C.P.U. No. 909

19

NINETEENTH REPORT

COMMITTEE ON PUBLIC UNDERTAKINGS

(2006-2007)

(FOURTEENTH LOK SABHA)

FCI – REVIEW ON EXPORT OF FOODGRAINS BY FOOD CORPORATION OF INDIA

MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION

(Action taken by the Government on the recommendations contained in the 10th Report of the Committee on Public Undertakings (14th Lok Sabha) on FCI – Review on export of foodgrains by FCI)

Presented to Lok Sabha on 27.04.2007

Laid in Rajya Sabha on 27.04.2007

LOK SABHA SECRETARIAT

NEW DELHI

April 2007 / Chaitra 1929 (S)

CONTENTS

APPENDICES

COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS

(2006 – 2007)

CHAIRMAN

Shri Rupchand Pal

MEMBERS LOK SABHA

2. Shri Ramesh Bais
3. Shri Manoranjan Bhakta
4. Shri Gurudas Dasgupta
5. Smt. Sangeeta Kumari Singh Deo
6. Dr. M. Jagannath
7. Shri Suresh Kalmadi
8. Dr. Vallabhbhai Kathiria
9. Smt. Praneet Kaur
10. Shri Shriniwas Patil
11. Shri Kashiram Rana
12. Shri Mohan Rawale
13. Shri Ramjilal Suman
14. Shri Bagun Sumbrui
15. Shri Ram Kripal Yadav

MEMBERS RAJYA SABHA

16. Shri Rishang Keishing
17. Shri Ajay Maroo
18. Shri. K. Chandran Pillai
19. Shri Shahid Siddiqui
20. Prof. Ram Deo Bhandary
21. Shri Pyarimohan Mohapatra
22. Shri Dinesh Trivedi

SECRETARIAT

23.	Sh. J.P. Sharma	Joint Secretary
24.	Smt. Anita Jain	Director
25.	Sh. N. C. Gupta	Deputy Secretary
26.	Sh. Bala Guru G	Sr. Executive Asst.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorized by the Committee to submit the Report on their behalf, present this Nineteenth Report on Action Taken by the Government on the recommendations contained in the Tenth Report of the Committee on Public Undertakings (Fourteenth Lok Sabha) on Food Corporation of India (FCI) – Review on export of Foodgrains by FCI.

2. The Tenth Report of the Committee on Public Undertakings (2005-2006) was presented to Lok Sabha on 23nd December, 2005. Action Taken Replies of the Government to the recommendations contained in the Report were received on 31.1.2007. The Committee on Public Undertakings considered and adopted this Report at their sittings held on 10.4.2007. The Minutes of the sitting are given in Appendix – I.

3. An analysis of the action taken by the Government on the recommendations contained in the 19th Report (2006-07) of the Committee is given in Appendix -II

New Delhi:
<u>10 April, 2007</u>
Chaitra20 , 1929 Saka

RUPCHAND PAL
Chairman,
Committee on Public Undertakings

CHAPTER I

REPORT

This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Tenth Report (Fourteenth Lok Sabha) of the Committee on Public Undertakings (2005-06) on "FCI-Review on export of foodgrains by FCI" which was presented to Lok Sabha on 23rd December, 2005

2. Action Taken notes have been received from Government in respect of all the recommendations contained in the Report. These have been categorized as follows :

(i) Recommendations / observations which have been accepted by the Government (Chapter II)
Sl. Nos. 1, 2, 8

(ii) Recommendations / observations which the Committee do not desire to pursue in view of the Government's replies (Chapter III)
Sl. Nos. 3, 9

(ii) Recommendations / observations in respect of which replies of the Government have not been accepted by the Committee (Chapter IV)
Sl. Nos. 4, 5, 6

(iv) Recommendations / observations to which the Government have furnished interim replies.(Chapter V)
Sl. Nos. 7

3. The Committee will now deal with the action taken by the Government on some of the recommendations in the succeeding paragraphs,

Recommendation SI No. 4

Fixation of lower export price for wheat

The Committee in their Tenth Report have recommended with regard to 'Fixation of lower export price for wheat' as follows:

"The Committee have been informed that the Group of Ministers (GOM) decided in October, 2000 that wheat be offered for export at a price equal to the economic cost minus two years' carrying cost but not lower than the Central issue Price (CIP) for BPL category. The Ministry adopted Rs. 8300 per MT and Rs. 2204 per MT, being the estimated economic cost for 2000-01 and the related carrying cost respectively which was worked out, was based on the revised method of allocation of distribution costs suggested by Expenditure Reforms Commission (ERC) . On the basis of recommendations of ERC, the issue price of wheat was arrived at Rs. 3392, which was stepped up to Rs. 4150, that is the BPL price, the minimum rate at which the wheat was to be offered for export. As such the wheat for export was issued at Rs. 4150 between November 2000 and March 2001. The Committee further note that while taking the decision of export during a particular year, Ministry has taken the estimated economic cost and carrying cost of subsequent two years. As per Audit this has resulted in a loss or additional subsidy burden of Rs. 1608 crore.

However, Food Corporation of India and Ministry of Food have contended that by adopting the above criteria there was no loss and they adopted this criteria in consonance with ERC recommendations. The Committee further note that the revised methodology suggested by the ERC and approved by the Cabinet had two effects, firstly reduction of economic cost and secondly increase in carrying cost, which finally resulted in fixation of lower export price.

The Committee are not convinced with the justification given by Ministry for adopting the criteria of calculation of Export Price based on ERC recommendations as the same were applicable for the PDS system and not for export scheme. The Committee therefore deprecate the Ministry for adopting wrong criteria for calculation of export price."

The Government (Ministry of Consumer Affairs, Food & Public Distribution) in their action taken reply dated 31st January, 2007 on the above recommendation have stated as follows:

"In respect of foodgrains procured and distributed by the FCI, only one economic cost each for wheat and rice is fixed for all the schemes, including PDS, export, open sale and other welfare schemes. ERC recommendation was for methodology of fixation of economic cost of the foodgrains procured/distributed by the FCI. ERC did not recommend different economic cost for different schemes. FCI's accounts also reflect only one economic cost. Therefore the economic cost of the FCI as fixed at that time was taken for fixation of export prices. "

The remarks of office of C&AG on the reply of the Government was as follows:

"That there is one Economic cost each for wheat and rice which is determined by the FCI at the close of the financial year is correct. Audit however, observed that the economic cost of 1999-2000 available at the time of exports was not taken for fixation of export price, but instead the Government relied on the estimated economic cost recommended by the ERC."

The comments of the Ministry on the above mentioned remarks of the C&AG is as follows:

"For all purposes, for a particular year, FCI's economic cost including other related costs such as carrying cost etc. is taken as fixed on the basis of budget estimates prepared in the beginning of the year, till it is revised at the end of the year, on the basis of actual expenditure incurred till that period and estimated expenditure for the remaining period of the year. Same policy was adopted for fixation of export prices and economic cost of 2000-01 and carrying cost as available at that time was taken during 2000-01."

Comments of the Committee

In their original recommendation, the Committee noted that the Group of Ministers (GOM) had decided in October, 2000 that wheat be offered for export at a price equal to the economic cost minus two year's carrying cost but not lower than the Central Issue Price (CIP) for BPL category. The Committee had also noted that the Ministry adopted the estimated economic cost for 2000-01 and estimated carrying cost for the subsequent two years i.e. 2000-01 and 2001-02 for fixation of export price for wheat which was worked out on the revised method of allocation of distribution cost suggested by Expenditure Reforms Commission (ERC). Consequently, wheat was issued for export at Rs. 4150 per metric tonne (MT) between November 2000 and March 2001. As per Audit, the relevant costs should have been the economic cost of 1999-2000 and carrying costs of 1999-2000 and 1998-99 and as such wheat should have been

issued for export at Rs. 6044 per MT. Thus the adoption of Rs. 4150 per MT as the export price for wheat as against Rs. 6044 had resulted in a short realization of Rs. 1608 crore which in turn led to increased subsidy burden on the Government of India.

The Committee were not convinced with the justification given by Ministry for adopting the criteria of calculation of export price based on ERC recommendations, which resulted in fixation of lower export price, as the same were applicable for PDS and not for export scheme. The Committee had therefore deprecated the Ministry for adopting wrong criteria for calculation of export price.

The Ministry in their Action Taken Reply have <u>inter-alia</u> stated that only one economic cost is fixed for all schemes, including PDS, export and other welfare schemes and that ERC did not recommend different economic cost for different schemes.

The Committee are not convinced with the justification given by Ministry for not taking the economic cost of 1999-2000 for fixation of export price which was relevant in this case. The Committee agree with the views of Audit that Ministry has wrongly taken the estimated economic cost of 2000-01 and the related carrying cost of subsequent two years, thereby resulting in the loss to the tune of Rs. 1608 crore. The Committee agree with the Audit observation and hold the view that huge losses to the tune of Rs. 1608 crore have been caused because of the wrong calculation done by Ministry/FCI while fixing the export price. While reiterating their observation, the

Committee recommend that in future, the Ministry/FCI should follow prudent financial norms and practice so as to avoid losses to the Government exchequer.

Recommendation Sl No. 5

Unfruitful expenditure on transportation

The Committee in their Tenth Report have recommended with regard to 'Unfruitful expenditure on transportation' as follows:

"The Committee note that the sale price fixed for export of wheat and rice was on ex-FCI port godowns basis, which means transportation charges from inland FCI depot to the port town was to be borne by FCI. This facilitated the exporters to lift foodgrains from the godowns of their choice and have them delivered at the port of their choice. As a result, the exporters lifted the foodgrains from the godowns of their choice situated in far-flung places, irrespective of the fact that sufficient stocks were available in nearby godowns with reference to the designated ports from where export took place. As per audit, FCI had incurred Rs. 516.36 crore towards freight charges. The high incidence of freight charges on inland movement had the effect of reducing the net realisation from exports which fell below the issue rate for BPL category.

The Committee further note that FCI has justified the lifting of foodgrains by the exporters from the godowns of their choice for several reasons, namely, nearness of final destination (foreign country) to a particular port, easier availability of ships at a particular port at a cheaper rate etc. According to them these steps were essential for the success of the scheme and as such only rail-freight through the shortest route was reimbursed and economy in overall operations was maintained.

The Committee are of the view that this is a clear case where undue benefit/advantage has been extended to the exporters. They also feel that the policy per se in this regard of reimbursing of transport charges from inland godown to port town, was a loss making proposition which resulted in issuing the foodgrains below the BPL price. In the opinion of the Committee the reimbursement of transport charges is an export subsidy to traders, which should have been avoided. In so far as export of foodgrains is concerned, the Committee recommend that a clear cut policy should be evolved with regard to reimbursement of transport charges."

The Government (Ministry of Consumer Affairs, Food & Public Distribution) in their action taken reply dated 31st January, 2007 on the above recommendation have stated as follows:

"While noting the observations of the Committee, the Department would like to reiterate that no loss has been incurred on account of transport charges from inland godown to port town by reimbursing minimum rail freight. This expenditure would have been incurred by the FCI even if the stocks had to be transported for PDS purposes to the port towns. As the element of transportation is already built in the BPL price, hence the freight charges need not be deducted from the BPL price on account of transportation of the stocks from godown of choice to the port town.

As recommended by the Committee clear cut policy would be evolved regarding reimbursement of transport charges as and when the situation warrants."

The remarks of office of C&AG on the reply of the Government was as follows:

"As per the GOM decision the export price should not fall below the BPL price, whereas it was found that the net realization per MT of foodgrains from exports was below the BPL price. In the reply it was further stated that the element of transportation is included in BPL price. The elements that enter the BPL price may be furnished to Audit."

The comments of the Ministry on the above mentioned remarks of the C&AG is as follows:

"Calculation sheets for economic cost of wheat and rice for the years 2000-01 to 2004-05 is attached. During the year 2000, a decision was taken, in principle, by Government that the Central Issue Prices (CIPs) under the Targeted Public Distribution System (TPDS) may be fixed at 50% of the economic cost for Below the Poverty Line (BPL) households. Based on this principle, Government, on 21st July 2000 fixed the Central Issue Prices at Rs. 565 per quintal for rice and Rs. 415 per quintal for wheat for the BPL households. These CIPs for BPL households have been retained at this level, ever since."

<u>Comments of the Committee</u>

The Committee in their original recommendation had noted that sale price fixed for export of foodgrains was on ex-FCI port godowns basis (i.e. transportation charges from inland FCI depot to the port town was to be borne by FCI) which facilitated the exporters

to lift foodgrains from the godowns of their choice and have them delivered at the port of their choice. As a result, the exporters lifted foodgrains from the godowns of their choice situated in far-flung places, irrespective of the fact that sufficient stocks were available in nearby godowns. The high incidence of freight charges on inland movement had the effect of reducing the net realization from exports which fell below the issue rate for BPL category. The Committee had thus observed that the policy <u>per se</u> in regard to reimbursement of transportation charges from inland godown to port town was a loss making proposition and therefore recommended that a clear cut policy should be evolved for reimbursement of transport charges.

The reply of the Ministry that no loss has been incurred on account of transport charges from inland godown to port town by reimbursing minimum rail freight is not acceptable to the Committee as it has not been substantiated with adequate documentary proof. The Committee would like the Ministry to furnish adequate explanation on the basis of which they have arrived at the above conclusion. The contention of the Government that the expenditure on transport charges would have been incurred by FCI even if the stocks had to be transported for PDS purposes to the port towns is not financially prudent as transportation of stocks for PDS purposes, which is a welfare activity, could not be equated with transportation of stocks for export purposes, which is a commercial activity.

Further the Committee are highly constrained to note that Ministry has taken no concrete action on their recommendation regarding evolving of a clear cut policy on reimbursement of transport charges for exports. The Committee are of the firm view that there is an imperative need to evolve such a policy so that the transport subsidy available for welfare activity like PDS is not extended to commercial activity like exports. While reiterating their earlier recommendation, the Committee desire that Ministry should formulate a comprehensive policy in this regard.

Recommendation SI No. 6

Undue benefit to exporters of foodgrains to Bangladesh

The Committee in their Tenth Report have recommended with regard to 'Undue benefit of Rs. 44.25 crore to exporters for foodgrains exported through rail to Bangladesh' as follows:

"The Committee note that Post Delivery Expenses (PDE) which inter-alia include shipping freight, loading and un loading charge etc. allowed to exporters ranged from Rs. 1700 to Rs. 3850 per MT for rice and Rs. 1175 to Rs. 2850 per MT for wheat. This was paid irrespective of destinations i.e the distance involved in export of foodgrains to various countries. No exercise was done to work out the realistic PDE, which exporters would be incurring. For instance in case of exports to Bangladesh, FCI moved goods directly from godowns to various destinations in Bangladesh by rail.

The Committee further note that the allowance towards PDE ranging from Rs. 1175 per MT to Rs. 3850 per MT was extended in respect of foodgrains issued for export and transported by rail to Bangladesh as against only Rs. 30 per MT borne by the exporter thereby allowing a subsidy of Rs. 1750 per MT which, as per audit, led to excess reimbursement of Rs. 44.25 crore.

The Committee are not satisfied with FCI's contention that the reimbursement of PDE (irrespective of destinations) was WTO compatible as they feel that the Ministry should have got clarification from Group of Ministers, as to whether post delivery expenses had to be allowed uniformly. The another argument advanced by FCI that without additions in manpower, it would have been a Herculean task to handle all exports transactions on a case by case basis is also not acceptable to the Committee as FCI being a commercial organization can not fritter away Government money on such frivolous grounds.

The Committee feel that there is no commercial prudence in giving a PDE of Rs. 1750 per MT, as against only Rs. 30 per MT borne by the exporters. The Committee highly deprecate the Ministry/FCI for having failed to work out a realistic PDE and save the Government money. The Committee therefore recommend that a proper and fool proof system of export (sale) operations should be evolved which may also include realistic assessment of PDE for export purposes in future."

The Government (Ministry of Consumer Affairs, Food & Public Distribution) in their action taken reply dated 31st January, 2007 on the above recommendation have stated as follows:

"The Government on the basis of a High Level Inter Ministerial Committee fixed a minimum level of PDE with the objective to provide certain monetary incentives to the exporters for expediting the liquidation of huge foodgrains stocks under the Central Pool. As there was no intention to extend this benefit on the basis of actual expenses incurred by an exporter, there was no need to prescribe separate levels of PDEs for different destinations/modes. The objective of the Government was also to restrict the subsidy for every ton of foodgrain exported.

On the basis of this policy of the Government, it was for the exporters to choose where they would like to export. In case the Government had set graded PDEs for different destinations and modes, there was a likelihood that the exporters would have chosen to export to destinations, which earned them higher subsidy, thereby causing higher outgo of monetary incentive from the government coffers, for the same amount of wheat exported. Thus the policy of the government to follow uniform PDE was most economical, easy to implement and transparent and has to be seen against the fact that the total outgo of subsidy even for far off destinations was kept at the lower end of the permissible range of PDE. "

The remarks of Office of C&AG on the reply of the Government was as follows:-

It is clear from the reply that the main objective of the export was to expedite the liquidation of huge stocks of food grains, which had piled up and hence the Inter Ministerial Committee had fixed a minimum level of PDE with the objective of providing certain monetary incentive to exporters. It was further stated that the objective of the Government was also to restrict the subsidy but this was not fulfilled.

The contention of the Ministry regarding gain of higher subsidy by exporters in case of fixation of graded PDEs/modes is not supported by adequate data. The claim that the application of the uniform PDE led to economy may be furnished to audit.

The Comments of the Ministry on the above mentioned remarks of the C&AG is as follows:-

"The purposes of the Government was to enable exports at internationally competitive prices. Since there was huge accumulation of wheat and rice stocks the international prices were taken into consideration and export prices were fixed by the Government from time to time. Initially uniform export prices were fixed for all years of procurement. Later on, separate export prices were fixed for each year of procurement. To keep the export prices uniform for all the port depots/storage points of FCI, the post delivery expenses were used to equalize the export price at all port depots/storage points of FCI with respect to the open market sale price. In case the PDE was fixed differently taking into account the actual cost of exports, it would have been very difficult to implement such a decision and a lot of discretion would have rested with field officers."

Comments of the Committee

The Committee in their original recommendation had noted that the allowance towards post delivery expenses (PDE) which included shipping freight, loading and unloading charges etc., was extended in the range of Rs. 1175 per metric ton (MT) to 3850 per MT in respect of foodgrains issued for export and transported by rail to Bangladesh as against only Rs. 30 per MT borne by the exporter thereby allowing a subsidy of Rs. 1750 per MT, which led to excess reimbursement of Rs. 44.25 crore. Deprecating the Ministry/FCI for having failed to work out a realistic PDE and save the Government money, the Committee had recommended that a proper and foolproof system of export (sale) operations should be

evolved which may also include realistic assessment of PDE for export purposes in future.

The Committee are unhappy to note that Ministry has not taken any action on their above recommendation. Instead the Ministry has tried to justify their action of not fixing a realistic PDE by <u>inter-alia</u> stating that in case the Government had set graded PDE for different destinations and modes, there was a likelihood that the exporters would have chosen to export to destinations, which earned them higher subsidy, thereby causing higher outgo of monetary incentive from the Government coffers, for the same amount of wheat exported. The Ministry has further stated that policy of Government to follow uniform PDE was most economical, easy to implement and transparent and has to be seen against the fact that the total outgo of subsidy even for far off destinations was kept at the lower end of the permissible range of PDE. The above contention of the Ministry which is not based on any supporting document is not acceptable to the Committee. As observed by Audit, the Committee also desire that Ministry may furnish documents justifying their claim that the application of uniform PDE lead to economy.

The Committee take strong exception to another argument advanced by the Ministry that in case the PDE was fixed differently taking into account the actual cost of exports, it would have been very difficult to implement such a decision and a lot of

discretion would have rested with field officers. The Committee feel that a premier Government organisation of the size and stature of FCI, having operations in the entire length and breadth of the country cannot absolve themselves of the responsibility of not fixing PDE taking into account actual cost of exports on such frivolous grounds. This is indicative of lack of professional approach in the functioning of FCI.

While disapproving the reply of the Government, Committee strongly reiterate their earlier recommendation and desire that Ministry/FCI should take steps to evolve a proper and foolproof system of export (sale) operations which may also include realistic assessment of PDE for export purposes in future.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation Sl No. 1

The Committee note that the Government of India in October 1998 fixed the norms for the quantity of minimum stocks of wheat and rice to be held at the beginning of every quarter in the Central Pool under the buffer stocking policy, which ranged from 15.8 Million Metric Tonne (MMT) to 24.3 MMT. As against this, the stock position as on 30th September 2000 was 40.06 MMT. In view of the burgeoning stock position, the Ministry of Consumer Affairs, Food & Public Distribution, in September 2000 submitted a proposal for consideration of the Cabinet Committee on Economic Affairs (CCEA) for "Revamping of Public Distribution System (PDS)-Measures to improve off-take of foodgrains". A Group of Ministers constituted, to consider the above proposal, in October, 2000, decided inter-alia, that FCI might be permitted to offer wheat for export at a price equal to economic cost minus two years' carrying cost but not lower than the Central Issue Price (CIP) for 'below poverty line' (BPL) category of families. Based on the above decision, FCI commenced the export of wheat in November, 2000.

They were also permitted to issue rice for exports in December 2000 and wheat for export of wheat products in December 2001. Accordingly, FCI issued 19.71 MMT of wheat and 13.53 MMT of rice for exports during November 2000 to February 2004. The economic cost and the sale value of the quantity of wheat and rice issued for export (based on the highest sale price obtained in a year) were Rs. 33,927 crore and Rs. 19,792 crore respectively involving a subsidy burden of Rs. 14,135 crore being the difference between economic cost and sales realization.

Factors contributing to export of foodgrains

(a) Excess procurement of foodgrains

The Food Corporation of India and Ministry of Consumer Affairs, Food & Public Distribution have justified excess procurement of foodgrains on the contention that the procurement of foodgrains operations in India, are actually MSP driven and not based on the demands of PDS, therefore, FCI or state procurement agencies do not have any flexibility of not accepting foodgrains offered by the farmers. The Committee have also been informed that, if exports had not been done. FCI would have incurred an additional cost of Rs. 27626.34 crore for holding the stocks.

(b) Inadequate Storage Capacity

The Committee note that covered storage capacity available with FCI was not adequate to store the surplus stocks of foodgrains and almost 100 lakh tonnes of foodgrains were being stored under Central Accounts Pool (CAP) storage, which was likely to be easily damaged because of the elements of nature. Deterioration of foodgrains, increasing administrative and storage charges for maintaining the stocks and for making available storage space for coming procurement, were other reasons which necessitated export of foodgrains.

The Committee fail to understand as to why steps were not taken well in advance for augmenting the storage capacity so as to obviate the present situation of foodgrains lying in the open and exposed to vagaries of nature. The committee cannot absolve both the Ministry and FCI of their responsibility of not addressing this problem sufficiently in advance and in proper perspective. The Committee, therefore, strongly recommend that a comprehensive review of storage capacity of all the godowns of FCI be made and adequate steps be taken for augmenting the storage capacity.

Reply of the Government

Construction of storage capacity has to be seen in context of normal storage requirement for stocks to be maintained in the Central Pool. It was in view of the surplus accumulation of stocks, that the Government started the Seven Years Guarantee Scheme in the year 2001-02 under which additional storage capacity to the tune of 85.25 lakh MT in Punjab, Haryana Andhra Pradesh, Uttar Pradesh, Himachal Pradesh, Madhya Pradesh, Uttaranchal, Orissa, Rajasthan and Bihar was approved. Against this allocation, a capacity of about 68.83 lakh MT has been built and taken over. The total capacity of FCI is 245.36 lakh MTs with 35% utilization as on 1.12.2005. In addition, the Central and State Warehousing Corporations also have substantial storage capacity and the total storage capacity in the country is almost 550 lakh Mts.

The revised buffer norm for 1st July is 269 Lakh MTs for which the existing storage capacity is adequate to take care of normal circumstances. The situation in 1999-2003 was exceptional and it would not be cost effective and financially prudent to plan permanent storage capacity for such exceptional build up of stocks, which had gone up to three times the annual requirement in the year 2002.

However, in compliance of the Committee's recommendation, the storage capacity is being regularly reviewed at the Department level and capacity building is being taken up wherever necessary.

Remarks of office of C&AG on the reply of the Government

Even though Govt. took steps to sanction the construction of additional storage capacity (godowns) under SYGS during the period 2001-02. FCI could take over these godowns only during the period January 2001 to December 2004 and by which time the situation had eased.

Proper planning in assessing godown capacity requirement through periodical review was not rigorously carried out in the past.

Further reply of the Government

The FCI had been doing periodic reviews in past too. Storage capacities were increased / decreased with increase / decrease in the stock level, as could be seen from the following table:

Year (as on 31st March)	Capacity held by FCI (lakh MT)
1993-94	236.59
1994-95	273.96
1995-96	264.10
1996-97	226.42
1997-98	223.69
1998-99	233.41
1999-00	254.08
2000-01	314.46
2001-02	358.40
2002-03	317.34
2003-04	272.37
2004-05	260.31
2005-06	255.56

Maximum amount of hired capacity was de-hired with the dwindling of the stock level. As on 30.6.2002, the FCI was having a peak hired capacity of 226.71 lakh MT which has been brought down to 92.50 lakh MT as on 30.9.06. out of the present hired capacity of 92.50 lakh MT about 70 lakh MT capacities pertains to the SYGS which has to be kept by the FCI per force unitl the period of guarantee scheme is over.

Recommendation Sl No. 2

Delay in liquidation of excess stocks

The Committee note that the Ministry has woken up very late and taken nearly two years in submitting the proposal to CCEA for export of excess foodgrains. The Committee therefore deprecate the delay on the part of the Ministry for not addressing to the problem of burgeoning buffer stocks of FCI in the right earnest despite the fact that FCI had been highlighting this problem through letters and deliberations in the High Level Committee meetings

The Committee are also unhappy to note that the Ministry of Food allowed distribution of surplus foodgrains for 'Food for Work programme' only after the then Chairman, FCI, mooted this proposal to the Ministry. The Committee also find it distressing that the decision regarding increase of supply of foodgrains for BPL and APL families was taken only in 2002, when the problem of surplus stocks of foodgrains had actually become insurmountable. The Committee, therefore, take a serious view of the situation and feel that had the Ministry taken these corrective steps earlier, the stocks of foodgrains might not have swelled to a level which warranted exports.

The Committee recommend that to obviate recurrence of such situation in future, Ministry should periodically make assessments of stocks at the disposal of FCI and initiate suitable remedial steps, well in advance, for their disposal without causing any loss to the exchequer.

Reply of the Government :

The Government was seized of the issue of the burgeoning buffer stocks of the FCI, which followed in the wake of successive good monsoon seasons much before the Chairman FCI, sought Government's approval on 13 November 2000 for using the surplus foodgrains for, " Food for Work Programme". In order to liquidate the excess stocks, the Government took steps to increase the off take amongst the domestic consumers by adopting several measures, which included the following:

i) The allocation for BPL families at the rate of 20 Kg per family per month was made on the basis of population projections of the Registrar General, as on 1.3.2000 instead of the base of projected population of 1995.

ii) Foodgrains at BPL rates were allotted to State Governments at the rate of 5 kg. per head per month, for covering categories of indigent people living in Welfare Institutions such as beggar homes, hostels for SC/ST/backward class students, homes for nari niketans etc. sponsored by State Governments and the concerned Administrative Ministry of Government of India. Foodgrains were also allocated under the Annapurna Scheme to indigent old persons even in the case of those receiving old age pension from the State Governments.

iii) Foodgrains at Central Issue Price applicable for BPL families were allocated for all welfare schemes implemented by various Ministries of the Govt. of India.

iv) Foodgrains at the rate applicable for BPL families were allotted to the State Governments for undertaking "Food for Work" programmes in the States.

v) Foodgrains were also allotted at BPL rates to development schemes, where the beneficiaries belong to the BPL category, implemented by Non Governmental Organisations sponsored by the State Governments and Administrative Ministry in Government of India as also by International Organisations like World Food Programme.

But as the domestic measures to liquidate the huge stocks of foodgrains did not bring about desired results, the option to export was adopted as a last resort measure.

However as per the recommendation of the Committee periodical reviews are being made for assessing the stocks at the disposal of the FCI.

Remarks of office of C&AG on the reply of the Government

Ministry replied that periodical reviews are being made for assessing the stocks at the disposal of FCI. The Ministry may intimate the periodicity of these reviews, the composition of the Review Committees and forward to audit the minutes of all the Committee(s) that met since January 2003 till date. It appears that the creation of additional storage is required but the pressing need is to create scientific storage in various regions of the country where the food grains can be preserved for long period without loss in quality in silos.

Further reply of the Government :

Periodical reviews are being made for assessing the stocks at the disposal of FCI at least since in a month by FCI. It is also being reviewed at the level of Secretary (F&PD) and CMD (FCI). Concerned Senior officials of FCI and the Department of Food and Public Distribution attend the meetings.

Recommendation SI No. 8

Internal Audit

The Committee deprecate that the internal Audit wing of FCI was not entrusted / involved for checking the documentation throughout the export operations, inspite of clear cut directions of HLC in May, 2002. This lead to many omissions and commissions. The Committee do not agree with the contention of FCI that Finance Division of regional office of FCI was associated at all stages of export operations and this served the same purpose of exercising a check, as was the job of Internal Audit. The Committee are of the opinion that the role of Internal Audit is totally different from that of Finance Division. They would like to emphasise that Internal Audit Wing has the wherewithal and special acumen to critically analyse the cases of omissions and commissions, which Finance Division is not equipped of.

The Committee feel that had the internal audit wing been associated at all stages of export operation, various irregularities and deficiencies which have occurred in export operations would not have taken place. The Committee therefore recommend that FCI should invariably associate the Internal Audit Wing at all effective stages of export operations in future and follow the audit norms strictly.

Reply of the Government:

Internal audit is an independent function from executive working and it is free to carry out Audit at all stages of Corporation working. The Internal Audir did conduct audit of sale of wheat and rice for export purposes and even submitted its consolidated Internal Audit Report on 1.11.02, which carried the Audit conducted till 31.3.02.

As recommended by the Committee a more proactive approach of internal audit involvement would be ensured in the future.

Remarks of office of C&AG on the reply of the Government

Only transactions after May 2002 were scrutinized by Internal Audit despite exports having started from November 2000 onwards. This showed that there were inherent failure of internal controls and checks. This IA report was not produced to the sole auditors and no reasons were adduced for the same. This report may now be furnished to the sole auditors.

Further reply of the Government

Internal Audit Report has been furnished to Sole Auditors i.e. CAG officials sitting at 2nd Floor of FCI Headquarters, New Delhi.

CHAPTER III

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

Recommendation Sl no. 3

Food Subsidy

As per audit observation, the Committee note that a subsidy of Rs. 14135 crore has been given to the exporters under the Head food subsidy. The Committee highly deprecate that the "food subsidy' basically meant for social activity i.e. PDS covering BPL families has been wrongfully extended to exporters which is a commercial activity.

The Committee therefore, totally disapprove the decision of the Ministry of giving subsidy to exporters for liquidating the excess buffer stocks and strongly recommend that in future food subsidy to exporters should be strictly avoided.

Reply of the Government:

Export of wheat was undertaken with the sole purpose of reducing the burgeoning stocks in which heavy amount would have been incurred towards storage costs. Food subsidy has two components, viz. consumer subsidy and buffer subsidy, i.e. cost of holding stocks. When the decision to permit release of stocks for exports was taken, FCI was incurring heavy carrying (holding) cost which would have to be reimbursed as part of the food subsidy. The average period of storage was much in excess of two years. This expenditure towards holding of excess stocks would have had to be released as buffer subsidy. For example, stocks as on Ist July, 2002 was 219 lakh tones of rice and 411 lakh tones of wheat against the buffer norm of 100 lakh tones of rice and 143 lakh tones of wheat for Ist July at that time. This represents a surplus stock of 119 lakh tones of rice and 268 lakh tonnes of wheat. For holding these stocks, additional buffer subsidy would have to be released. It is against this background and with a view to reducing the expenditure on buffer subsidy on account of excess holding of stocks, which was subject to deterioration, the Government permitted the release of surplus stocks for export on condition that the subsidy is less than two years' holding cost of grain. This led to savings in the buffer subsidy, as the average storage period was in excess of two years. It is further noted that foodgrains stocks have limited shelf life and the stocks would otherwise have deteriorated, if not, liquidated.

It is further stated that no portion of the budget earmarked for "Consumer subsidy" was released to exporters. Only the portion of the budget which would have to be reimbursed as buffer subsidy was released to the exporters as per approved policy. In case foodgrains had not been exported, FCI would in any case have incurred storage costs/carrying costs, which would have been borne as food subsidy.

The Ministry, however, has taken note of the recommendation of Committee on Public Undertakings in the matter and taking measures to ensure that there is improved foodgrains management so that the situation that had arisen in the past does not recur in future.

Remarks of office of C&AG on the reply of the Government

In the ERC recommendation note it was realized that 'there is no clear demarcation of operational stocks or buffer stocks. This is done at the corporate office level.

In the absence of clear demarcation of stocks, it is not clear how the Ministry claims that no portion of the budget earmarked for 'Consumer Subsidy' was not released to exporters. Further, it would not be possible on the part of FCI to distinguish between different categories of sales.

Further reply of the Government

As the export of foodgrains was allowed for the liquidation of surplus stocks and export prices were fixed at a cost equal to economic cost minus two years's carrying cost, as decided by the Group of Ministers (GOM), the subsidy given for export was in lieu of buffer subsidy which the FCI otherwise would have had to incur as carrying cost for holding the surplus stocks for two years' period or more. Therefore, only the buffer subsidy portion was released as export subsidy.

Recommendation Sl No. 9

Need for a long term policy regarding export of foodgrains.

The Committee take a serious view of extending of food subsidy to exporters in the instant case as food subsidy is intended only for the PDS system for BPL families. To avoid recurrence of such a situation the Committee observe that there is an imperative need for evolving a long term policy regarding export of foodgrains. The Committee have been informed that a High Level Committee (HLC) under the Chairmanship of Sh. Abhijit Sen has gone into this aspect and submitted a report suggesting framing of a scheme which would open direct procurement and export to private sector. The Committee therefore desire that this matter may be pursued vigorously with Ministry of Commerce so that an export policy for foodgrains is framed expeditiously.

Reply of the Government

As regards the need for a long-term policy regarding export of foodgrains, this Department is of the view that as per the extant EXIM policy, export of foodgrains is free and no new policy initiative is envisaged at this stage.

Remarks of office of C&AG on the reply of the Government

The reply of Government is noted.

Further reply of the Government

No further comments required.

CHAPTER IV

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

Recommendation Sl No. 4

Fixation of lower export price for wheat

The Committee have been informed that the Group of Ministers (GOM) decided in October, 2000 that wheat be offered for export at a price equal to the economic cost minus two years' carrying cost but not lower than the Central issue Price (CIP) for BPL category. The Ministry adopted Rs. 8300 per MT and Rs. 2204 per MT, being the estimated economic cost for 2000-01 and the related carrying cost respectively which was worked out, was based on the revised method of allocation of distribution costs suggested by Expenditure Reforms Commission (ERC) . On the basis of recommendations of ERC, the issue price of wheat was arrived at Rs. 3392, which was stepped up to Rs. 4150, that is the BPL price, the minimum rate at which the wheat was to be offered for export. As such the wheat for export was issued at Rs. 4150 between November 2000 and March 2001. The Committee further note that while taking the decision of export during a particular year, Ministry has taken the estimated economic cost and carrying cost of subsequent two years. As per Audit this has resulted in a loss or additional subsidy burden of Rs. 1608 crore.

However, Food Corporation of India and Ministry of Food have contended that by adopting the above criteria there was no loss and they adopted this criteria in consonance with ERC recommendations. The Committee further note that the revised methodology suggested by the ERC and approved by the Cabinet had two effects, firstly reduction of economic cost and secondly increase in carrying cost, which finally resulted in fixation of lower export price.

The Committee are not convinced with the justification given by Ministry for adopting the criteria of calculation of Export Price based on ERC recommendations as the same were applicable for the PDS system and not for export scheme. The Committee therefore deprecate the Ministry for adopting wrong criteria for calculation of export price.

Reply of the Government

In respect of foodgrains procured and distributed by the FCI, only one economic cost each for wheat and rice is fixed for all the schemes, including PDS, export, open sale and other welfare schemes. ERC recommendation was for methodology of fixation of economic cost of the foodgrains procured/distributed by the FCI. ERC did not recommend different economic cost for different schemes. FCI's accounts also reflect only one economic cost. Therefore the economic cost of the FCI as fixed at that time was taken for fixation of export prices.

Remarks of office of C&AG on the reply of the Government

That there is one Economic cost each for wheat and rice which is determined by the FCI at the close of the financial year is correct. Audit however, observed that the economic cost of 1999-2000 available at the time of exports was not taken for fixation of export price, but instead the Government relied on the estimated economic cost recommended by the ERC.

Further reply of the Government

For all purposes, for a particular year, FCI's economic cost including other related costs such as carrying cost etc. is taken as fixed on the basis of budget estimates prepared in the beginning of the year, till it is revised at the end of the year, on the basis of actual expenditure incurred till that period and estimated expenditure for the remaining period of the year. Same policy was adopted for fixation of export prices and economic cost of 2000-01 and carrying cost as available at that time was taken during 2000-01.

Recommendation Sl No. 5

Unfruitful Expenditure on Transportation

The Committee note that the sale price fixed for export of wheat and rice was on ex-FCI port godowns basis, which means transportation charges from inland FCI depot to the port town was to be borne by FCI. This facilitated the exporters to lift foodgrains from the godowns of their choice and have them delivered at the port of their choice. As a result, the exporters lifted the foodgrains from the godowns of their choice situated in far-flung places, irrespective of the fact that sufficient stocks were available in nearby godowns with reference to the designated ports from where export took place. As per audit, FCI had incurred Rs. 516.36 crore towards freight charges. The high incidence of freight charges on inland movement had the effect of reducing the net realisation from exports which fell below the issue rate for BPL category.

The Committee further note that FCI has justified the lifting of foodgrains by the exporters from the godowns of their choice for several reasons, namely, nearness of final destination (foreign country) to a particular port, easier availability of ships at a particular port at a cheaper rate etc. According to them these steps were essential for the success of the scheme and as such only rail-freight through the shortest route was reimbursed and economy in overall operations was maintained.

The Committee are of the view that this is a clear case where undue benefit/advantage has been extended to the exporters. They also feel that the policy per se in this regard of reimbursing of transport charges from inland godown to port town, was a loss making proposition which resulted in issuing the foodgrains below the BPL price. In the opinion of the Committee the reimbursement of transport charges is an export subsidy to traders, which should have been avoided. In so far as export of foodgrains is concerned, the Committee recommend that a clear cut policy should be evolved with regard to reimbursement of transport charges.

Reply of the Government

While noting the observations of the Committee, the Department would like to reiterate that no loss has been incurred on account of transport charges from inland godown to port town by reimbursing minimum rail freight. This expenditure would have been incurred by the FCI even if the stocks had to be transported for PDS purposes to the port towns. As the element of transportation is already built in the BPL price, hence the freight charges need not be deducted from the BPL price on account of transportation of the stocks from godown of choice to the port town.

As recommended by the Committee clear cut policy would be evolved regarding reimbursement of transport charges as and when the situation warrants.

Remarks of office of C&AG on the reply of the Government

As per the GOM decision the export price should not fall below the BPL price, whereas it was found that the net realization per MT of foodgrains from exports was below the BPL price. In the reply it was further stated that the element of transportation is included in BPL price. The elements that enter the BPL price may be furnished to Audit.

Further reply of the Government

Calculation sheets for economic cost of wheat and rice for the years 2000-01 to 2004-05 is attached. During the year 2000, a decision was taken, in principle, by Government that the Central Issue Prices (CIPs) under the Targeted Public Distribution System (TPDS) may be fixed at 50% of the economic cost for Below the Poverty Line (BPL) households. Based on this principle, Government, on 21st July 2000 fixed the Central Issue Prices at Rs. 565 per quintal for rice and Rs.

415 per quintal for wheat for the BPL households. These CIPs for BPL households have been retained at this level, ever since.

Recommendation Sl No. 6

Deficiencies in Sale operations

Undue benefit of Rs. 44.25 crore to Exporters for foodgrains exported through rail to Bangladesh.

The Committee note that Post Delivery Expenses (PDE) which inter-alia include shipping freight, loading and un loading charge etc. allowed to exporters ranged from Rs. 1700 to Rs. 3850 per MT for rice and Rs. 1175 to Rs. 2850 per MT for wheat. This was paid irrespective of destinations i.e the distance involved in export of foodgrains to various countries. No exercise was done to work out the realistic PDE, which exporters would be incurring. For instance in case of exports to Bangladesh, FCI moved goods directly from godowns to various destinations in Bangladesh by rail.

The Committee further note that the allowance towards PDE ranging from Rs. 1175 per MT to Rs. 3850 per MT was extended in respect of foodgrains issued for export and transported by rail to Bangladesh as against only Rs. 30 per MT borne by the exporter thereby allowing a subsidy of Rs. 1750 per MT which, as per audit, led to excess reimbursement of Rs. 44.25 crore.

The Committee are not satisfied with FCI's contention that the reimbursement of PDE (irrespective of destinations) was WTO compatible as they feel that the Ministry should have got clarification from Group of Ministers, as to whether post delivery expenses had to be allowed uniformly. The another argument advanced by FCI that without additions in manpower, it would have been a Herculean task to handle all exports transactions on a case by case basis is also not acceptable to the Committee as FCI being a commercial organization can not fritter away Government money on such frivolous grounds.

The Committee feel that there is no commercial prudence in giving a PDE of Rs. 1750 per MT, as against only Rs. 30 per MT borne by the exporters. The Committee highly deprecate the Ministry/FCI for having failed to work out a realistic PDE and save the Government money. The Committee therefore recommend that a proper and fool proof system of export (sale) operations should be evolved which may also include realistic assessment of PDE for export purposes in future.

Reply of the Government :

The Government on the basis of a High Level Inter Ministerial Committee fixed a minimum level of PDE with the objective to provide certain monetary incentives to the exporters for expediting the liquidation of huge foodgrains stocks under the Central Pool. As there was no intention to extend this benefit on the basis of actual expenses incurred by an exporter, there was no need to prescribe separate levels of PDEs for different destinations/modes. The objective of the Government was also to restrict the subsidy for every ton of foodgrain exported.

On the basis of this policy of the Government, it was for the exporters to choose where they would like to export. In case the Government had set graded PDEs for different destinations and modes, there was a likelihood that the exporters would have chosen to export to destinations, which earned them higher subsidy, thereby causing higher outgo of monetary incentive from the government coffers, for the same amount of wheat exported. Thus the policy of the government to follow uniform PDE was most economical, easy to implement and transparent and has to be seen against the fact that the total outgo of subsidy even for far off destinations was kept at the lower end of the permissible range of PDE.

Remarks of office of C&AG on the reply of the Government

It is clear from the reply that the main objective of the export was to expedite the liquidation of huge stocks of food grains, which had piled up and hence the Inter Ministerial Committee had fixed a minimum level of PDE with the objective of providing certain monetary incentive to exporters. It was further stated that the objective of the Government was also to restrict the subsidy but this was not fulfilled.

The contention of the Ministry regarding gain of higher subsidy by exporters in case of fixation of graded PDEs/modes is not supported by adequate data. The claim that the application of the uniform PDE led to economy may be furnished to audit.

Further reply of the Government :

The purposes of the Government was to enable exports at internationally competitive prices. Since there was huge accumulation of wheat and rice stocks the international prices were taken into consideration and export prices were fixed by the Government from time to time. Initially uniform export prices were fixed for all years of procurement. Later on, separate export prices were fixed for each year of procurement. To keep the export prices uniform for all the port depots/storage points of FCI, the post delivery expenses were used to equalize the export price at all port depots/storage points of FCI with respect to the open market sale price. In case the PDE was fixed differently taking into account the actual cost of exports, it would have been very difficult to implement such a decision and a lot of discretion would have rested with field officers.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation Sl No. 7

Irregularities in export transactions

According to C&AG, there were instances of irregularities in export transactions such as non-recovery of penalties, non-submission of export documents, non-submission of original documents, diversion of stocks to domestic market instead of exporting, etc. FCI has also admitted that during the course of the operations, there might have been some mistakes and that there were complaints of diversion and misuse of grains. The Committee have noted that in many such irregularities, cases have been referred to CBI and FIRs have been lodged and further investigations are being made.

The Committee recommend that the investigations in all the cases of irregularities should be expedited and appropriate action be taken against erring exporters/delinquent officials of FCI. The Committee also desire that suitable steps be taken as suggested by Abhijit Sen Committee, to tighten procedures to prevent leakages of foodgrains meant for export into domestic market.

Reply of the Government:

All the cases of alleged irregularities in export transactions mentioned by the CAG in its report are being examined in detail. The CBI, which is investigating the allegations of irregularities in export of foodgrains by the FCI, is being extended full cooperation both by the FCI and this Department.

The Abhijit Sen Committee in its Report on Long term Foodgrains Policy has made recommendations for encouraging export on private account, where the subsidy, if any, should be payable not at point of sale but at the point of export. The Ministry of Commerce had mooted a proposal in this regard but it has been dropped for the present, as the surplus foodgrain scenario in the Central Pool has undergone a change and entrepreneurs, even without any subsidy, are making exports.

As regards leakages of foodgrains from the PDS channel, which has been commented upon in the report, the Government is fully seized of the matter and efforts are being made in consultation with the State Governments to tackle the menace.

The recommendations of the The Abhijit Sen Committee in its Report on Long term Foodgrains Policy would be kept in view as and when the need arises.

Remarks of office of C&AG on the reply of the Government

The final outcomes of the CBI cases may be reported to audit.
A copy of the Abhijit Sen Committee Report may be furnished to audit.
Have the recommendations of this Report been accepted by the Government?

Further reply of the Government

A copy of the High Level Committee Report set up under the Chairmanship of Shri Abhijit Sen along with statement showing its main recommendation, whether accepted or not and Action Taken on it is enclosed (Annexure). Any fresh report regarding outcome of CBI cases relating to irregularities in export transaction has not been received in the FCI.

New Delhi:
10 , April 2007
Chaitra 20 , 1929 Saka

RUPCHAND PAL
Chairman
Committee on Public Undertakings

MINUTES OF THE 20th SITTING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS HELD ON 10th April, 2007

The Committee sat from 1300 hrs to 1330 hrs.

CHAIRMAN

Shri Rupchand Pal

MEMBERS LOK SABHA

2. Shri Ramesh Bais
3. Shri Manoranjan Bhakta
4. Shri Gurudas Dasgupta
5. Smt. Sangeeta Kumari Singh Deo
6. Dr. M. Jagannath
7. Dr. Vallabhbhai Kathiria
8. Smt. Praneet Kaur
9. Shri Kashiram Rana
10. Shri Bagun Sumbrui

MEMBERS RAJYA SABHA

11. Shri Ajay Maroo
12. Shri. K. Chandran Pillai
13. Shri Pyarimohan Mohapatra
14. Shri Dinesh Trivedi

SECRETARIAT

1.	Shri J.P. Sharma	Joint Secretary
2.	Smt. Anita Jain	Director
3.	Shri N. C. Gupta	Deputy Secretary
4.	Shri Ajay Kumar	Deputy Secretary

OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

1.	Shri C.V.Avadhani,	Deputy C&AG – cum- Chairman, Audit Board.
2.	Shri A K. Awasthi,	Director General (commercial) C&AG office.

2. The Committee considered the draft Action Taken Report on the recommendations contained in the 10th Report of the Committee on Public Undertakings regarding Food Corporation of India – 'A review on export of foodgrains by FCI' and adopted the same without any modification.

3. The Committee authorized the Chairman to finalise the Report for presentation.

4 The Committee then adjourned.

APPENDIX II

(Vide Para 2 of Introduction)

Analysis of the Action Taken by Government on the recommendations contained in the 10th Report (14th Lok Sabha) of the Committee on Public Undertakings (2005-06) on FCI-A review on export of foodgrains by FCI.

I.	Total number of recommendations	9
II.	Recommendations/observations that have been accepted by the Government (vide recommendations at Sl. Nos. 1, 2, 8)	3
	Percentage to total	33.33%
III.	Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies (vide recommendations at Sl. Nos. 3, 9)	2
	Percentage to total	22.22%
IV.	Recommendations/observations in respect of which reply of Government have not been accepted by the Committee (vide recommendation at Sl. Nos. 4, 5, 6)	3
	Percentage to total	33.33%
V.	Recommendations/observations in respect of which final replies of Government are still awaited. (vide recommendation at Sl. No. 7)	1
	Percentage to total	11.11%