promote Ethanol Blending with petrol (EBP), the following have been decided:-

a. 5% ethanol blending made mandatory from October, 2007 with 10% blending being made optional from October, 2007 and mandatory from October, 2008 except in Jammu and Kashmir, North-Eastern States and Island territories.

b. Uniform Purchase Price of Rs.21.50 per litre ex-factory for ethanol supplied by sugar factories for next three years.

c. Permitting sugar factories to produce ethanol from sugarcane juice directly to give flexibility to sugar factories.

d. Reduction in customs duty from 7.5% to 5% for denatured alcohol and from 10% to 5% on molasses when EBP programme at 5% level is fully operationalised.

The steps taken by the Central Government would definitely help the sugar mills in liquidating their outstanding cane price dues payable to farmers supplying sugarcane.

As the assistance to the mills under the listed schemes is primarily intended for liquidating cane dues, if any, if the suggestion of the Committee is imposed on sugar factories, it will not be possible for the Government to pay buffer subsidy and extend other assistance to sugar mills having cane price arrears due to which sugarcane growers may suffer. The implementation of the recommendation of the Committee will render the primary objective of listed schemes viz., enhancing the liquidity of the sugar industry in order to enable them liquidate cane dues infructuous. Adequate safeguards have been provided in the SDF Rules and the other schemes. Therefore, the recommendation of the Standing Committee cannot be accepted due to practical difficulties in implementing this recommendation.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 7-1/2008 Stat.II dated the 18/6/2008

Comments of the Committee
(Please see Para No. 1.32 of Chapter – I of the Report)

Recommendation (S. No.30 Para 8.13)

The Committee note with concern that despite the various measures undertaken by the Government to increase the production of oilseeds in the country which include enhanced incentives to farmers through fixation of Minimum Support Price (MSP), implementation of "Integrated scheme of oilseeds, Pulses, Oil Palm and Maize" (ISOPOM), the production of oilseeds has not increased. Although there was an increased production of edible oils in the Country from 72.47 lakh tonnes in 2004-05 to 83.16 lakh tonnes during 2005-06, the production during 2006-07 decreased to 73.70 lakh tonnes i.e. a decline of 9.46 lakh tonnes when compared to the previous year. The Committee note that the edible oils produced in the country barely meets about 55-60 per cent of the total edible oil requirements in the country. Due to increasing population and consequently the demand of edible oils, the country has to import about 40-45 lakh tonnes of edible oils every year to meet its total requirements. The dependency on imports with regard to edible oils has been around 35 to 40 per cent during the last few years. The Secretary of the Department during the course of oral evidence also acknowledged that the country may not be self-sufficient in edible oils in the next five years as new varieties and very high yielding varieties have not really come out on a large scale and a real technology breakthrough is required in this regard. Considering the overall scenario with regard to oil seeds and edible oils in the country, the Committee feel that efforts being made by the Department in the field of developing improved high yielding verities of oilseeds need to be geared up. The Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) should be extended to other States also to encourage the farmers to go in for the production of oilseeds. The Committee feel that to bridge the gap between demand and supply of edible oils, the increase in production and productivity is imperative. The Committee, therefore, recommend that there is a need to review and restructure the centrally sponsored scheme ISOPOM, as neither the production nor the productivity of oilseeds have shown a rising trend over the last few years. The Committee also recommends that other ways and means should also be explored to increase the production and productivity of oilseed crops. Further, to reduce the dependency on imported edible oils, result oriented action should be taken to promote and popularize the use of non-traditional secondary sources of edible oils.

Reply of the Government

The subject matter primarily relates to production and productivity and Minimum Support Price (MSP) of edible oils, which lies within the purview of Ministry of Agriculture. The matter has been taken up with that Ministry. The Ministry of Agriculture has stated as follows:-

Oilseeds are mainly grown on marginal and sub-marginal lands under rain fed conditions with low input uses. Less than 25% of the area under oilseeds are irrigated, exposing most oilseeds production to weather related yield risks. Consequently, oilseeds production in India is characterized by fluctuating production and low yield.

Some of the major factors/reasons impeding the productivity and production of oilseeds in the country are: -

(vi) Non-Availability of hybrids in mustard, groundnut, sesamum, soybean, niger and pest and diseases resistance varieties.
(vii) Low monetary returns from cultivation of oilseeds due to low production potential in comparison to crops like rice, wheat and sugarcane.
(viii) High risks in oilseeds cultivation due to vagaries of nature and susceptibility to a number of insects/pests and diseases.
(ix) Use of poor quality of seeds by the farmers.
(x) Un-assured market of remunerative prices resulting in realization of low prices of oilseeds during the harvesting period.

With a view to enhancing the productivity and production of oilseeds in the country and also to make the implementation of the integrated scheme of Oilseeds, Pulses, Oil palm and Maize (ISOPOM) more effective, ISOPOM has recently been modified as a part of National Food Security Mission with regard to norms and pattern of assistance, inclusion of new components and additional implementing agencies during 11th Plan Period.

Further, keeping in view the fact that there is a constraint in area expansion under oilseeds, the thrust during the 11th Plan will be given towards yield improvement in oilseeds besides promoting the cultivation of oil palm, a crop with a potential of producing 3 - 3.5 MT of palm oil per ha. for augmenting the indigenous availability of edible oils in the country. The States especially North-Eastern States which are not covered under ISOPOM can also promote oilseeds cultivation as a new initiative under Macro Management mode of Agriculture. Further, the revised scheme of Macro Management of Agriculture will be helpful in encouraging the oilseeds production programme in the States, which are not covered under ISOPOM during 11th Plan.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 6/4/2008-EXP.dated the 6/5/2008

Comments of the Committee
(Please see Para No. 1.35 of Chapter – I of the Report)

Recommendation (S. No.31 Para 8.14)

The Committee are constrained to note that the number of inspections carried out by the officials of DVVO&F as well as the number of samples being drawn and analysed are on the decline. For instance, the number of inspection carried out in 2006-07 were 900 which declined to 610 during 2007-08. Similarly, the number of samples analysed which were 3207 in 2006-07 declined to 2501 during 2007-08. The Committee are of the opinion that in a vast country like India where the main cooking medium are edible oils and where adulteration in edible oils is so rampant, the number of inspections being carried out and samples drawn and analysed are very low. The Committee are unhappy to note that not a single inspection has been carried out by the field officers of DVVO&F of the Institutes funded for conducting R and D projects under the plan schemes of the DVVO&F. The Committee have been apprised that the prime reason for decline in the number of inspections by officials of DVVO&F is shortage of manpower. The Committee therefore recommend that to keep a check on the widespread adulteration in edible oils and in order to protect the health of the citizens of the country, the number of inspections to be carried out as well as drawing and *analysis of samples of edible oils from all around the country need to be enhanced. The Committee also desire that the Department should strengthen its enforcement machinery and take strongest possible action against the adulterators of edible oils, who are playing with the health and life of the people of the country.*

Reply of the Government

The subject matter primarily relates to adulteration of edible oils, which lies within the purview of Ministry of Health, Directorate General of Health Services, (PFA). The matter has been taken up with that Ministry. The response of the Ministry of Health is as follows: -

The implementation of the Prevention of Food Adulteration (PFA) Act, 1954 and Rules framed thereunder are vested with the Food (Health) Authorities of the States/U.Ts. The enforcement staff/machinery of the concerned State/U.T. draw the samples of commonly used food commodity suspected to be adulterated/misbranded. As such the total number of food samples drawn/examined during the year 2001 were 93,335 and 11,008 samples were found to be adulterated, whereas in 2005, the total number of food samples drawn/examined were 90,285 and samples found to be adulterated were 8,645 (information for the year 2005 was not received from the State of Rajasthan). Similarly the number of samples of edible oil, fats and vanaspati examined during the year 2001 was 15918 which declined to 13970 during the year 2005 and the number of samples found adulterated also declined from 1790 in 2001 to 1090 in 2005.

The concern of the Committee to draw large number of samples of edible oils is being sent to all Food (Health) Authorities of the States/U.Ts for compliance.

As regards action taken against adulterated samples of edible oils and fats, the concerned State/UTs Government take necessary action under the provisions of the Prevention of Food Adulteration (PFA) Act, 1954 and Rules framed thereunder.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 6/4/2008-EXP.dated the 6/5/2008

Comments of the Committee
(Please see Para No. 1.38 of Chapter – I of the Report)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation (S. No. 8 Para No.4.27)

The Committee while examining Demands for Grants for 2007-08 (refer para 3.75 of the 18th Report) had recommended to the Government to devise a modified APL Scheme covering at least 20 per cent of the poor persons who are just above the poverty line i.e. just above BPL. The Committee had desired for expeditious working out of the modalities of the modified scheme for placing the same before cabinet. The Committee have been informed that the matter is still under consideration in the Government whereas Planning Commission has appreciated the proposal of the Committee. The Committee, therefore, reiterate its earlier recommendation and strongly desire that the modalities of the modified scheme for providing food security to the category of persons who are technically above the poverty line but are actually poor and suffer from food insecurity and are deprived of the special benefits of the Public Distribution System be worked out expeditiously and placed before the Cabinet.

Reply of the Government

The Government of India allocates foodgrains to States and UTs under Targeted Public Distribution System based on 1993-94 poverty estimates of Planning Commission and March, 2000 population estimates of Registrar General of India. While the Government of India allocates foodgrains @ 35 kg. per family per month for accepted number of BPL and AAY families, allocations for APL families are also being made depending upon their availability in the Central Pool.

As against 6.52 crores BPL and AAY families accepted by the Government of India for allocations, the State Governments have issued 10.28 crore BPL and AAY ration cards. These ration cards are thus 57 % more then the number of BPL and AAY families accepted for allocations. Some of the State Governments are also distributing the APL allocations to these additional BPL ration card holder families at BPL issue prices.

However, the subject is being further examined in the Department.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 9(2)2008-PD-I/III dated the 8/7/2008

Recommendation (S. No. 9 Para No.4.28)

The Committee in their earlier Report on Demands for Grants (2007-08) (refer Para 3.76 of the 18th Report) had recommended for evolving a strategy to provide 2 kg. of pulses and 1 kg. of edible oils at subsidized rates to each family through PDS to address the problem of malnutrition, especially among women and children. The Committee have been informed that after detailed examination and also in consultation with other Ministries, it has not been found feasible to implement the aforesaid recommendation of the Committee as it would put an additional subsidy burden of about Rs. 1200 crore on the exchequer. It has also been stated that it would not be possible to implement the aforesaid recommendation until visible improvement in performance of TPDS takes place. The Secretary, Department of Food and Public Distribution, however, during the course of oral evidence, acknowledged that there was an urgent need to address the problem of malnutrition, especially in the women and children and informed that a scheme to offer subsidized edible oils to the State Governments/UTs for distribution to ration card holders at the rate of maximum 1 kg. per family per month was under consideration. The Committee, therefore, strongly recommended that apart from finalizing the scheme of providing edible oils at the rate of 1 kg. per family per month, the Government should also work out the modalities of providing 2 kg. of pulses at subsidized rates to each family through PDS, expeditiously. The action taken in the matter may be communicated to the Committee.

Reply of the Government

Based on consultation with State Governments, in April, 2008, the Department of Consumer Affairs, which is concerned with the subject of pulses, is formulating a scheme for distribution of imported pulses such as yellow peas, Arhar, Moong and Urad. Their import has been planned through Central Public Sector Undertakings namely PEC, MMTC, STC and NAFED depending upon response of State Governments to participate in the scheme.

Regarding supply of one kg. of edible oil at subsidized rates to each BPL family through TPDS, it is informed that this Department has finalized a scheme for distribution of subsidized imported oil to States/UTs. The main features of this scheme are as follows:-

Scope of the scheme would be restricted to imported edible oils only. The subsidy would be limited to Rs.15 per kg of imported oil and shall be given to the PSUs directly by the Government of India. Under this, it is proposed to import one million tonnes of edible oils through Central PSUs viz. PEC, MMTC, STC and NAFED, who will deliver the edible oils to State Governments. The State Governments in turn would distribute to BPL families @ 1 liter per month through TPDS or other network.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food and Public Distribution
OM. No. 9(2)2008-PD-I/III dated the 8/7/2008

Recommendation (S. No. 20 Para No.5.39)

The Committee is happy to note that the recommendations of the Committee for eliminating the evil of proxy labour has been fully implemented in 20 States and partially in 2 States. Though labourers are resisting payment through cheques on the plea that they are illiterate and cannot handle the bank account independently. Yet FCI has succeeded in convincing them and assured that they will also render co-operation to acquaint them with the handling of bank account. Efforts are being made to implement their recommendation in the State of Chhatisgarh, Jharkand and Assam. The committee, therefore, desire that FCI should gear up their efforts in implementing the suggestions of the Committee to regulate the attendance system in FCI in rest of the States also, so that system of proxy labour is abolished through out the country.

Reply of the Government

The matter relating to implementation of recommendations of the Parliamentary Standing Committee is being placed before the Executive Committee of FCI in its ensuing meeting fixed on 13th May, 2008, so that a time bound action plan can be formulated to implement the above recommendations.

Ministry of Consumer Affairs, Food and Public Distribution
(Department of Food Public Distribution)
O.M. No. H-11013/2/2008-FC-3 dated 9th May, 2008.

NEW DELHI
-- December, 2008
-- Agrahayana, 1930 (Saka)

DEVENDRA PRASAD YADAV
Chairman
Standing Committee on Food,
Consumer Affairs and Public Distribution

APPENDIX – I

Minutes of the Twelfth sitting of the Standing Committee on Food, Consumer Affairs and Public Distribution held on Monday, the 8th December, 2008.

The Committee sat from 1500 hrs. to 1615 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi

PRESENT

Shri Devendra Prasad Yadav - Chairman

LOK SABHA

2. Shri Avinash Rai Khanna
3. Shri Daroga Prasad Saroj
4. Shri Fransisco Cosme sardinha
5. Shri Munshi Ram
6. Shri W. Wangyuh. Konyak

RAJYA SABHA

7. Shri Shantaram Laxman Naik
8. Shri Rajniti Prasad
9. Shri Mangala Kisan
10. Shri Kanjibhai Patel

SECRETARIAT

1. Smt. Veena Sharma - Director
2. Shri B. S. Dahiya - Deputy Secretary-I
3. Shri Jagdish Prasad - Deputy Secretary-II

At the outset Hon'ble Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the draft report on Action Taken by the Government on recommendations contained in the Twenty-third Report (14th Lok Sabha) of the Standing Committee on Food, Consumer Affairs and Public Distribution on Demands for Grants (2008-09) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) and adopted the same with minor amendment.

2. The Committee authorized the Chairman to finalise the aforesaid report and present the same to both the Houses of Parliament in the current Session of Parliament.

3. Thereafter, the Committee took evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on the subject 'Price rise of Essential Commodities- Causes and Effects with special emphasis on import of wheat and Enforcement of Prevention of Black Marketing and Maintenance of supply of Essential Commodities Act, 1980'.

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

The Committee then adjourned.

APPENDIX – II

(Vide introduction in the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY THIRD REPORT OF THE COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (FOURTEENTH LOK SABHA)

Total Number of Recommendations	31

(i) Recommendations/ Observations which have been accepted by the Government:

Recommendation Nos. – 1, 2, 3, 4, 7, 10, 11, 12, 13, 15, 16, 17, 18, 19, 21, 22, 23, 25, 26, 28 and 29

Total	21
Percentage	67

(ii) Recommendations/ Observations which the Committee do not desire to pursue in view of the replies received from the Government:

Recommendation No. – 5, 6, 14 and 24

Total	4
Percentage	13

(iii) Recommendations/ Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Recommendation Nos. – 27, 30 and 31

Total	3
Percentage	10

(iv) Recommendations/ observations in respect of which the final replies of the Government are still awaited:

Recommendation Nos. – 8, 9 and 20

Total	3
Percentage	10