

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC  
DISTRIBUTION**

**PROCUREMENT AND STORAGE OF  
FOODGRAINS**

[Action taken by the Government on the recommendations contained in the  
Eighteenth Report (Fifteenth Lok Sabha) of the Committee on Estimates]

**COMMITTEE ON ESTIMATES  
(2013-2014)**

**TWENTY NINTH REPORT**

---

**(FIFTEENTH LOK SABHA)**



**LOK SABHA SECRETARIAT  
NEW DELHI**

# **TWENTY NINTH REPORT**

**COMMITTEE ON ESTIMATES  
(2013-2014)**

**(FIFTEENTH LOK SABHA)**

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC  
DISTRIBUTION**

**PROCUREMENT AND STORAGE OF FOODGRAINS**

**[Action taken by the Government on the recommendations contained in the  
Eighteenth Report (Fifteenth Lok Sabha) of the Committee on Estimates]**

---

**Presented to Lok Sabha on 12 December, 2013**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**.....December, 2013/ .....Agrahayana, 1935(S)**

---

EC No. \_\_\_\_\_

Price Rs. \_\_\_\_\_

© 2004 BY LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eleventh Edition) and Printed by the Manager, Government of India Press, Minto Road, New Delhi.

## **CONTENTS**

	<b>PAGE NO.</b>
COMPOSITION OF THE COMMITTEE ON ESTIMATES (2013-14)	<b>(iii)</b>
INTRODUCTION	<b>(v)</b>
CHAPTER I      Report	<b>1</b>
CHAPTER II      Recommendations/observations which have been accepted by the Government	<b>11</b>
CHAPTER III      Recommendations/observations which the Committee do not desire to pursue in view of Government's reply	<b>40</b>
CHAPTER IV      Recommendations/observations in respect of which Government's replies have not been accepted by the Committee	<b>46</b>
CHAPTER V      Recommendations/observations in respect of which final replies of Government are still awaited	<b>60</b>

## **APPENDICES**

I      Minutes of the sitting of the Study Group of the Committee on Estimates held on 09 December, 2013	<b>88</b>
II      Minutes of the Twentieth Sitting of the Committee on Estimates (2013-14) held on 09 December, 2013	<b>90</b>
III      Analysis of the Action Taken by the Government on the recommendations/observations contained in the Eighteenth Report (Fifteenth Lok Sabha)	<b>92</b>

## **COMPOSITION OF THE COMMITTEE ON ESTIMATES (2013-14)**

Shri Francisco Sardinha – Chairman

### **Members**

- 2 Smt. Harsimrat Kaur Badal
- 3 Smt. Bijoya Chakravarty
- 4 Shri Harish Chaudhary
- 5 Shri Khagen Das
- 6 Shri Pralhad Joshi
- 7 Shri Bapi Raju Kanumuru
- 8 Shri Chandrakant Khaire
- 9 Dr. Thokchom Meinya
- 10 Dr. Sanjeev Ganesh Naik
- 11 Kum. Meenakshi Natrajan
- 12 Shri Prabodh Panda
- 13 Dr. Vinay Kumar Pandey “Vinnu”
- 14 Shri Jagdish Singh Rana
- 15 Shri R. Sambasiva Rao
- 16 Shri Subodh Kant Sahai
- 17 Smt. Yashodhara Raje Scindia
- 18 Shri S. Semmalai
- 19 Shri Arjun Charan Sethi
- 20 Shri M.I. Shanavas
- 21 Shri Adhi Sankar
- 22 Shri Neeraj Shekhar
- 23 Shri Ganesh Singh
- 24 Shri Ijyaraj Singh
- 25 Shri Jagada Nand Singh
- 26 Shri Radha Mohan Singh
- 27 Smt. Annu Tandon
- 28 Shri Mukul Wasnik
- 29 Shri Om Prakash Yadav

### **SECRETARIAT**

1. Shri A. Louis Martin - Joint Secretary
2. Smt. Anita B. Panda - Director
3. Dr. Yumnam Arun Kumar - Deputy Secretary
4. Shri L. Shantikumar Singh - Committee Assistant

## **INTRODUCTION**

I, the Chairman of Committee on Estimates (2013-14) having been authorized by the Committee to present the Report on their behalf, present this Twenty Ninth Report on action taken by the Government on the recommendations contained in the Eighteenth Report of the Committee (2012-13) on the subject 'Procurement and Storage of Foodgrains' pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Eighteenth Report of the Committee on Estimates (2012-13) was presented to Lok Sabha on 19 December, 2012. The Government furnished their replies indicating action taken on the recommendations contained in the Eighteenth Report on 17 June, 2013. Additional Replies on the Recommendations numbering 7 and 8 were furnished by the Ministry of Agriculture (Department of Agriculture and Cooperation) on 25 October, 2013. The draft report was considered and approved on 9 December, 2013 by the Study Group of the Committee on Estimates, constituted to consider the action taken replies furnished by the Government. Thereafter, the Report was adopted by the Committee on the same day.

3. An analysis of action taken by the Government on the recommendations contained in the Second Report of Committee on Estimates (Fifteenth Lok Sabha) is given in Appendix III.

**NEW DELHI;**  
**December, 2013**  
**Agrahayana \_\_\_\_,1935(Saka)**

**FRANCISCO SARDINHA,**  
**CHAIRMAN,**  
**COMMITTEE ON ESTIMATES.**

## CHAPTER I

### REPORT

This Report of the Committee deals with the action taken by the Government on the recommendations contained in the Eighteenth Report of the Committee on Estimates (Fifteenth Lok Sabha) on the subject 'Procurement and Storage of Foodgrains' pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

1.2 The Committee's Eighteenth Report (Fifteenth Lok Sabha) was presented to Lok Sabha on 19 December, 2012. It contained 25 Recommendations/Observations. Action Taken Notes in respect of all the Recommendations/Observations were received from the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on 17 June, 2013. Action Taken Notes in respect of two recommendations were also received from the Ministry of Agriculture (Department of Agriculture & Cooperation) on 25 October, 2013.

1.3 Replies to the Recommendations/Observations contained in the Report have broadly been categorized as under:-

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

Sl. Nos. 1, 3, 4, 7, 10, 14, 15, 16, 19, 20, 21 & 24

Total = 12  
(Chapter II)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply:

Sl. No. 6, 22

Total = 2  
(Chapter III)

- (iii) Recommendations/Observations in respect of which the Government's replies have not been accepted by the Committee:

Sl. Nos. 11, 18

Total = 2  
(Chapter IV)

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

Sl. Nos. 2, 5, 8, 9, 12, 13, 17, 23 & 25

Total = 9  
(Chapter V)

**1.4 The Committee desire that final replies to the Recommendation Nos. 2, 5, 8, 9, 12, 13, 17, 23 and 25 and response to comments contained in Chapter I of this Report should be furnished expeditiously.**

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

**A. Inadequate and Ineffective Procurement, Storage and Distribution Management System**

**Observation/Recommendation (Sl. No. 2)**

1.6 In the light of the sharp increase in foodgrains production and the inadequacy of the existing storage capacity, the Committee, in their original report, had recommended that the Ministry and the Food Corporation of India (FCI), which coordinates the overall foodgrains operation, should analyse and deal with procurement, storage and distribution scenario so that the problems of abundance and distribution of foodgrains are resolved. In this connection, the Committee desired to be apprised of the procurement centres opened in the country during the current year for wheat, rice and coarse grains. Besides, the Committee had also recommended for the creation of better logistics support without any delay so that FCI and other procuring agencies can manage the bountiful harvest in the most effective manner. The Committee had also desired to be informed, in detail about revised buffer norms, automation and strengthening of Targeted Public Distribution System (TPDS), expansion of Antodaya Anna Yojana (AAY), etc., which are currently underway for better management of foodgrains.



1.7 In response, the Department of Food & Public Distribution, in its action taken reply dated 17 June, 2013, has stated that it holds conference of the State Food Secretaries and the representatives of the Ministry of Agriculture and other relevant agencies including FCI twice every year, one before the onset of Kharif Marketing Season and the other before Rabi Marketing Season so as to analyse the production estimates made by the Ministry of Agriculture for the concerned crop year and to make a procurement plan including the number of procurement centres required, requirement of packaging material and making estimates of procurement. Accordingly, various arrangements for the procurement operation are made by FCI and concerned State agencies. In this connection, the information regarding 49219 purchase centres for Kharif Marketing Season 2012-13 and those of Rabi Marketing Season 2013-14 (provisional) has been furnished to the Committee. The Ministry is stated to be regularly monitoring the programmes of procurement for ensuring flow of price support benefits to the farmers and proper storage of foodgrains. Details of various steps taken to address the issue of mismatch between production, procurement, storage and distribution of foodgrains have also been furnished.

**1.8 The Committee note the steps taken to correct mismatch between production, procurement, storage and distribution of foodgrains as well as measures like automation and strengthening of TPDS, revision of buffer norms, etc. to have better coverage of public distribution of foodgrains and desire to be apprised of their status as on date. Further, they feel that with the passing of the National Food Security Bill by the Parliament, the Ministry now faces an onerous task of undertaking necessary reforms in the TDPS and to re-engineer strategies for procurement, storage and distribution of foodgrains, without any delay. In this connection the Committee cannot but reiterate their earlier recommendation for creating better logistics support to manage the bountiful harvest and to improve current procurement in the most effective manner, on which no specific information has been furnished. The Committee would like to be informed about the plans of the Government accordingly. Besides, the Committee would like to be updated about the buffer norms which have reportedly been under revision to meet the requirement of foodgrains under the National Food Security Bill, 2013.**

**As regards purchase centres opened for wheat and paddy for the farmers during the current year in various States, the Committee desire to know the reasons for non-opening of any purchase centre in Jharkhand by either FCI or State Agencies.**

**B. Under-achievement of Decentralized Procurement (DCP) Scheme**

**Observation/Recommendation (Sl. No. 4)**

1.9 Expressing serious concern over the mismatch between estimated procurement and actual procurement of wheat and rice during 2007-08 to 2011-12 across the 10 DCP States/UT viz. Andaman & Nicobar Islands, Chhattisgarh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Odisha, Uttarakhand, West Bengal and Tamil Nadu, the Committee had *inter alia* urged the Ministry to critically examine the reasons for under-achievement of procurement of wheat and rice and accordingly take urgent steps to maintain the buffer stock position and achieve the objective of food security. Further, noting that the State of Uttar Pradesh has withdrawn from the DCP system from KMS/RMS, 2010-11, the Committee desired to know reasons therefor. The Committee had also urged the Ministry, if need be, to have a relook at the DCP Scheme and bring about requisite changes with inputs from the DCP States.

1.10 The Department of Food & Public Distribution in its action taken reply, has *inter-alia* stated that although meetings are held for determining estimates of procurement of wheat and rice for a particular year, the actual procurement, however, varies due to factors such as the open-ended policy of procurement, market availability, market prices/trade, announcement of bonuses by the State Governments, etc. Further, as there is no shrinkage of stocks in the Central Pool during the last few years, and procurement is much higher than the estimates, therefore, no immediate need is felt to review the DCP Scheme at this stage. As regards withdrawal of UP from DCP scheme on the stated reasons of pending procurement incidentals and delay in receipt of food subsidy bills, it has been stated that in certain cases, the delay was on the part of the State Government in submitting their claims. It has further been stressed that the payment of food subsidy under DCP mode is more advantageous to State Governments than under non-DCP mode.

**1.11** Though the Department of Food & Public Distribution has taken a stand that under DCP mode, payment of subsidy, being released as advance upto 90% of the value of likely offtake, is more advantageous to States, one of the reasons cited by the U.P. Government, which is among the largest wheat producers, to withdraw from the scheme is delay in receipt of food subsidy bills. The Department of Food & Public Distribution has stated that in certain cases, the delay was on the part of the State Government in submitting their claims. The Department of Food & Public Distribution has not however given any details in this regard. Under such instances the Committee are unable to accept the Ministry's stand that no immediate need is felt to review the DCP scheme. As few more States like Andhra Pradesh and Rajasthan have adopted the DCP mode recently, the Committee desire that the modalities of the scheme may be looked into to ensure that such complaints do not take place in future.

**C. Low Awareness among farmers about Minimum Support Price and the National Level Procurement Agency**

**Observation/Recommendation (Sl. No. 8)**

**1.12** While noting the report of National Sample Survey Organisation which revealed extremely low awareness among the farmer households with regard to MSP, i.e. only 19 per cent and out of this, only 10 per cent were aware of the concept of MSP but not of the national level procurement agency, the Committee had recommended that the Ministry should carry out an impact assessment survey to study the extent of denial of benefits of MSP among farmers which might have led to distress sale of their foodgrains. The Committee had also recommended for better coordination between the Ministry of Consumer Affairs, Food & Public Distribution and the Ministry of Information and Broadcasting for telecasting programmes which focus on disseminating updated information on the trends of prices in national, regional and local mandis, fair price shops, regional procurement agencies, etc. so that the farmers can realize the best price for their agricultural produce.

1.13 The Ministry of Consumer Affairs, Food & Public Distribution in the action taken reply dated 17.06.2013 had informed that in so far as procurement of wheat and rice is concerned, the MSP for these items are announced well ahead of the start of crop year and are well published through mass media as well as by sufficient purchase centres. The Ministry of Agriculture (Department of Agriculture & Cooperation), in their action taken reply dated 25 October, 2013, has *inter-alia* stated that the Ministry is presently implementing a Central Sector Scheme called "Mass Media Support to Agricultural Extension" and furnished details of the same. Under this scheme, existing infrastructure of Doordarshan and 96 rural FM Radio Stations under All India Radio are being utilized to make farmers aware about agricultural inputs, modern farm technologies and researches related to agriculture and allied areas. The Ministry has also stated that Doordarshan is being further requested to ensure that while airing and telecasting programmes for farmers like Krishi Darshan, special thrust is given on disseminating updated information on the trends of prices in national, regional and local mandis, fair price shops, regional procurement centres, etc. so that farmers can judge the best price for their agriculture produce.

**1.14 While noting the efforts of both the Ministries in bringing better awareness among farmers on the trends of prices for agricultural produce, it appears that no impact assessment survey has been conducted by the Ministry of Agriculture to study the extent of denial of benefits of MSP among farmers which might have led to distress sale of their foodgrains. The Committee reiterate their earlier recommendation and desire to be apprised of the outcome of the impact assessment survey.**

#### **D. Vigilance Mechanism in Targeted Public Distribution System (TDPS)**

##### **Observation/Recommendation (Sl. No. 11)**

1.15 Expressing their disappointment over the incomplete information furnished by the Ministry with regard to disposal of 587 complaints in connection with the functioning of the TPDS (Targeted Public Distribution System), the Committee had urged the Ministry to expeditiously devise mechanism for an early redressal of complaints registered by

individuals, organizations, etc. against the Fair Price Shops (FPS). Further they had opined that quality control of the foodgrains distributed under the TPDS should be a matter of priority, for which the Vigilance Committees in States must meet regularly. Besides, for increasing transparency in functioning of FPS, the Committee had recommended for compliance of instructions issued in 2008 to State/UT Governments to have monthly certification by Village Panchayats/Vigilance Committee/Urban Local Bodies/Self Help Groups for delivery of foodgrains to ration card holders by all State Governments/UTs.

1.16 In the action taken reply, the Department of Food & Public Distribution has *inter-alia* stated that there is a set procedure of joint inspection/sampling of stocks by State Government and FCI to ensure that quality of foodgrains issued under PDS are as per prescribed norms. The Committee have been apprised that whenever complaints about irregularities in implementation of TPDS including quality of foodgrains distributed under the PDS in certain regions/States in the country are received, these are sent to the State/UT Governments concerned for inquiry and appropriate action. Steps taken to ensure that only good quality foodgrains are issued for PDS have been furnished which *inter-alia* include supplying of only good quality foodgrains free from insect infestation and conforming to Prevention of Food Adulteration Act; collection of sample of foodgrains from the stocks of foodgrains to be issued under the TPDS jointly by FCI and State Food and Civil Supplies Department; deputation of an officer not below the rank of Inspector from State Government to take the delivery of foodgrains stocks from FCI godowns; regular inspection to check the quality of foodgrains by the officers of State Government and surprise checks by the officers of Quality Control Cell of the Ministry, etc. It has been stated that the State Government, where the decentralized procurement is in operation, should ensure that the quality of foodgrains issued under TPDS and other welfare schemes should meet the desired standards under the Food Safety and Standards Act (formerly PFA).

The Department of Food & Public Distribution has also informed that during the Conference of State Food Secretaries on Best Practices and Reforms in the Targeted Public Distribution System held on 12-13 July, 2010, it was *inter-alia* resolved that

grievance redressal should be undertaken by States/UTs through toll free call centres and web-based complaint registration and monitoring systems. The Central Government has issued Guidelines dated 31.01.2013 to all States/UTs for setting up of a toll free helpline number in States/UTs for redressal of grievances under the TPDS. Financial assistance for setting up of helpline number is also being provided by Department of Consumer Affairs for State Consumer Helpline and under the scheme for Computerisation of TPDS Operations.

In response to the specific issues raised by the Committee, the Department has informed that for the State of Uttar Pradesh, the Ministry has advised them to expeditiously devise suitable mechanism including special drive for early redressal of the complaints.

As far as implementation of the revised model Citizen Charter is concerned, the Committee have been informed that all States have adopted/implemented it except the State of Jharkhand for which the matter is being pursued by the Ministry.

With regard to the functioning of Vigilance Committees, the Committee have been apprised that the Central Government has been requesting the State/UT Governments from time to time to activate these Committees and reconstitute them, if not done so already.

As far as the implementation of monthly certification system by Village Panchayat/Urban Local Bodies/Vigilance Committees, Women's Self Help Groups, the Ministry has apprised the Committee that so far 23 States/UTs have reported introduction of the said certification and for the remaining 12 States/UTs, the Department has reportedly advised them to take necessary measures for its introduction.

**1.17 Though the Ministry of Consumer Affairs, Food & Public Distribution (Department of Food & Public Distribution) has accepted that there have been reports about irregularities in implementation of TPDS, their action taken reply is completely silent on the updated status on the redressal of 587 complaints as status of only 9 complaints was made available to the Committee earlier. The**

**Committee would, therefore, urge for expeditious action in this regard, if not already done and submit a status report within one month from the presentation of this report.**

**The Committee further note that in pursuance to their recommendation, the Ministry has taken suitable steps to check and ensure quality control of the foodgrains distributed under the TPDS for instance, issuing of Guidelines to States/UTs for setting up of a toll free helpline number, requesting the State/UT Governments to activate vigilance committees etc. The Committee hope that the Ministry will ensure strict and timely compliance so as to rule out any complaints against the quality of the foodgrains distributed under PDS.**

#### **E. Inadequate Storage Capacity**

##### **Observation/Recommendation (Sl. No. 18)**

1.18 Alarmed over the inadequate storage capacity in the country, the Committee had exhorted the Ministry to make sincere efforts to create additional storage capacity at the earliest so that at least one big godown is constructed in each State. The Committee had also desired that storage gap should be periodically calculated and construction targets set accordingly to attain a perfect balance between procurement and storage of foodgrains. The Committee had also recommended that proper and regular pest control and humidity treatments of godowns should be given top priority by the Ministry.

1.19 The Department in the action taken reply has *inter-alia* stated that as on 01.03.2013, the Central Warehousing Corporation (CWC) is operating 466 warehouses with 105.55 lakh MT capacity for storage of foodgrains, agri input and produce and other notified commodities. The Department has also informed that during the last 5 years, the percentage of utilisation of the storage capacity is consistently increasing and CWC has plans to construct 2.20 lakh MT in various States during the year 2013-14. As on 28.02.2013, total covered storage capacity available to FCI is 310.01 lakh MT. A capacity of 197.14 lakh MT has been approved under PEG Scheme in 19 States of the Country. On completion of sanctioned capacities under PEG total covered capacities

available with FCI would be more than 500 lakh MT; the sufficient stock of buffer and strategic reserves for the Public Distribution System. Apart from covered capacities, 26.37 lakh MT CAP capacities are owned by FCI and 11.12 lakh MT CAP capacity is hired which can be used for short-term storage of wheat in procuring States. Also 194 lakh MT of covered storage capacity and 147 lakh MT CAP capacity exists with the State Government agencies in the Country.

Further, the Department has informed the Committee that under PEG Scheme, it is being ensured that all consuming States have a minimum storage capacity of 4 months of PDS requirement. Additional capacities have been sanctioned in the emerging surplus States like Bihar, West Bengal, etc. North-Eastern States are the beneficiaries under Plan Scheme with proposals for construction of 5.37 lakh MT capacity, which would remove the regional imbalances in storage capacity. After the total capacity approved under Plan and PEG scheme is realized, the country will have sufficient capacity to handle buffer and strategic reserves.

**1.20 The Committee had, *inter alia*, suggested expeditious implementation of the Supreme Court order to have at least one big godown in each State. From the reply, it appears that at present storage capacity exists only in 12 States viz. Madhya Pradesh, Punjab, Maharashtra, Andhra Pradesh, Chandigarh, Odisha, Karnataka, Madhya Pradesh, West Bengal, Gujarat, Kerala and Rajasthan. The Committee desire to be apprised whether the storage requirements of remaining States/UTs have been identified and addressed suitably. They desire that a note on the action taken on the same may be furnished to them providing State-wise information.**



## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Observation/Recommendation (Sl. No. 1)**

India is bestowed with rich and diverse agro-climatic conditions favourable for the cultivation of various foodgrains and commercial crops. With the various initiatives taken by the Government to augment agricultural production, the era of foodgrains shortage and dependence on imports has transformed into self-sufficiency and occasional surpluses. Today, the country is the largest producer of wheat, cashew nuts, milk and tea and second largest producer of vegetables and fruits in the world. In the last fifty years, wheat production has increased almost ten times and rice production has shown a growth of around four times. However, as around 37 per cent of the total population falls Below Poverty Line (BPL), problem of hunger is still widespread. Consequently, the procurement of foodgrains, maintenance and shortage of stocks and effective distribution to the people through the Targeted Public Distribution System (TPDS) and Other Welfare Schemes (OWSs) continue to be big challenges faced by the Government.

An effective and efficient management of foodgrains policy should aim at ensuring farmers to get the remunerative price for their produce and also pave the way for distribution of foodgrains at subsidized prices to the poor and needy. The Committee note that India's foodgrains management policy emphasizes the need to achieve the twin objectives of providing remunerative prices to farmers and building up a buffer stock, together with availability of foodgrains at affordable prices to the BPL population under the TPDS and Antyodaya Anna Yojana (AAY). At the same time, the Committee observe that in the recent years, even with bountiful harvest of Rabi and Kharif crops, there has been substantial amount of loss of 50,000 MT of foodgrains due to mismanagement of procurement as well as inadequate and faulty storage techniques. This has brought renewed focus on the twin challenges of feeding the poor and overhauling the procurement, storage and distribution infrastructure for foodgrains. The

paradoxical situation of record foodgrains production as well as its wastage on one hand and a substantial part of the population wallowing in poverty, famine and hunger on the other hand led the Committee to select this subject for detailed examination and report to Parliament. In the process, the Committee obtained Background Note, Annual Report and written replies on several points from the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) and also had thorough deliberations on the subject with the representatives of the Ministry on 30th April, 2012. Based on consolidated written and oral information, the Committee has identified certain critical issues for instance, saturation for procurement in North and North-Western parts of the country, non-existence of an efficient and well developed machinery for foodgrains management in the non-traditional procuring States, non-adoption of Decentralized Procurement of foodgrains by many States even after 15 years of the implementation of the scheme, problem of universal Minimum Support Price (MSP), problem of increasing food subsidy costs, complaints regarding Public Distribution System (PDS), ineffective mechanism of quality control of foodgrains, absence of Vigilance Committees in some of the States/UTs, acute storage gap between intermediate and actual storage capacity, inadequate godowns/warehouses for storage of foodgrains, faulty techniques of storage and the challenge before the Government regarding procurement and distribution of foodgrains to complement the various provisions enunciated in the Draft National Food Security Bill, 2011. The Committee's observations and recommendations on these issues have been enumerated in the succeeding paragraphs.

### **Observation/Recommendation (Sl. No. 3)**

While examining the issue of production and procurement of foodgrains all over India, the Committee observe that production and procurement of foodgrains in the Northern and North-Western parts of the country have already reached dizzying heights following the Green Revolution. The Committee strongly feel that the time has come for the Ministry to pay special attention to increase procurement from the non-traditional procuring States through an efficient and well developed machinery. The Committee also recommend that efforts should be made by the Ministry to effectively utilize the State

Government agencies by equipping them with the requisite capability to handle complex process of procurement of foodgrains. In this regard, the Committee would like the Ministry to come out with a detailed plan of action after due consultation with the representatives of the non-traditional procuring States. The Committee would like to be apprised about the action taken and the progress made in this regard during the action taken stage.

### **Reply of the Government**

In non-traditional States, the procurement of wheat and rice has increased considerably during the last few years and the details are appended as **Annexure III** and **IV** respectively.

In order to improve procurement operations in non-traditional procuring States, the Department of Food & Public Distribution has been emphasizing upon the States to undertake procurement operations in decentralized mode. This method of procurement has certain advantages such as the efficiency of procurement and public distribution system is enhanced, local procurement is encouraged and the out go of subsidy is reduced. The surplus of foodgrains procured by DCP States, in excess of their TPDS requirement, is handed over to FCI for the Central Pool stocks and deficit, if any, is met by FCI. The State Governments have also been advised to improve their marketing infrastructure, availability of credit and resources, storage facilities and manpower through State agencies for having effective procurement operations. Some States have adopted innovative methods like E-procurement operations for creating data base of the farmers in advance to ensure that the produce of the farmers only is procured at the purchase centres with genuine identification etc. and the payment is made to these genuine farmers only through cheques drawn in their favour. In major producing areas of these non-traditional States, the FCI is also improving its storage capacity through PEG scheme to take care of storage of procured foodgrains by the State agencies in future.

### **Annexure-III**

#### **Wheat Procurement during Five Previous Seasons (RMSs)**

(fig. in LMTs)

<b>Marketing Year</b>	<b>M.P.</b>	<b>Rajasthan</b>	<b>Gujarat</b>	<b>Bihar</b>	<b>U.P.</b>
2008-09	24.1	9.35	4.15	5.0	31.38
2009-10	19.68	11.52	0.75	4.97	38.82
2010-11	35.38	4.76	0.01	1.83	16.45
2011-12	49.65	13.03	1.05	5.56	34.61
2012-13	84.93	19.64	1.56	7.38	50.63

### **Annexure-IV**

#### **Procurement of Rice during Five Previous Seasons (KMSs)**

(fig. in LMTs)

<b>Marketing Year</b>	<b>Chhattisgarh</b>	<b>Orissa</b>	<b>Tamil Nadu</b>	<b>Bihar</b>
2007-08	27.43	23.57	9.69	5.55
2008-09	28.48	28.01	12.01	10.83
2009-10	33.57	24.96	12.41	8.9
2010-11	37.46	24.65	15.43	8.83
2011-12	41.15	28.66	15.96	15.34

#### **Observation/Recommendation (Sl. No. 4)**

The Committee observe that with the objective to reduce the over-dependence of the State Governments on the Food Corporation of India (FCI), the Government introduced the scheme of Decentralised Procurement (DCP) of foodgrains in 1997-98. Under this scheme, the State/UT Governments themselves undertake direct purchase of paddy and wheat and procurement of levy rice on behalf of Government of India. They also store and distribute foodgrains under TPDS and OWSs. The scheme is currently being implemented in 10 States/Union Territories viz. Andaman & Nicobar Islands, Chhattisgarh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Odisha, Tamil Nadu, Uttarakhand and West Bengal. The Committee note that the scheme has been successful particularly in procurement of rice in non-traditional States viz. Chhattisgarh, Kerala, Madhya Pradesh, Odisha and Tamil Nadu during the period 2007-08 to 2011-12. In case of procurement of wheat, three Decentralized Procurement States viz. Madhya Pradesh and Gujarat have shown tremendous progress. The State of Uttar Pradesh (2007-08 to 2009-10) has also shown remarkable increase in the procurement of wheat, however, as per the Ministry, it has withdrawn from the DCP System from Kharif Marketing Season/Rabi Marketing Season 2010-11. The Committee would like to be apprised of the reasons for the same. The examination of the DCP scheme has further revealed some grey areas. For instance, there has been a mismatch between estimated procurement and actual procurement of wheat and rice across the 10 DCP States during the period 2007-08 to 2011-12. It has also been observed that the actual procurement of wheat by the State of Uttarakhand has remained below its estimated procurement since 2007-08 i.e. out of estimated procurement range of 1 to 1.45 lakh tonnes, the achievement has been less than its estimation except in 2009-10. Whereas the actual procurement of rice has remained below its estimated procurement in the State of Karnataka i.e. the estimated procurement is in the range of 0.5 to 2 lakh tonnes whereas the actual procurement has been in the range of 0.19 to 1.8 lakh tonnes during the said period. The Committee would like the Ministry to critically examine the reasons for the underachieved procurement of wheat and rice in these States and would like to be apprised of the steps/measures taken for ensuring pro-active procurement by these States. The Committee apprehend that unless urgent steps are taken, it might affect the

buffer stock position and consequently put food security at risk in these States. They, therefore, recommend that if need be, the Ministry should have a relook at the DCP scheme, especially its present procurement system, and bring about the requisite changes with the inputs from these States.

### **Reply of the Government**

The Government of Uttar Pradesh had been procuring rice under the DCP Scheme upto KMS 2008-09, but have discontinued the system after this period, on the stated grounds of pending procurement incidentals and delay in receipt of food subsidy bills. It is clarified that the delay, in certain cases in this regard, was on account of delay on the part of the State Government in submitting their claims.

Under DCP mode, the payment of food subsidy is more advantageous for the State Government/Agencies as in the beginning of each quarter, 90% of the value of the likely offtake is released as advance. Further, immediately after the end of the quarter, as soon as claim is submitted by the State Government/Agencies, 100% of the fixed cost and 95% of the variable cost is released as provisional subsidy. However, in case of non-DCP State, there is no system for payment of advance and subsidy is released to the State Government/Agencies only after delivery of the foodgrains for central pool.

Regarding the estimates of procurement it is stated that meetings are held with the Food Secretaries of the respective states before the commencement of Rabi / Kharif marketing season, and estimates are prepared on the basis of inputs given by the respective states. The actual procurement however, varies due to various factors such as the open ended policy of procurement, market availability, market prices/trade, announcement of bonuses by the State Governments etc. However, there is no shrinkage of stocks in Central Pool during last few years, and procurement is much higher than the estimates. Therefore, no immediate need is felt to review the DCP Scheme at this stage.

### **Comments of the Committee**

(Please see Para No. 1.11 of Chapter-I)

### **Observation/Recommendation (Sl. No. 7)**

Fixing of Minimum Support Price (MSP) for rice, wheat and coarse grains plays a major role in the procurement of foodgrains. From the information provided by the Ministry, the Committee note that the Commission of Agricultural Cost and Price (CACP) recommends the fixing of MSP to the Government based on a complex process of assessment by consulting the State Governments and other stakeholders.

In this connection, the Committee note that an expert Committee appointed in 2003 had recommended certain other items of costs to be included in MSP such as, the premium actually paid by farmers for crop insurance, marketing and transport charges incurred by farmers, imputing value of family labour on actual market rate for casual labour in cost estimates, cost of living, level of wages, cost structure of agro-based products and the competitiveness of agriculture and agro-based commodities. As per the Ministry though these factors were considered, yet MSP is finally declared on an average basis uniformly for a single crop in the whole country to avoid distortion of market economies and also to check inter-State grain movement to get higher MSPs. The Committee desire that the Ministry should find ways and means to correct the bias against certain other coarse cereals like Kodo/Varagee and pulses (those not covered under MSP) grown in rain fed regions and mostly by poor farmers. The Committee feel that the poor farmers need incentive and support to grow coarse cereals which undoubtedly have high nutritive value and would urge the Government to explore the possibility of providing incentive on acreage basis to the farmers to cultivate coarse cereals in the country.

### **Reply of the Government**

Since Department of Agriculture & Co-operation are concerned with the recommendation, the matter was taken up with them and their comments are as under:-

1. **Extension** :- A provision of Rs.4000/- acre has been made under ATMA scheme for conducting Front Line Demonstrations in different crops. Scheme also provides that at least 50% beneficiaries must be small & marginal farmers.
2. **CROPS**:-

a. **Pulses** :- As far as MSP is concerned, ruling price of Pulses is quite high and major crops are covered under MSP, i.e. Pigeonpea, Blackgram, Greengram, Bengalgram and Lentil. Crops not covered under MSP, viz., Fieldpea, Cowpea, Lathyrus (Khesari), Frenchbean (Rajmash), Cowpea (Lobia), Mothbean and Horsegram (Kulthi) may be considered by CACP under MSP to protect the farmers' interest.

In the past few years, the MSPs of pulses crops have been enhanced significantly ranging from 70% to 160% over the last five years. The Producer-Farmer Organization through small Farmers Agri-business Consortium (SFAC) is being promoted for aggregation for effective backward and forward linkages with market. The Central Agency like NAFED and State Governments are asked to open purchasing centres in major pulses growing areas to benefit the pulses growers by ensuring MSP.

b. **Coarse cereals** :- MSP is available in case of coarse cereals namely maize, sorghum, pearl millet and finger millet. CACP may be requested to consider MSP for small millet like kodo (Varagee), kutki, cheena, barnyard and foxtail millet etc.

2. **NRM/RFS** :- In order to ensure agriculture growth in the rainfed areas, this Department is implementing "Rainfed Area Development Programme (RADP)" as a sub-scheme under Rashtriya Krishi Vikas Yojana (RKVY). RADP is a farmer centric programme focusing on Integrated Farming System (IFS) based on agri-climatic conditions for enhancing productivity. Under IFS different Cropping Systems (CS) including Coarse cereal bases system are integrated with livestock, horticulture, fisheries etc., for enhancing farmers' income and food security at farm level.

**Reply of the Department of Agriculture and Cooperation (Ministry of Agriculture)  
dated 25.10.2013**

In order to promote cultivation and consumption of millets based food products, the Government is implementing a subscheme under Rashtriya Krishi Vikas Yojana (RKVY) on "Initiative for Nutritional Security through Intensive Millets Promotion (INSIMP)" which aims to demonstrate the improved production and post-harvest technologies in an integrated manner with visible impact to catalyze increase in



production of millets in the country. Besides increasing production of millets, the Scheme through processing and value addition techniques is expected to generate consumer demand for millet based food products. The implementation of the scheme was allowed with an allocation of Rs.175 crores during 2012-13. The scheme is also under implementation during 2013-14 with an allocation of Rs. 100 crores.

Technology demonstration kits of critical inputs of nutrients and plant protection measures comprising of micro-nutrients, fungicides and bio-fertilizers, DAP, urea, potash and pesticides including weedicides at a total cost of Rs. 3,000/- per ha for sorghum, pearl millet and finger millet and Rs. 2,000/- per ha for small millets would be supplied to all the farmers in the units. These kits would be supplied free of cost to the beneficiary farmers subject to maximum area of 2 hectare. Besides, to popularize the improved varieties/hybrids of millet crops, seed minikits for 0.40 ha area for every one hectare of area covered under demonstration was also to be supplied. Scheme also provides support for setting up small processing unit through Entrepreneurs/Progressive Farmers/ NGOs on pilot basis and support for organising awareness campaigns.

The scheme is implemented through State Governments. Sixteen States namely Arunachal Pradesh, Andhra Pradesh Chhattisgarh, Gujarat, Haryana Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Sikkim, Tamilnadu, Uttar Pradesh, Uttarakhand and West Bengal are covered under the scheme.

To generate consumer demand for millet based food products and to meet the requirement of Refinement/Retrofitting and demonstration of post-harvest technologies, Capacity building of entrepreneurs, market linkages between producer and processors two commodity-wise Centre of Excellences (CoE) each for Sorghum and Pearl Millet have been operationalised at the Directorate of Sorghum Research (DSR), Hyderabad and CCS Hisar Agriculture University, Hisar respectively. Third CoE for Small Millet is being established at University of Agriculture Sciences, UAS, Bengaluru.

INSIMP has been subsumed in NFSM. The Cabinet Committee on Economic Affairs has approved NFSM for 12<sup>th</sup> Plan. The various interventions for increasing

production and productivity of Coarse Cereals would be taken under NFSM from next year ( 2014-15).

Further, Government implements Market Intervention Scheme (MIS) on the request of State/UT Government for procurement of agricultural and horticultural commodities not covered under the Minimum Support Price. The MIS is implemented in order to protect the growers of these commodities from making distress sale in the event of bumper crop when the prices tend to fall below the economic level/cost of production. Losses, if any, incurred by the procuring agencies are shared by the Central Government and the concerned State Government on 50:50 basis (75:25 in case of North-Eastern States). Other initiatives of the Ministry include facilitating better price discovery by farmers by aggregating farmers, mainly farmers in rainfed areas, into Farmers Producer Organisation's (FPO's); Nutrifarms; attempts to include millets etc. into Macro-management Scheme etc.

#### **Observation/Recommendation (Sl. No. 10)**

The Committee also urge the Government to revisit the definition of BPL with the concerned authorities as they find it confusing that India's poor population rises and falls with every statistical redefinition, which can be gauged from the fact that the Tendulkar's Committee report puts the poor population of India at 81 million families whereas Ministry of Agriculture is stated to have put the record as 65 million poor families. The Committee would like the Ministry to clarify to this point too.

#### **Reply of the Government**

Planning Commission is the nodal authority for estimation of poverty at the National and State levels in the country. The Planning Commission estimates poverty from a large size sample survey on Household Consumption Expenditure carried out by the National Sample Survey Office (NSSO) after an interval of five years approximately. As per Tendulkar methodology, number of persons living Below Poverty line for year 2004-05 was 407 million. If average family size as five is taken, the number of families living Below Poverty Line would come out as 81 million. After 2004-05, Household Consumption Expenditure survey by NSSO was conducted in 2009-10, the latest survey

for which results are available. For 2009-10, Planning Commission has estimated the number of persons living Below Poverty Line families using Tendulkar Methodology as 354 million, which would come out as 71 million Below Poverty Line families if the average family size as five is taken. Further, Planning Commission, in June 2012, has constituted an Expert Group under the Chairmanship of Dr. C. Rangarajan to review the methodology for measurement of poverty.

#### **Observation/Recommendation (Sl. No. 14)**

The Committee note that food subsidy is provided by the Government to meet the difference between economic cost of foodgrains and their sales realization at Central Issue Prices fixed for TPDS and OWSs. In addition, the Government procures foodgrains for maintaining buffer stock, thus a part of the food subsidy also goes towards meeting the carrying cost of buffer stock. As per the Ministry, since 2004-05, the MSP of wheat has increased from Rs.630 per quintal to Rs.1120 per quintal in RMS 2011-12. Similarly MSP + bonus of paddy (Common) has increased from Rs.560 per quintal to Rs.1080 per quintal in KMS 2011-12. However, the Central Issue Prices (CIP) of wheat and rice for AAY, BPL and APL families have not been raised during this period. This has increased the gap between economic cost and CIPs and consequently the food subsidy incurred by the Government has risen substantially. The Committee also note that the subsidy is provided to FCI, being main instrument of the Government of India for procurement and distribution of wheat and rice under TPDS and OWSs and for maintaining the buffer stock of foodgrains as a measure of food security. In addition, for 10 DCP States/UTs, State specific economic cost is determined by the Government of India and the difference between the economic cost so fixed and the Central Issue Prices is passed on to them as food subsidy.

The Committee observed that the food subsidy to FCI and the DCP States has grown multifold during the period 2005-06 to 2011-12. The total food subsidy released during 2005-06 was Rs. 23071 crore. It has reached upto Rs. 61362.55 crore as on 27.03.2012 which denotes that the food subsidy has increased nearly three times in seven years. The break-up of food subsidy released to FCI and the DCP States as

provided to the Committee, revealed that the food subsidy released to FCI during 2005-06 was Rs.19871 crore which rose to almost four times i.e. Rs.49537.31 crore, as on 27.03.2012. During the said period, the food subsidy released to the DCP States also increased almost four times from Rs.3200 crore during 2005-06 to Rs.11825.24 crore as on 27.03.2012. Justifying the increase in the subsidy bill the Secretary deposed before the Committee that due to an open ended procurement system, all the stocks that reach the mandis have to be purchased irrespective of whether there are adequate facilities for the storage of foodgrains or not. Besides, owing to the increase of around 15 per cent in the MSP, the subsidy bill is likely to increase further. The Committee also learnt that, if the subsidy is calculated on 2011 census population, instead of the present 2000 census population, the estimated amount required for the food subsidy would be a staggering Rs.1,11,000 crore, which means an additional amount of about Rs.50,000 crore. However, the Committee were informed that the Expert Group of Ministers on food subsidy has restricted the amount of food subsidy to Rs.74,000 crore presently.

With regard to the measures taken to contain food subsidy, the Committee have been apprised that decentralized procurement and its distribution by States themselves has been encouraged to reduce the economic cost. Other measures are also reportedly being taken to improve the operational efficiency of FCI as well as to increase the Central Issue Prices (CIPs) of wheat and rice for APL categories, for which the approval of the EGoM/Cabinet was awaited. The Committee also note that in view of record production and procurement of foodgrains in the Central Pool stock and to overcome the temporary constraints of storage space, the Government has allowed export of non-basmati rice and wheat from privately held stocks since 9.9.2011. As on 3.7.2012, a quantity of 53.72 lakh tonnes of non-basmati rice and 12.51 lakh tonnes of wheat have been exported under Open Government License. Further, a quantity of 91,490 MTs of non-basmati rice and 5,59,415 MTs of wheat have been registered for export through Land Custom Stations (LCS).

From the above, the Committee conclude that a sharp increase in the food subsidy is a matter of serious concern and the Government needs to take concrete initiative to lower the huge fiscal burden. The Committee, while concurring with the views of the Ministry that the open ended system of procurement and a vast network of PDS are substantially contributing to the increasing subsidy bill, opine that although it would be rather premature to roll back the system of open ended procurement, nevertheless, the possibility of close ended procurement system needs to be explored seriously, which has been reflected in the earlier recommendation of this report. The question of downsizing the Public Distribution System is not the solution as the Government has committed itself to fulfilling the objective of universal food security. The Committee, therefore, recommend that the Ministry should also explore innovative ways to generate the requisite funds for bearing the increasing subsidy costs. As the National Food Security Bill is already under examination by a Parliamentary Committee, the Committee would await its outcome. Nonetheless they wish to emphasize that the solution lies not in withdrawing food subsidy but putting in place a system that is equipped with the capability of funding the food subsidy bill. The Government cannot deviate from the responsibility of distributing foodgrains to the hungry by citing economic hardships.

### **Reply of the Government**

Food Subsidy is provided in the budget of the Department of Food and Public Distribution to meet the difference between economic cost of foodgrains and their sales realization at Central Issue Prices fixed for TPDS and other welfare schemes. In addition, the Central Government also procures foodgrains for meeting the requirements of buffer stock. A part of the food subsidy is utilised for keeping buffer stocks. Any increase in requirement of food subsidy is sought from the Ministry in budgetary allocation/supplementary grants.

However, the Government has taken several measures to contain food subsidy, which include:-

- (i) Encouraging decentralized procurement and its distribution by States themselves to reduce the economic cost
- (ii) Improving the operational efficiency of FCI.
- (iii) Issue of bonds by the FCI at lower coupon rates, backed by Government guarantee.
- (iv) Negotiations with the banks of the consortium of food credit to reduce the rate of interest on cash credit.
- (v) Bringing in overall cost-effectiveness in the operation of FCI.

### **Observation/Recommendation (SI. No. 15)**

The Committee are concerned to note the frequent complaints about the poor delivery mechanism of foodgrains that exists in our country through the Fair Price Ration Shops. As per the reports many ration-shop owners sell subsidized foodgrains in the open market at higher prices, thus depriving the legitimate beneficiaries is a common occurrence. This only shows the failure of the Ministry in providing an efficient delivery mechanism. The Committee cannot rule out the possibility of collusion of officials of Government agencies in such scandals. They, therefore, recommend that officials found guilty of indulging in such malpractices should be identified and stringent action taken against them. Not only the delivery mechanism needs to be revisited, but inspection of Fair Price Shops also needs to be increased. More effective monitoring mechanism should be designed to ensure that the food subsidy is not misused. In this regard, digitalization of ration card database and automation of Fair Price Shop operations has been proposed by the Government and all State Governments, except Goa, have sent their action plans to Central Government. The Committee desire that concrete action on the same must be taken at the earliest. The Committee hope that once implemented, this system would ensure fair deals for the beneficiaries and at the same time would check the unwanted pilferage of foodgrains. The Committee also recommend that changes that have been brought by the introduction of Bar Coded Coupons/Ration Cards under TPDS in Andhra Pradesh, Chhattisgarh, Kerala, Meghalaya, Sikkim and Odisha need to be analyzed to replicate the same in other States too. They would like to be apprised of the latest status of the Government's

efforts in curbing leakages/diversion of foodgrains by FPS owners and elimination of bogus ration cards etc.

### **Reply of the Government**

Action Plan for Computerization of TPDS have been received from all States/UTs. With a view to provide necessary infrastructure and financial support, the Department has prepared a Plan Scheme on End-to-end Computerization of TPDS Operations to be implemented under the 12<sup>th</sup> Five Year Plan (2012-17) on cost-sharing basis with States/UTs. Component-I of the scheme with an outlay of Rs. 884.07 crore has been approved in October, 2012 for implementation during 2012-17, which comprises activities, namely, digitization of ration cards/ beneficiary and other databases, computerization of supply-chain management, setting up of transparency portal and grievance redressal mechanism. Proposals for financial assistance have been received from 25 States/UTs. During 2012-13, funds of Rs.40.44 crore were released to 7 States. For this scheme funds of Rs.200 crore have been allocated in BE 2013-14.

As regards Component-II i.e. FPS Automation, it will be taken up by the Department in due course, keeping in view the progress of Aadhaar and National Population Register (NPR) enrolments in the country, availability of connectivity at FPSs, etc. The exact model of FPS automation, that is, Aadhaar based authentication through Point of Sale (PoS) devices, Smart Cards, etc. would be finalised by the Government in consultation with States/UTs.

In consultation with the State/UT Governments, a Nine Point Action Plan was evolved in 2006, which inter-alia includes strict action to be taken against the guilty to ensure leakage free distribution of foodgrains. State/UT Governments are responsible for implementing TPDS and competent to take action against those indulging in malpractices in TPDS by invoking provisions of the clauses 8&9 of the PDS(Control) Order, 2001.

Strengthening and streamlining of TPDS is a continuous process. Government has regularly reviewed and has issued instructions to States/UTs to strengthen functioning of TPDS by improving monitoring mechanism and vigilance, increased transparency in functioning of TPDS, adoption of revised Model Citizen's Charter, use of Information and Communication Technology (ICT) tools and improving the viability of Fair Price Shop operations.

The recommendation of the Committee for action against guilty officials, strengthening the delivery mechanism and increasing the inspection of Fair Price Shops have been conveyed to all States/UTs.

As regard elimination of bogus ration cards, it is submitted that in terms of the PDS (Control) Order, 2001, State/UT Governments are to review the lists of BPL and AAY families every year for the purpose of deletion of ineligible families and inclusion of eligible families. The exercise of deletion of bogus/ineligible cards and inclusion of eligible families is a continuous process and State Governments are to periodically carry out the same. Instructions were also issued to all State/UT Governments to carry out an intensive campaign from October, 2009 to December, 2009 to review the existing lists of BPL/AAY families and eliminate ineligible/bogus ration cards. Instructions have also been issued to all State/UT Governments to issue warning to the bogus ration card holders, through advertisements in the newspapers, to surrender the bogus cards and to initiate criminal prosecution against bogus card holders etc.

As per reports received upto 31.12.2012, 28 State/UT Governments have since July 2006 reported deletion of 362.26 lakh bogus/ineligible ration cards. Further, State/UT Governments have been directed to ensure that genuine and needy beneficiaries are being included against the numbers deleted/eliminated by them, within the accepted number of BPL/AAY families as conveyed by the Central Government.

All State/UT Governments have been requested for strict compliance/implementation of the observations of the Committee and to send an action



taken report on the issues regarding curbing leakages/diversion of foodgrains by FPS owners and elimination of bogus ration cards.

### **Observation/Recommendation (SI. No. 16)**

In view of the surplus availability of wheat and rice in the Central Pool, the Committee note that the Ministry of Food and Public Distribution has made a proposal to the Ministry of Rural Development to consider payment of part of wages under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in kind (foodgrains). The Committee recall that the then Finance Minister, during the Budget Session of Parliament, had made a statement to the same effect, while admitting a mismatch between procurement and storage. As per the Ministry, the operational modalities and also the rate at which the foodgrains that may be provided under MGNREGA are required to be considered on receipt of response from the Ministry of Rural Development. The Committee further note that once the decision is taken by the Ministry of Rural Development, the exact quantity of surplus foodgrains to be utilized and also the saving on account of additional storage cost could be worked out, after knowing the percentage of wages that may be given as foodgrains under the MGNREGA. The response from the Ministry of Rural Development is stated to be awaited. The Committee feel that the step taken up by the Ministry is in positive direction to address the issue of problems of abundance. However, the onus is on the Ministry of Rural Development to take an early decision on the matter, otherwise the very purpose of the proposal would stand defeated. Therefore, the Committee recommend that the matter should be taken up expeditiously with the Ministry of Rural Development and the EGoM so as to arrive at an early decision.

### **Reply of the Government**

For exploring the possibility of providing foodgrains as a part of MGNREGA wages, the matter was taken up with Ministry of Rural Development on 13<sup>th</sup> April, 2012. This issue was also discussed with Hon'ble RD Minister on 21.6.2012. The Department as per the directions of Estimates Committee has been pursuing the matter with Ministry of Rural Development to proceed further in the matter. Hon'ble MOS(IC),

CAF&PD has written a D.O. letter to Hon'ble Minister of Rural Development on 13<sup>th</sup> March, 2013. However, further course of action in the matter depends solely on the reply of Ministry of Rural Development.

### **Observation/Recommendation (Sl. No. 19)**

The Committee note that storage of foodgrains in silos ensures longer period of safe storage and maintenance of quality of foodgrains. They further note that the Empowered Group of Ministers (EGoM) had approved a proposal on 7 February, 2012 to create a storage capacity of two million tonnes through construction of standalone silos. The silos are to be constructed under PPP mode for which FCI is the nodal agency. The location of silos are also to be decided by the FCI, after taking into consideration the analysis and recommendations of the consultants as well as the recommendations of the Working Group set up by the Planning Commission. The Committee note that the consultants have since submitted their final report and locations have been identified in 10 States i.e. Bihar, Haryana, Madhya Pradesh (DCP), Maharashtra, Punjab, UP, West Bengal (DCP), Assam, Kerala and Gujarat for the scheme along with silo capacity for each State. The Committee would like to know State-wise progress of the scheme.

The Committee are also of view that besides the FCI, CWC and SWC, the Government should explore the possibilities of providing incentives to the farmers too for the purchase of metallic storage structure and/or construction of modern non-metallic storage as this would encourage them to store their produce with themselves thereby lessening the storage burden on the Government procurement agencies. The Committee desire that a pilot study may be undertaken to assess the impact of such a move which, if found suitable, can be replicated on a wider scale.

### **Reply of the Government**

In order to educate the farmers on scientific storage of foodgrains at farm level and to create awareness on the concept of public warehousing and the Negotiable

Warehouse Receipt System, CWC organizes training programmes for farmers on Post Harvest Storage Practices. At the end of the 2-days training programme, metallic storage bins are provided free of cost to the trainee farmers under its Corporate Social Responsibility scheme.

As regards impact evaluation of the farmers training programme of CWC, the same was conducted through an independent agency namely, M/s. Midstream Marketing and Research Pvt. Ltd., New Delhi during 2010 which revealed that such training programmes are quite useful in educating the farmers for safe storage of foodgrains and minimization of storage losses in foodgrains at farm level.

#### CREATION OF 20 LAKH MT CAPACITIES IN THE FORM OF SILOS

EGoM in its meeting held on 07.02.2012 approved the creation of 20 lakh MT capacity in the form of Silos throughout the country. The progress is as under:-

- Board of Directors(BoD) of FCI has finalized the State-wise distribution and locations of 20 lakh MT capacities of Silos.
- FCI appointed IFC as Strategic Partner to provide support in executing the project on PPP mode.
- In the meeting held on 28.06.2012, it was decided that an Integrated Transaction Advisor-cum-Technical Consultant would be appointed through two bid tendering process.M/s. CRISIL Risk and Infrastructure Solution Ltd. was appointed Project Consultant on 31.10.2012.
- The Project Consultant has submitted Manual on Standards, Design and Specifications of Silos. Draft copy of Concession Agreement has also been finalized which is being placed being for appraisal and approval of the Appropriate Authority.
- Draft of RFQ & RFP would be finalized shortly.

### **Observation/Recommendation (Sl. No. 20)**

The Committee note that with a view to augment the storage capacity, the Government has formulated a Private Entrepreneurs Guarantee (PEG) scheme for construction of godowns through private entrepreneurs in July, 2008 wherein the FCI gives a guarantee of 10 years for assured hiring to the private entrepreneurs. As per the Plan of the Ministry, as on 31.3.2012, a capacity of about 151.96 lakh tonnes was to be created in 19 States viz. Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Kerala, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Uttarakhand, Uttar Pradesh and West Bengal under the scheme through private entrepreneurs and Central and State Warehousing Corporations for which tenders have been finalized for creation of storage capacity of about 107.04 lakh tonnes by the private entrepreneurs. The Committee have also been informed that Central Warehousing Corporation (CWC) and State Warehousing Corporation (SWC) are constructing storage capacity for 5.4 and 14.75 lakh tonnes respectively under PEG Scheme.

The Committee acknowledge the fact that the PEG scheme has the potential to achieve the target of not only the balanced distribution of godowns at macro level in different parts of the country but also at micro level among different districts of a region. However, they are distressed to note that the progress of work under the scheme is very slow. The information furnished by the Ministry indicates that no construction has ever commenced in Himachal Pradesh, West Bengal, Jharkhand, Kerala and Gujarat, which is quite surprising. Besides, though a capacity of 36.13 lakh MT should have been completed by the end of March, 2012, there is still 7.96 lakh MT capacity which is yet to be created. Further, the Committee note that out of the total storage capacity of 107.04 lakh tonnes tendered, only 19.57 lakh tonnes storage capacity could be completed as on 31 March, 2012, and around 8.58 lakh tonnes capacity was in advanced stage of completion. They would like to be apprised of the Statewise capacity completed till date alongwith the latest status of the capacity under construction.

The Committee are not at all convinced with the justification put forth by the Ministry that several modifications in the scheme had to be carried out to make it investor friendly which resulted in some delay. Once private investor category was identified to be the part of PEG Scheme, it is strange why investor friendliness of the same was not ensured before proceeding with it. The Committee regret the inability on the part of the Ministry to anticipate a structured investor friendly scheme and are of the strong opinion that the Ministry should have anticipated the expectations of private investors before formulating the scheme. The Committee strongly recommend that Ministry should learn from its experience and chalk out a detailed plan of action and ensure requisite flexibility to achieve the targets set under the PEG scheme. Only then further delay due to any more modifications can be avoided. The Committee would like to be apprised of the latest progress of the PEG Scheme as well as the utilisation status of the capacity developed under the same by the FCI at the action taken stage.

### **Reply of the Government**

CWC has been allocated for creation of storage capacity of 5.3 lakh MT under PEG Scheme. The State-wise and centre-wise details of the storage capacity completed and the work in progress as on 28.2.2013 are as follows:

#### **State-wise and Centrewise capacity completed under PEG during the year 2012-13 (Upto 28.02.2013)**

SL. No.	Centre	Capacity in MT
<b>Madhya Pradesh</b>		
1.	Bhind	5000
2.	Maksi	6600
<b>Punjab</b>		
1.	Amritsar, BD	3700
2.	Moga – II	1600
<b>Maharashtra</b>		
1.	Gondia	6600
2.	Yavatmal	10000
<b>Andhra Pradesh</b>		
1.	Bodhan	4000

2.	Gadwal	10000
<b>Chhattisgarh</b>		
1.	Bilaspur	4000
2.	Raigarh	8600
<b>Odisha</b>		
1.	Kendupalli – I	15000
2.	Kendupalli – II	11600
3.	Nabarangpur	10000
4.	Koksara	5000
5.	Jatni	5000
<b>Karnataka</b>		
1.	Gulberga -II	32000
<b>Himachal Pradesh</b>		
1.	Dehra	2500
<b>West Bengal</b>		
1.	Berhampur	11600
2.	Sargachi	2400
<b>Gujarat</b>		
1.	Vadod	4800
<b>Kerala</b>		
1.	Kunnamthanam	5000
<b>TOTAL</b>		<b>1,65,000 MT</b>

#### WORKS IN PROGRESS UNDER PEG DURING 2012-13 (AS ON 28.02.2013)

S. No	Name of Centre	Capacity in MT
<b>Odisha</b>		
1.	Jatni	10,000
2.	Sambalpur(Kalamati)	10,000
3.	Bhadrak	10,000
4.	Marshaghai	10,000
5.	Aska	9,800
<b>West Bengal</b>		
1.	Kharagpur	3,600
2.	C.K. Road (Ph.-I)	12,000
<b>Utter Pradesh</b>		
1.	Hardoi	2,000
2.	Naini	4,200
<b>Total</b>		<b>71,600 MT</b>

State-wise capacity completed alongwith the status of capacity under construction by 28<sup>th</sup> February, 2013 is at **Annexure VII**.

In the initial bids response of private entrepreneurs was not encouraging towards the Scheme. Thereafter, investor's meets were convened by FCI in States like Haryana, H.P., Punjab and also by FCI Hqrs. (in July, 2010 at FICCI Auditorium) to explain the scheme to the prospective investors and based on the feedbacks, Scheme was modified to make it more investors friendly. Since, modified Scheme came in existence in August, 2010, tenders for construction of godowns have been awarded mainly in years 2011 and 2012.

Tender conditions were also modified to the extent possible to make it investor friendly

Apart from above, following are the reason for delayed starting and completion of godowns under the Scheme: -

1. Delay in allotment / acquisition of land by State Govts. for the capacity allotted to CWC/SWCs e.g. Punjab, Tamil Nadu.
2. Delay in providing Change of Land Use approval by local State Authorities to the successful bidders e.g. Haryana, Uttar Pradesh, Bihar, etc.
3. Poor investor response in Hilly states due to difficult laws related to land transfer and Change of land use (CLU) as well as the cost of land e.g. J&K, H.P.
4. Transfer of land ownership is difficult due to specific land laws especially in tribal areas i.e. Madhya Pradesh and Jharkhand.
5. Ban imposed by Supreme Court on sand mining affected construction works in the States of Punjab, Haryana and Andhra Pradesh.
6. Performance of nodal agencies in some states like Bihar, West Bengal, J&K and Uttarakhand has not been satisfactory. FCI has taken up the nodal agency functions in some of these states such as Tamil Nadu, J&K, Himachal Pradesh

and Uttarakhand after the state agencies had failed to elicit proper response from private investors.

7. A number of NITs were floated in many of the states for example West Bengal (NIT - 4 times), Bihar (NIT - 5 times), Uttarakhand (NIT - 6 times), H.P. (NIT - 7 times). The response of private investors to tenders has been poor despite several multiple times of tendering.

The Scheme has been continuously reviewed on fortnightly/monthly basis. By March, 2013 a cumulative capacity of 69.02 lakh MT has been completed. Further in the year 2013 – 14, a capacity of 60 lakh MT is expected to be realized.



**Status of construction of godowns under PEG Scheme as on 28.02.2013**

Fig.

Sl. No.	State	Total capacity approved	Total capacity allotted/ sanctioned				Work completed				Work under construction		
			CWC	SWC	Private Investors	Total	CWC	SWC	Private Investors	Total	CWC	SWC	Private Investors
1	Andhra Pradesh	451,000	30,000	55,000	366,000	451,000	30,000	35,800	134,000	199,800		0	182,000
2	Bihar	940,000	60,000	100,000	155,000	315,000		20,000	2,000	22,000		10,000	83,000
3	Chhattisgarh	542,600	50,000	492,600	0	542,600	25,150	129,800		154,950		125,000	
4	Gujarat	100,000	5,000		45,000	50,000	4,800			4,800			
5	Haryana	3,952,800	5,000	599,376	2,477,840	3,082,216	5,000	93,828	721,673	820,501		234,450	1,162,577
6	Himachal Pr.	142,550	2,500		43,350	45,850	2,500			2,500			5,000
7	J & K Kashmir	361,690			246,510	246,510			10,000	10,000			79,000
8	Jharkhand	175,000			115,000	115,000							65,000
9	Karnataka	355,300	50,520	187,850	75,000	313,370	50,520	81,850	7,000	139,370		101,000	58,000
10	Kerala	55,000	5,000			5,000	5,000			5,000			
11	Madhya Pradesh	2,366,600	98,300	597,900	876,800	1,573,000	26,400	23,400	30,000	79,800		59,600	233,200
12	Maharashtra	699,900	47,400	298,370	253,000	598,770	42,400	158,370	78,000	278,770		140,000	175,000
13	Odisha	300,000	187,500	112,500		300,000	92,000	72,000		164,000	60,000	20,000	
14	Punjab	4,999,000	78,150	219,150	4,021,738	4,319,038	71,600	95,400	2,256,243	2,423,243	1550	73,800	1,585,645
15	Rajasthan	250,000		45,000	205,000	250,000		10,000	43,000	53,000		20,000	147,000
16	Tamil Nadu	345,000	35,000	45,000	115,000	195,000	35,000		25,000	60,000		45,000	50,000
17	Uttarakhand	25,000			10,000	10,000							
18	Uttar Pradesh	3,295,500	6,200	47,000	1,460,500	1,513,700		47,000	203,334	250,334	6,200	0	924,166
19	West Bengal	356,600	90,180		40,000	130,180	20,700			20,700	8,900		
	<b>Total*</b>	<b>19,713,540</b>	<b>750,750</b>	<b>2,799,746</b>	<b>10,505,738</b>	<b>14,056,234</b>	<b>411,070</b>	<b>767,448</b>	<b>3,510,250</b>	<b>4,688,768</b>	<b>76,650</b>	<b>828,850</b>	<b>4,749,588</b>

Note: A capacity of 5.83 lakh MT which is physically completed but has not been hired due to some pending minor ancillary works .

### **Observation/Recommendation (Sl. No. 21)**

The Committee's analysis of the State wise overall storage capacity with FCI, State Governments, CWC, SWC and Private Parties reveals the alarming fact that in all the zones even the available storage capacity has not been fully utilized. Among the poor performing States are Arunachal Pradesh, Nagaland, Delhi, Bihar and Sikkim. In fact, an analysis of the percentage of effective utilization capacity of the availed storage capacity reveals that none of the States have fully utilized it, particularly Arunachal Pradesh (23 per cent), Bihar (52 per cent), Himachal Pradesh (54 per cent) and Meghalaya (58 per cent). The Committee are disappointed to observe that on one hand, there is problem of abundance and on the other, the Ministry has been able to neither ensure fuller utilization of the available storage capacity nor an effective utilization of the availed storage capacity. It is not understandable how such a situation was allowed to be continued. Therefore, the Committee recommend that the Ministry should immediately assess the performance of FCI, CWC, SWC in terms of handling of storage facilities and a status report on the same should be submitted to them.

### **Reply of the Government**

The overall utilisation of the storage capacity operated by CWC & SWCs is constantly on the increase during the last 5 years and the current year as may be seen from the following table:

Year	Overall Capacity utilization (in %age)	
	CWC	SWC
2007-08	73	80
2008-09	82	103
2009-10	85	83
2010-11	88	84
2011-12	91	86
2012-13 (upto Feb 2013)	93	

In the States of Arunachal Pradesh, Nagaland, Delhi, Bihar, Sikkim, Meghalaya and Himachal Pradesh, the Committee has observed low percentage utilisation of storage capacity. In this regard, it is submitted that these states have very low storage

capacity which is barely sufficient to keep one month's allocation. In these states receipt of stocks in the godowns and off-take of foodgrains takes place almost simultaneously thereby the closing balances remain low during most of the time. This results in higher turnover but low capacity utilization. The average capacity utilization for Delhi for the year 2011-12 was 85.34% and for the current year is 82%, and these are higher than the optimum capacity utilization levels. In case of Bihar, which is both procuring and consuming state, some capacity has to be kept reserved for procurement purposes. The procurement of both wheat and rice, unlike in the states of Punjab and Haryana, is staggered over the year and also slow. This combined with simultaneous off-take results into lesser average capacity utilization. However, average capacity utilization for most of these states have increased considerably during the year 2012-13 which is as follows:

Sl. No.	STATE	Average % age Capacity Utilisation for 2012-13 upto February, 2013.
1.	Nagaland	87.54
2.	Delhi	82.00
3.	Bihar	72.26
4.	Arunachal Pradesh	65.56
5.	Sikkim	54.55
6.	Meghalaya	82.87
7.	Himachal Pradesh	47.84

The national average capacity utilisation during the year 2011-12 was 80 % and for the year 2012-13 (upto Feb 13), the same is 85 %. This is well above the BICP norm of 75 %, which is considered as optimum capacity utilisation.

#### **Observation/Recommendation (Sl. No. 24)**

Though the Ministry claims that stocks are generally issued on the principle of 'First in First out', several State Governments are reportedly – approaching FCI to clear old stocks, before the arrival of new grains. The Committee are of the view that the problem of shortage of storage capacities can be solved to some extent by

expeditiously phasing out older stocks of foodgrains before the arrival of new stocks. However, in one of their earlier recommendations the Committee have already referred to the position in Punjab & Odisha where various reports indicate that in most of the godowns, stocks of previous years, being not cleared, are piled up in large quantities and little efforts are being made to move out the same to create space for new stock of foodgrains. The Committee, while deeply regretting such inaction, exhort the Ministry to take immediate steps to move out old stock of foodgrains as early as possible by distributing them to the poor people. As non-availability of adequate number of rail racks by the Ministry of Railways is a major issue in movement of foodgrains, the Committee also recommend that the Ministry should fine-tune their coordination with the Ministry of Railways to get rakes according to their concrete plan of action prepared by FCI for moving out old stock of foodgrains at fixed intervals of time so that the incidences of wastage of foodgrains could be minimized, and fresh stocks could be accommodated in godowns. The Ministry should realise that timely phasing out of old stocks of foodgrains can address the problem of inadequate storage space to a great extent.

### **Reply of the Government**

Principle of 'First in First out' (FIFO) is followed invariably in issuing foodgrain stocks. However in cases of operational exigencies, as mentioned below, stocks are evacuated/moved/issued without following FIFO Principle:-

- i.) Stocks stored on vulnerable and unscientific/katcha plinths are accorded overriding priority so as to avoid deterioration and damage.
- ii.) Stocks procured under relaxed specifications (URS) are issued on top priority without following FIFO.
- iii.) Stocks of older crop year stored in covered and silo godowns are given lower priority for evacuation as compared to stocks of same crop year stored on CAP.
- iv.) At times stocks of older crop year are held up due to litigation.
- v.) In case of deficit States, stocks of older crop year keep coming and it takes some time to have them liquidated because at locations the monthly offtake under PDS is not commensurate with the arrivals.

The foodgrain stocks lying under Central Pool as on 01.02.2013 is as given below:-

(In lakh tonnes)

Crop Year	Wheat		Rice (excluding Unmilled paddy)		Unmilled Paddy in terms of Rice
	Stock as on 1.02.2013	% age of stocks	Stock as on 1.02.2013	% age of stocks	
2012-13	215.75	71.46	71.19	39.34	89.96
2011-12	76.04	25.19	98.56	54.46	6.09
2010-11	8.02	2.66	11.14	6.15	1.08
2009-10	1.64	0.54	0.07	0.04	0.85
2008-09 & earlier	0.46	0.15	0.02	0.01	0
<b>Total</b>		<b>301.91</b>		<b>180.98</b>	<b>97.98</b>

As on 01.02.2013, only 0.69% stocks of wheat and 0.05% stocks of rice of more than three crop year old are lying under Central Pool.

Evacuation of old stocks of wheat and rice is monitored at every level including in FCI Headquarters by CMD FCI himself, every month. All Zonal Heads of FCI have been directed to complete issue/movement of wheat and rice stocks upto crop year 2009-10 by February'2013.

The issue regarding supply of adequate number of rakes is being regularly reviewed by the Department with FCI and Railways. Review meetings are held at the level of Secretary (F & PD) on case to case basis and regular meetings are held by ED, FCI with M/o Railways.

Recently, the Department has constituted a Co-ordination Committee with Joint Secretary, D/o Food & PD as Convener and ED(T), FCI & EDTT(F), Railway Board as Members for better monitoring and resolving the issues arising between Railways and FCI on regular basis. The meeting of the Co-ordination Committee is being held every week.

## **CHAPTER III**

### **RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT REPLY**

#### **Observation/Recommendation (Sl. No. 6)**

While examining the procurement of foodgrains, the Committee note that the procurement takes place mainly in rice and wheat and to a minimal extent in the coarse cereals like jowar, bajara and ragi. In this backdrop, they are of the opinion that the starting point of problem in procurement is the adoption of an open ended scheme, where FCI has to perforce accept rice and wheat from farmers at MSP coupled with incentive bonuses too. The system tends to concentrate only on rice and wheat cultivation. The Committee strongly feel that FCI had to procure larger quantities of wheat and rice year after year which has led to surplus stock almost thrice above the buffer stock norms specified by the Government. Thus FCI has become the biggest hoarder of foodgrains i.e. rice and wheat only. This has led to anomalies, where shortages in the commercial market has resulted to higher prices for millers even when the production reaches peak levels. Taking into account that the open ended procurement combined with higher MSPs for wheat and rice has created serious problems for overall cultivation and is deterrent to crop diversification, the Committee recommend that the Government should take steps to educate the farmers about the need to migrate to other crops such as oilseeds and pulses which gives the country higher export values as well as coarse grains, which have a better nutritional value and are sturdier for long term storage too. The Committee also recommend that the Ministry should explore the possibility of putting appropriate checks on the procurement system where FCI may procure upto a certain limit over the buffer norms. The Committee are of the view that the procurement operations could be based on first-come first-served basis and unique ID can be used for fixing a quota where FCI would purchase only upto a certain level from every farmer. The Committee would like to be informed about the precise comments of the Ministry on these suggestions as well as action taken, if any, in this regard.

## **Reply of the Government**

Under the current Price Support Scheme, the procurement of foodgrains is open-ended as it intends to provide price support to the farmers when market prices are depressed below Minimum Support Price (MSP). Thus, with the increasing MSP and assured purchase through a more robust procurement machinery in place compared to other crops, the percentage of procurement of foodgrains like wheat and paddy out of total quantity produced is increasing over the past few successive years. Procurement of foodgrains at MSP assures a remunerative price for the farmers. There is no compulsion on farmers to sell their produce to Government on MSP and they are free to offer it in open markets.

With regard to the recommendation of the Committee for educating the farmers about the need to migrate to other crops such as oilseeds and pulses, it is submitted that the matter comes under the purview of the Ministry of Agriculture and the Department has already taken up the issue with that Ministry for taking appropriate steps.

On the recommendation of the Committee for restricting the procurement upto a certain limit or quota on first come first served basis or based on individual quota linked to a unique ID, it is submitted that even though the procurement at MSP is done primarily for the purpose of keeping it in buffer stocks and for public distribution, however, as per the present price support policy of the Ministry of Agriculture, our MSP operations entail the theoretical possibility of procurement of the entire production of foodgrains by the Government beyond the buffer norms, if it is offered by the farmers at MSP due to depression in prices in open market. The matter was also taken up with Department of Agriculture & Co-operation. Their comments are as under:-

Government has been taking concerted efforts to educate farmers in innovative agriculture technologies through its different scheme as per details given below:-

1. **Extension**:- 'Extension Reforms Scheme' popularly known as ATMA Scheme provides for educating farmers in demand driven agricultural technologies through kisan mela, mobilization of farmers groups and setting-up of farm school in different thematic areas including promotion of oilseeds, pulses and coarse cereals like Koda and Ragi Over 138 lakhs farmers have benefitted so far under the scheme since 2005-06. 'Kisan Call Centres Scheme' provides information to the farmers through

Toll Free telephone lines in local language on queries raised by farmers on cultivation of oilseeds, pulses & Coarse Cereals, Focused Advertisement Campaign on Pulse Production is being telecast under 'Mass Media Scheme' besides broadcasting programmes in agri-production technology including pulses, oilseeds & coarse grains production. The candidates trained under 'ACABC Scheme' also provides need-based extension services to farmers.

## 2. **Crops** :

a. **Pulses**:- In order to educate the farmers about the improved technology of Pulses cultivation, the Government is implementing National Food Security Mission Pulses (NFSM-Pulses) since 2007-08. This programme also aims creating awareness about the use of improved seed and crop production technology to increase the Pulses production in the country. Presently, NFSM-Pulses covers 468 districts of 16 major Pulses producing states in the country. The NFSM-pulses is being implemented through State Governments. Moreover, new improved technologies are also being demonstrated directly to the farmers field through ICAR, State Agriculture Universities and KVKs from Central level under Frontline Demonstration Programme. Beside, the regular programme of NFSM-Pulses. Block Demonstrations are also being implemented since 2010-11 under Accelerated Pulses Production Programme (A3P) for active propagation of key technologies such as Integrated Nutrient Management (INM) and Integrated Pest Management (IPM) in a manner that creates catalyzing impact. Moreover, Government is (i) promoting pulses production through inter-cropping pigeon-pea/urad/moong/moth with cotton, oilseeds and coarse cereal, in-situ moisture conservation and critical inputs/plant growth regulators/nutrient mixtures and (ii) targeting Additional Area coverage of pulses through area expansion of Rabi Pigeonpea, Gram, Pea and Lentil during Rabi and Green Gram and Black Gram during summer.

b. **Coarse Cereals**:- In order to promote cultivation and consumption of millets based food products, the government is implementing a scheme on "Initiative for Nutritional



Security through Intensive Millets Promotion (INSIMP)” as a sub-scheme of RKVY. The programme aims to demonstrate improved production and post-harvest technologies in an integrated manner with visible impact to catalyze increase in production of millets in the country. Besides, the Scheme promotes processing and value-addition techniques which are expected to generate consumer demand for millet based food products.

Technology demonstration kits of critical inputs of nutrients and plant protection measures comprising of micro-nutrients, fungicides and bio-fertilizers, DAP, urea, potash and pesticides including weedicides for sorghum, pearl millet, finger millet, small millets would be supplied free of cost to beneficiary farmers subject to maximum area of 2 hectare. Besides, to popularize improved varieties/hybrids of millet crops, seed minikits for 0.40 ha area for every one hectare of area covered under demonstration is also provided. Scheme also provides support for setting up small processing unit through Entrepreneurs/Progressive Farmers/NGOs on pilot basis and support to the State for organizing awareness campaigns. Maize cultivation is being supported through Integrated Scheme of Oilseeds, Pulses, Oil palm & Maize (ISOPOM). Subsidy is being given to the farmer in the form of inputs.

### **Observation/Recommendation (Sl. No. 22)**

The Committee note that the ceiling rate fixed for hiring of godowns has been revised from Rs. 3.80 to Rs. 4.78 per quintal per month. They further note that in appropriate cases, a High Level Committee has been empowered to decide higher rates by recording reasons in writing. The Guarantee Scheme was also suitably modified based on the feedback obtained from the industry. During the briefing meeting, while discussing the constraints faced particularly by the Government of Punjab on this issue, which is foremost among the States producing, procuring and storing foodgrains in large quantities, the Committee noted that the Punjab Government quoted and pressed for the rate of Rs. 6/-, Rs. 7/-, Rs. 8/-, finally, tenders for the entire quantity of 45 lakh tonnes of foodgrains was sanctioned at about Rs. 5 per quintal. The Committee were

informed that no unilateral offer of storage rent exists. As per the detailed clarification tendered by the Ministry, the PEG scheme envisages market discovered storage rent based on open and transparent bidding and, therefore, it is expected that all factors including land prices would be reflected in the rates offered in the bidding process. The Ministry also insisted that there was no question of FCI offering lower rate as FCI only provides upper ceiling and cap. The Ministry further argued that storage capacity needs to be evenly distributed, and thus cannot be concentrated on locations having cheaper land. Nevertheless, the Committee are of the view that while fixing the tender for hiring of godowns, the Ministry should take into consideration the cost incurred in the construction of the godowns as per the local conditions too, particularly in States where land, being very fertile, is available at higher rates for construction of godowns. Otherwise, it would not incentivize the contractors to construct more godowns and the problems of abundance and storage would always persist in the management of foodgrains.

#### **Reply of the Government**

The ceiling of rate of Rs. 4.78 per quintal per month has been fixed for State Level Committees to decide on the offers for godowns (lease with services) at their own level. Further, High Level Committee has been empowered to sanction higher rates by recording reasons under PEG Scheme. HLC has always taken note of investor's response to various NITs in a state, land cost, availability of land and higher rates of construction of godowns while sanctioning the rates for construction of godowns under PEG Scheme. Since, the PEG Scheme envisages market discovery, storage rent based on open and transparent bidding, HLC cannot go beyond these rates and make unilateral offers. Based on established norms and considering local factors HLC has sanctioned the rates of Rs. 18.87 per quintal per month in Leh, Rs. 10.00 per quintal per month in Srinagar, Rs. 9.50 per quintal per month in Himachal Pradesh, Rs. 8/- per quintal per month in Jharkhand discovered through open and transparent bidding with not much investor's response in a no. of NITs only because of the difficult terrain, state specific land laws and poor response from investors in these states. Many of the sanctioned rates are less than Rs. 4/- per quintal per month as these rates were discovered through transparent bidding with good investor's response in the states of

Haryana, Andhra Pradesh and Madhya Pradesh. HLC has always ensured that the tendering process is well publicized, transparent and open to ensure better competition. FCI and nodal agencies have also held investor's meets to attract more bidders for the tendering process. States where investor's response was poor have been requested to facilitate land transfers and change of land use. This would incentivize the investors to come forward and create capacities so that targets approved under PEG Scheme is achieved. State Governments have also been requested to arrange for land at locations where there has been no investor's response, so that stage agencies and CWC can create the desired storage capacities.

## CHAPTER IV

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

#### **Observation/Recommendation (Sl. No. 11)**

According to the Public Distribution System (Control) Order, 2001, all State Governments/UTs are to ensure issue of Utilization Certificates confirming that the quality foodgrains have been lifted and distributed to the intended beneficiaries under the TPDS. The Committee have been apprised that an offence committed in violation of the provisions of this Order would invoke criminal liability under the Essential Commodities Act, 1955. Despite this Order, the Committee are very much dismayed to note that there have been numerous reports about irregularities in implementation of TPDS including complaints regarding quality and quantity of foodgrains distributed under the Public Distribution System in several regions/States in the country. For instance, during the period from January, 2006 to May, 2012 a total of 587 complaints were received with regard to the various problems pertaining to TPDS. The State/UT wise analysis of the complaints received against TPDS revealed that the highest number of complaints were received from Uttar Pradesh (189) followed by Delhi (98), Bihar (41), Haryana (39) and Madhya Pradesh (34). The Committee are unhappy over the fact that complete information has not been furnished by the Ministry with regard to the disposal of complaint cases. Even in those cases where the status of redressal of the complaints have been mentioned, the Ministry has vaguely given information about the supply of poor quality of foodgrains. What is more surprising to the Committee is that the Ministry has reported the status of only 9 complaints cases for the States of West Bengal, Bihar, Chhattisgarh, Uttar Pradesh and NCT Delhi in the last three years, vis-à-vis the total number of complaints received during 2009 to 2012, which was 587. The Committee desire that since maximum number of complaints i.e. 189 were received from Uttar Pradesh, the Government must launch a special drive there to weed out the root cause of glaring irregularities in the TPDS, in coordination with the State Government. Also, while deploring the state of affairs of the disposal of various complaint cases, the Committee also recommend that the Ministry should expeditiously

devise mechanism for an early redressal of the complaints registered by individuals, organisations etc. against the Fair Price shops. The Committee are of the view that even though there is a well defined procedure of joint inspection/sampling of the stocks by State Government authority and FCI to ensure that prescribed quality foodgrains are issued under PDS, much more needs to be done. No impact analysis of the Citizen's Charter has been done by 32 State/UT Governments who have adopted the Citizen's Charter. Besides, the Committee are concerned to note that since 2006-07, no Vigilance Committees have been formed in the States of Assam, Bihar, Goa, Haryana, Jammu & Kashmir, Jharkhand, Karnataka, Manipur, Meghalaya, Tamil Nadu, Uttarakhand, West Bengal and Puducherry. Further, the Committee note that no meetings of the Vigilance Committees have been held in Sikkim and Andaman & Nicobar Islands since 2006-07. In this backdrop, the Committee cannot but opine that perhaps quality control of the foodgrains distributed under the TPDS is not a matter of priority at all for the Government. The Committee would like to know the reasons for the non-formulation of Vigilance Committees in 13 States as well as for nil Vigilance Committee meetings in Sikkim and Andaman & Nicobar Islands since 2006-07. The Ministry must take suitable steps to initiate the formulation of Vigilance Committees in States where they do not exist and at the same time, should also ensure that the meetings are held regularly where such Committees have been formed. This would bring the problems of the beneficiaries in the forefront and at the same time the quality of the foodgrains distributed would be under constant watch.

Further, the Committee note that in order to ensure increased transparency in functioning of FPSs, the State and UT Governments were asked in 2008 to issue instructions to introduce monthly certification by Village Panchayats/Vigilance Committees/ Urban Local Bodies/ Self Help Groups for delivery of foodgrains 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. Accordingly, all State/UT Governments were directed on 7th March, 2008 to introduce the system with effect from April, 2008. So far, 22 States have reported implementation of certification. The

Committee would like to know the reasons for non introduction of this system by the remaining States/UTs. The Ministry must strive to have certifications from all the States/UTs of the country.

### **Reply of the Government**

The quality of foodgrains under Central Pool including foodgrains issued from FCI godowns to State Government for distribution under PDS is monitored by this Deptt. The officers of Quality Control Cells (QCCs) inspect procurement centers, food storage depots, loading/unloading points and fair price shops to assess the quality of food grain during procurement, storage and distribution. There is a set procedure of joint inspection/sampling of stocks by State Government and FCI to ensure that quality of foodgrains are issued under PDS as per prescribed norms. Besides, if any complaint is received from State Government, media, consumer, etc., about supply of poor quality of foodgrains under PDS, investigated either through concerned agencies or by deputing the officer from QCC. It may be mentioned that Targeted Public Distribution System (TPDS) is operated under the joint responsibility of the Central and the State/Union Territory (UT) Governments. Central Government is responsible for procurement, allocation and transportation of foodgrains upto the designated depots of the Food Corporation of India. The operational responsibility for allocation and distribution of foodgrains within the States/UTs, identification of eligible Below Poverty Line (BPL) families, issuance of ration cards to them and supervision over and monitoring of functioning of Fair Price Shops (FPSs) rest with the State/UT Governments concerned.

There have been reports about irregularities in implementation of TPDS including complaints regarding quality and foodgrains distributed under the Public Distribution System in certain regions/States in the country. As and when complaints are received by the Government from individuals and organizations as well as through press reports, they are sent to the State/UT Governments concerned for inquiry and appropriate action.

The foodgrains are issued to State Governments/Union Territory Administrations for onward distribution under Public Distribution System (PDS). There is a well defined

procedure of joint inspection/sampling of the stocks by State Government authority and FCI to ensure that prescribed quality foodgrains are issued under PDS. In order to ensure that only good quality foodgrains are issued for PDS, this Ministry has issued instructions to the Food Secretaries of all State Governments and CMD, FCI. The following steps have been taken by the Government:-

- (i) Only good quality foodgrains free from insect infestation and conforming to PFA Standards are to be issued under TPDS.
- (ii) Ample opportunities are to be provided to the State Government to check the quality of foodgrains prior to the lifting of the foodgrains stocks from FCI godowns.
- (iii) Sample of foodgrains are to be collected and sealed from the stocks of foodgrains to be issued under the TPDS jointly by FCI and State Food & Civil Supplies Department.
- (iv) An officer not below the rank of Inspector is to be deputed from State Government to take the delivery of foodgrains stocks from FCI godowns.
- (v) Regular inspection to check the quality of foodgrains is to be carried out by the officers of State Government and surprise checks are carried out by the officers of Quality Control Cell of the Ministry.
- (vi) It is the responsibility of the concerned State Government/UT Administration to ensure that during transportation and storage at different stages in the distribution chain, the foodgrains retain the required quality specifications.
- (vii) The State Government, where the decentralized procurement is in operation, should ensure that the quality of foodgrains issued under TPDS and other welfare schemes should meet the desired standards under the Food Safety and Standards Act (formerly PFA).

Further, during the Conference of State Food Secretaries on Best Practices and Reforms in the Targeted Public Distribution System held in 12-13 July, 2010, it was inter-alia resolved that grievance redressal should be undertaken by States/UTs through toll free call centres and web based complaint registration and monitoring systems.

Central Government has issued guidelines dated 31.01.2013 to all States/UTs for setting up of a toll free helpline number in States/UTs for redressal of grievances under the TPDS. Financial assistances for setting up of helpline number is also being provided by Department of Consumer Affairs for State Consumer Helpline and under the scheme for Computerisation of TPDS Operations.

The recommendation of the Committee for launching a special drive in the State of Uttar Pradesh for weeding out the root causes for irregularities in TPDS have been conveyed to the State Government, which has been advised to expeditiously devise suitable mechanism including special drive for early redressal of the complaints registered by individuals, organisations, etc.

As regards implementation of the revised model Citizen's Charter, all States/UTs have reported its adoption/implementation except State Government of Jharkhand. The matter is being pursued with the State Government in this regard. Further, in terms of the recommendations of the Committee, States/UTs have been requested to undertake impact analysis of the implementation of the provisions of the revised Citizen's Charter on the functioning of TPDS and to send their feedback.

In so far Committee's recommendations regarding functioning of Vigilance Committees in States/UTs are concerned, Central Government has been requesting the State/UT Governments from time to time to activate these Committees and reconstitute them, if not done so already. The recommendations of the Standing Committee have been noted and the concerns of the Committee have again been conveyed to all State/UT Governments for taking stringent measures to remove the deficiencies in the system and to hold the meetings of the Vigilance Committees at various levels on a regular basis.

As regards the implementation of monthly certification system, so far 23 States/UTs have reported introduction of monthly certification by village panchayats/urban local bodies/vigilance committees/women's Self Help Groups for delivery of foodgrains to fair price shops in time and their distribution to ration card



holders. The remaining 12 States/UTs namely Assam, Delhi, Goa, J&K, Jharkhand, Manipur, Meghalaya, Nagaland, Rajasthan, Uttar Pradesh, Uttarakhand, and Puducherry who have not reported the introduction of monthly certification have again been advised to take necessary measures for its introduction in their States/UTs and to report the same at the earliest.

### **Comments of the Committee**

(Please see Para No. 1.17 of Chapter-I)

### **Observation/Recommendation (SI. No. 18)**

Out of the total storage capacity of 45.52 Million Tonnes available with FCI, the Committee find that it is concentrated mainly in the Northern Zone being about 56 per cent of the total available storage capacity. The Southern Zone has about 22 per cent, the Western Zone 13 per cent, the Eastern Zone only about 8 per cent and the North-Eastern Zone has less than 1 per cent of the capacity. The Committee also note that about 63 per cent of the storage capacity is concentrated only in five major procuring States i.e. Punjab, Haryana, Uttar Pradesh, Andhra Pradesh and Chhattisgarh, while about 10 per cent storage capacity is available in the five newly emerging procuring States of Bihar, Odisha, Jharkhand, West Bengal and Madhya Pradesh. Only 27 per cent of total capacity is available in the consuming States. The Committee also note with great concern that the States of Jharkhand and Himachal Pradesh have got storage capacities of even less than one month of their requirement, while some other States, especially in North East Region, have got storage capacities of less than two months' requirement.

The Committee are aware that even States like Punjab and Odisha are continuously requesting FCI to lift old stocks of wheat & custom-Milled Rice, as godowns there are already bursting with the old stock while the new stock is arriving very shortly, for which no storage space is available. The Committee note that storage capacity is mainly required in the procuring States to avoid double handling and secondary/backward movement as it is always better to store the foodgrains in the

procuring States so that they can be moved to the deficit/consuming States as per the requirement. The Committee have also been apprised that another reason for the requirement of storage capacity being more in the wheat procuring States is because the wheat procurement has to be made in a span of 30-45 days which makes it difficult to move the wheat stocks procured to the deficit regions immediately, thus resulting in an increase in the requirement of storage capacity in the wheat procuring States. Five out of the six procuring States belong to the Northern Zone which is the main wheat procuring zone in the country. The Committee have also been informed that traditionally all consuming States are having a storage capacity for 2-3 months allocation. However, in all the hilly States, the available storage capacity is comparatively less as compared to other consuming States due to problems being faced for construction of godowns on account of issues related to acquisition of land. During the deliberations on the subject 'Procurement and Storage of Foodgrains' the Ministry were candid before the Committee that the period from 2007-08 to 2010-11 saw the highest ever levels of procurement of foodgrains by Government agencies, resulting in severe strain on the available capacities with the Government agencies for storage. The Committee were also apprised that though higher MSP, better reach and consequent higher procurement have helped in ensuring better and remunerative prices to farmers; it has also caused strain on available storage capacities with FCI and the State Government agencies.

From the foregoing, the Committee observe that though over the years the procurement figures have continuously been increasing, the storage and distribution infrastructure in major grain producing areas of the country has failed to keep pace with it. Taking cognisance of the frequently appearing media reports about deterioration of foodgrains stored in godowns in various parts of the country and sacks of rotting foodgrains lying unattended in the open in railway yards with no precaution against rats, disease causing droplets and damp air, the Committee fail to understand as to why construction of new warehouses and sufficient storage facilities to tackle the problem has not been done by the Ministry on war footing. The Committee are of the view that when the Government is struggling to fine tune its National Food Security Bill, any wastage of foodgrains due to negligence is a crime against the people of this country.

The Committee also recommend that sincere efforts should be directed towards creating additional storage capacities as early as possible and the direction of the Supreme Court that at least one big godown should be constructed in each State should be expeditiously implemented by the Ministry. They would like to be apprised particularly on the steps taken to ease the current situation in Punjab, Odisha and such other States where the existing capacity is unable to stock fresh arrivals this year. The Committee also suggest that storage gap should be periodically calculated and the construction targets set accordingly so that storage capacities can be developed in proportion to procurement for attaining a perfect balance between procurement and storage of foodgrains. Besides, the Committee also recommend that proper and regular pest control and humidity treatment of godowns should be given top priority by the Ministry.

#### **Reply of the Government**

The Central Warehousing Corporation (CWC) is operating 466 warehouses with 105.55 lakh MT capacity as on 1.3.2013 for storage of foodgrains, agri input and produce and other notified commodities. Priority is given for utilization of the warehousing capacity for storage of foodgrains. During the last 5-years, the percentage of utilization of the storage capacity by foodgrains is consistently on the increase as may be seen from the following table:

<b>Year</b>	<b>Capacity (in lakh MT)</b>	<b>Utilization by foodgrains (in %age)</b>
2007-08	98.78	38
2008-09	105.25	45
2009-10	105.98	48
2010-11	102.47	54
2011-12	100.85	57
2012-13 (upto Feb 2013)	105.55	58

CWC has been making sincere efforts for creating additional covered storage capacity every year. Storage capacity created during the last 3 years for storage of

foodgrains, fertilizers etc. which is also available for storage of foodgrains under Central Pool is as follows:

Year	Capacity created (in lakh MT)
2009-10	0.85
2010-11	1.45
2011-12	1.92
2012-13 (upto Feb 2013)	2.00

The details of State-wise and centre-wise storage capacity created during the last 3 years are as follows:

#### STATE-WISE AND CENTREWISE CREATION OF CAPACITY DURING 2009-10

Sl. No.	Name of Centre	Capacity in MT			Total
		For FCI Under PEG	For CWC		
			For Agri produce	For Industrial Purpose	
(1)	(2)	(3)	(4)	(5)	(6)
<b>Punjab</b>					
1.	Bhatinda	23400			23400
2	Ropar	5000			5000
3	Moga	9600			9600
4	Mandigobindgarh	6200			6200
<b>Haryana</b>					
1	Tohana	5000			5000
2	Barhi		10800		10800
3	Naraingarh		10000 (Open plinth)		10000 (Open plinth)
<b>Chhatisgarh</b>					
1	Bhatapara-II	5000			5000
<b>Rajasthan</b>					
1	Baran		5000		5000
2	Sitapura-II		5000		5000
	<b>Total</b>	<b>54200</b>	<b>30800</b>		<b>85000</b>

#### STATE-WISE AND CENTRE-WISE CREATION OF CAPACITY DURING 2010-11

Sl. No.	Name of Centre	Capacity in MT			Total
		For FCI Under PEG	For CWC		
			For Agri produce	For Industrial	

				<b>Purpose</b>	
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
<b>Punjab</b>					
1.	Bhatinda	11600			11600
<b>Tamil Nadu</b>					
1	Virudhunagar	5000	250		5250
2	Hosur-II	15000			15000
3	Cuddalore	8000			8000
4	Tuticorin			7500	7500
<b>Rajasthan</b>					
1	Chomu		10000		10000
2	Sitapura-II		3400		3400
3.	Bikaner		5000		5000
<b>Andhra paradesh</b>					
1	Bodhan	9000			9000
2	Kakinada		10000		10000
3	Guntur			1750	1750
<b>Odisha</b>					
1	Choudwar		3000		3000
2	Bolangir	6700			6700
3	Junagarh	10000			10000
<b>Maharashtra</b>					
1	Akola	16100			16100
<b>Uttar Pradesh</b>					
1	Dadri			5000	5000
<b>Gujarat</b>					
1	Surat-II		1500		1500
<b>Karnataka</b>					
1	Tumkur		14613		14613
<b>Kerala</b>					
1	Edathala			1700	1700
	<b>Total</b>	<b>81400</b>	<b>47763</b>	<b>15950</b>	<b>145113</b>

**TOTAL : 145113 MT**  
**SAY :1.45 Lakh MT**

**STATE-WISE AND CENTREWISE CREATION OF CAPACITY DURING 2011-12**

SL. No.	Name of Centre	Capacity in MT			Total
		For FCI Under PEG	For CWC		
			For Agri produce	For Industrial Purpose	
(1)	(2)	(3)	(4)	(5)	(6)
<b>Karnataka</b>					
1.	Gadag (Ph-I)	10000			10000
2.	Gadag (Ph-II)	10000			10000
<b>Rajasthan</b>					
1.	Sitapura-II		6600		6600
2.	Hanumangarh-II (Ph-I)		10000		10000
3.	Kota-III		10000		10000
<b>Madhya Pradesh</b>					
1.	Narsinghpur	6500			6500
2.	Bhind	5000			5000
3.	Maksi	3400			3400
<b>Kerala</b>					
1.	Kakkanad			6850	6850
2.	Kannur			3650	3650
<b>Maharashtra</b>					
1.	Gondia	3400			3400
2.	Akola-II	1300			1300
3.	Yavatmal	5000			5000
<b>Odisha</b>					
1.	Bolangir	13300	10000		23300
2.	Junagarh	2000			2000
3.	Kenduaplli-I	5000			5000
4.	Kendupalli-II	8400			8400
5.	Sonepur	10000			10000
<b>Andhra Pradesh</b>					
1.	Bodhan	7000			7000
2.	Rajahmundry	5000	1000		6000
<b>Uttar Pradesh</b>					
1.	Greater Noida			21860	21860
<b>Tamil Nadu</b>					
1.	Cuddalore	7000			7000
<b>Punjab</b>					
1.	Moga-I	1250			1250
2.	Amritsar	1450			1450
3.	Chanon	5000			5000
4.	Moga-II	3400			3400
5.	Mansa	1100			1100
<b>Chhattisgarh</b>					
1.	Bilaspur-II	4200			4200

2.	Raigarh	3400			3400
	<b>Total</b>	<b>122100</b>	<b>37600</b>	<b>32360</b>	<b>192060</b>

**TOTAL: 192060 MT**

During the current year (2012-13), CWC has plans to construct 2.10 lakh MT for various States including Punjab and Orissa out of which 2 lakh MT has already been created by February 2013 as per State-wise and Centre-wise details given below:

**STATE-WISE AND CENTRE-WISE CAPACITY COMPLETED DURING THE YEAR 2012-13 (UPTO 28.02.2013)**

SL. No.	Centre	Capacity in MT		Total
		For FCI under PEG	For Other depositors	
<b>Madhya Pradesh</b>				
1.	Bhind	5000		5000
2.	Maksi	6600		6600
<b>Punjab</b>				
1.	Amritsar, BD	3700		3700
2.	Moga – II	1600		1600
<b>Maharashtra</b>				
1.	Gondia	6600		6600
2.	Yavatmal	10000		10000
3.	CFS, Distri Park D' Node		3650 (Pre-fab)	3650
<b>Andhra Pradesh</b>				
1.	Bodhan	4000		4000
2.	Gadwal	10000		10000
<b>Chhattisgarh</b>				
1.	Bilaspur	4000		4000
2.	Raigarh	8600		8600
<b>Odisha</b>				
1.	Kendupalli – I	15000		15000
2.	Kendupalli – II	11600		11600
3.	Nabarangpur	10000		10000
4.	Koksara	5000		5000
5.	Jatni	5000		5000
<b>Karnataka</b>				
1.	Gulberga-II	32000		32000
<b>Himachal Pradesh</b>				
1.	Dehra	2500		2500
<b>West Bengal</b>				
1.	Berhampur	11600		11600
2.	Sargachi	2400		2400
<b>Gujarat</b>				

1.	Vadod	4800		4800
2.	CFS, Pipavav		6250 (Open Yard)	6250
<b>Kerala</b>				
1.	Kunnamthanam	5000	5000	10000
<b>Rajsthan</b>				
1.	Baran		5000	5000
2.	Hanumangarh-II		10000	10000
3.	Udaipur		4700	4700
<b>TOTAL</b>		<b>1,65,000 MT</b>	<b>34,600 MT</b>	<b>1,99,600MT</b>

**Say 2.00 Lakh MT**

Further CWC has plans to construct 2.20 lakh MT capacity in various States during 2013-14.

CWC undertakes regular prophylactic and curative treatments of foodgrain stocks during storage so as to ensure avoidance of cross infestation as well as insect control for safe preservation of foodgrain stocks. All new construction of godowns are being provided with pre-painted poly coated galvalume sheet for roofing together with turbo ventilators so as to reduce ambient temperature inside the godown for better preservation of stocks

As on 28.02.2013, total covered storage capacity available to FCI is 310.01 lakh MT. A capacity of 197.14 lakh MT has been approved under PEG Scheme in 19 States of the Country. On completion of sanctioned capacities under PEG total covered capacities available with FCI would be more than 500 lakh MT; the sufficient stock of buffer and strategic reserves for the Public Distribution System. Apart from covered capacities, 26.37 lakh MT CAP capacities are owned by FCI and 11.12 lakh MT CAP capacity is hired which can be used for short term storage of wheat in procuring States. Also 194 lakh MT of covered storage capacity and 147 lakh MT CAP capacity exists with the State Govt. agencies in the Country.



Higher storage capacities are available in procuring states such as Punjab, Haryana, U.P. A.P. etc as compared to consuming states like Jharkhand, Himachal Pradesh, J&K, N.E. States etc mainly to avoid excessive pressure on railway infrastructure during procurement. However, under the PEG Scheme, it is being ensured that all consuming States have a minimum storage capacity of 4 months of PDS requirement. Additional capacities have been sanctioned in the emerging surplus States like Bihar, West Bengal etc. North-Eastern States are the beneficiaries under Plan Scheme with proposals for construction of 5.37 lakh MT capacity. This will help to remove the regional imbalances in storage capacity.

After the total capacity approved under Plan and PEG Scheme is realized, the country will have sufficient capacity to handle buffer and strategic reserves.

#### **Comments of the Committee**

(Please see Para No. 1.20 of Chapter-I)

## **CHAPTER V**

### **RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENTS ARE STILL AWAITED**

#### **Observation/Recommendation (Sl. No. 2)**

The policy on procurement of foodgrains emphasizes the need to ensure that the farmers get remunerative prices for their produce so as to reduce fluctuations in grain prices, avoid distress sale of foodgrains and to build up stock of foodgrains in order to ensure the supply of subsidized foodgrains to the needy and poor. The Committee observe that as per the existing system, foodgrains procurement is handled primarily through Food Corporation of India (FCI) in association with State Governments and their procurement agencies. In this system, the State Government provides the requisite infrastructure at purchase centres. The working capital is either taken from Banks or provided by the respective State Government.

From the information furnished to them, the Committee note that during the last five years, the production of wheat in the country has increased from 785.70 lakh tonnes in 2007-08 to 902.32 lakh tonnes (as per 3rd Advance Estimates dated 23.04.2012) in 2011-12, whereas during the said period, the procurement has increased from 111.28 lakh tonnes to 318 lakh tonnes. As far as rice is concerned, the Committee note that the production of rice at the All India level increased from 966.92 lakh tonnes in 2007-08 to 1034.06 lakh tonnes in 2011-12 whereas during the said period, the procurement of rice increased from 287.36 lakh tonnes to 353.15 lakh tonnes. Thus, the production and procurement of wheat and rice has clearly been increasing over the years. The Ministry has also admitted before the Committee that the present procurement of wheat and rice is much more than the requirement for TPDS and OWSs and as a result, the level of Central Pool Stock is rising over a period of time. An analysis of the State-wise trend of procurement of wheat during 2007-08 to 2012-13 by the Committee has indicated multifold increase in almost all the States except Gujarat. In terms of increase in procurement, Madhya Pradesh is leading with an increase of almost 65 times, Bihar has shown around 15 times increase, Uttar Pradesh almost 7

times, Rajasthan four times and Punjab and Haryana two times. In procurement of rice too, there has been a tremendous increase in almost all the States for instance, Madhya Pradesh has shown an increase of almost eight times and Andhra Pradesh, Bihar, Tamil Nadu and West Bengal have shown an increase of almost two times. Taking into account an estimated production of further 80 MT foodgrains during 2012-13, which is two and half times more than the required norm i.e. 31.9 MT and the inadequate storage capacity, there is clearly a need for taking urgent action for efficient handling and distribution of foodgrains. The Committee, therefore, recommend that the Ministry and the FCI, which coordinates the overall foodgrains operation should analyse and deal with the production and procurement scenario so that the problems of abundance and distribution of foodgrains are resolved at the earliest. They would like to be apprised of the procurement centres opened in the country during the current year for wheat, rice and coarse grains for the farmers.

The Committee note that in view of record procurement and shortage of storage space in Central Pool, decisions have been taken to export some quantity of non-basmati rice, wheat and wheat products to some friendly countries in Asia and Africa. Export of foodgrains from private account has also been allowed. However, the Committee are of the view that exports of foodgrains to reduce the surplus will not be an optimal solution as India, like many other countries, has remained very selective in permitting export of foodgrains. Not only that the interest of the domestic consumers, particularly the poor, has to be given paramount importance, at the same time they desire that the Ministry must shed its lethargic approach and improve the Public Distribution System as it has been observed that in many places, open market price of wheat is below MSP. Taking into account that the problem will get exacerbated with the increase in production and there is very little chance of restricting each year's procurement to actual production, the Committee strongly urge the Government to create better logistic support without any delay so that the FCI and other procuring agencies can manage the bountiful harvest in the most effective manner. The Committee observe that the Government undertakes monthly review of the foodgrain stock position in the Central Pool by FCI and the State Governments and their

agencies. The Committee also are aware that several measures are underway to correct the mismatch between production, procurement, storage and distribution of foodgrains which, *inter alia*, include, revised buffer norms, automation and strengthening of TPDS, expansion of AAY etc. The Committee desire that ongoing projects be given the urgency they deserve. They would like the Ministry to furnish a detailed note to them on the progress on various parameters set towards better management of foodgrains.

### **Reply of the Government**

The Department of Food & Public Distribution holds a conference of the State Food Secretaries and representatives of the Ministry of Agriculture and other relevant agencies including FCI every year twice, one before the onset of Kharif Marketing Season and other before the onset of Rabi Marketing Season to analyse the production estimates made by Ministry of Agriculture for the concerned crop year and to make a procurement plan including the number of procurement centres required, requirement of packaging material, requirement of storage facilities and making the estimates of procurement. Accordingly, various arrangements for the procurement operations are made by FCI and the State agencies concerned and the Department regularly monitors the progress of procurement for ensuring flow of price support benefits to the farmers and proper storage and management of foodgrains. The procurement centres opened during the current year for wheat and paddy for the farmers is appended as **Annexure I** and **II** respectively. With regard to procurement centres for coarse grains, FCI has informed that no procurement centres are opened by FCI for coarse grains which are procured by the State Agencies for distribution under the various welfare schemes.

As observed by the Committee, the Department of Food & Public Distribution is much concerned about correcting the mismatch between production, procurement, storage and distribution of foodgrains and is relentlessly working towards automation and strengthening of TPDS, revision of buffer norms, enactment of National Food Security Bill to have better coverage of public distribution of foodgrains as indicated below:-

- (i) Automation and strengthening of TPDS :

An end-to-end computerization of TPDS operations has been taken up under the 12<sup>th</sup> Five Year Plan (2012-17) on cost-sharing basis with States/UTs for implementation of activities such as digitization of ration cards/beneficiary and other databases, computerization of supply-chain management, setting up of transparency portal and grievance redressal mechanism.

(ii) Revision of buffer norms :

The main objectives of Buffer Stocking Policy are to meet the prescribed minimum Buffer Stock norms for food security, monthly releases of foodgrains through TPDS/other welfare schemes, to meet emergency situations arising out of unexpected crop failure, natural disaster etc. and for marketing intervention to augment supply so as to help moderate the open market prices. The buffer norms are under revision to meet the requirement of foodgrains under the proposed National Food Security Act and other schemes of the Government and market conditions etc.

(iii) The National Food Security Bill, 2011:

The Bill was introduced in Parliament on 22<sup>nd</sup> December, 2011, with the objective to provide for food and nutritional security, in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity. Once enacted, about two third of the population will be legally entitled to receive highly subsidized foodgrains under Targeted Public Distribution System (TPDS). The Bill places a special focus on nutritional support to pregnant women and lactating mothers and children by entitling them to meals, meeting the prescribed nutritional norms. Pregnant women and lactating mothers will also be entitled to receive maternity benefit.

(iv) Creation of additional storage capacity: To augment the covered storage capacity, Government is implementing the Private Entrepreneurs

Guarantee (PEG) Scheme through private entrepreneurs, Central Warehousing Corporation (CWC) and the State Warehousing Corporation (SWCs). The FCI guarantees to hire godowns constructed under this scheme for a period of ten years, thereby, ensuring for the investor, a fair return on his investment. A capacity of about 197 lakh MTs as on 31.3.2013 has been approved for the construction of godowns in 19 States out of which a capacity of 140.73 lakh MTs has been sanctioned for construction. A capacity of 69.92 lakh MTs has been completed under the scheme. For ensuring long-term scientific storage, the Government has also approved construction of 20 lakh MTs of storage capacity in silos within the overall sanctioned capacity of the PEG scheme. Besides the PEG scheme, the Government has finalized a Plan scheme especially for the North East, for creation of an additional storage capacity of 5.40 lakh MTs through the FCI, in the next 3 to 4 years. These capacities once created in the NE region, would take care of the storage requirements of about 3 to 4 months.

As regards Export of Foodgrains, in view of the record production and procurement of wheat and rice in the recent years, the Govt. allowed export of 20 lakh tonnes of wheat and non-basmati rice under OGL w.e.f. 9-9-2011 apart from export to the tune of 2,447.202 MTs to friendly countries on humanitarian grounds.

Further considering surplus stock position in Central Pool and constraints of storage space in FCI godowns, the EGoM in its meeting held on 3-7-2012 approved the export of 20 lakh tonnes of wheat from Central Pool through CPSUs. The EGoM in its meeting held on 26-12-2012 has further allowed export of an additional quantity of 25 lakh tonnes of wheat from Central Pool. Thus, the Govt. has so far allowed 45 lakh tonnes of wheat from Central Pool. This has been done to liquidate surplus stock of wheat which was about 308.09 MTs on 1-2-2013 and opening stock of 250MTs is expected on 1-4-2013 as compared to 199.52 MTs on 1-4-2012. However, other steps

to increase the storage capacity of foodgrains have also been taken up by FCI under PEG Scheme as a long term solution for scientific and safe storage of foodgrains.

**Annexure-I**

**STATEMENT SHOWING THE LIST OF PURCHASE CENTRES FOR RMS 2013-14**

REGION	2013-14 (Provisional)		
	FCI	State Agencies	Total
PUNJAB	432	1343	1775
HARYANA	63	309	372
UTTAR PD.	40	4978	5018
RAJASTHAN	106	232	338
MADHYA PD.	0	2800	2800
DELHI	4	0	4
BIHAR	0	8997	8997
H.P.	4	0	4
GUJARAT	20	180	200
JHARKHAND	0	0	0
CHHATTISGARH	*	*	0
J&K	15	0	15
MAHARASHTRA	0	79	79
UTTRAKHAND	20	195	215
WEST BENGAL	0	50	50
<b>TOTAL</b>	<b>704</b>	<b>19,163</b>	<b>19,867</b>
<b>Chattisgarh:</b>	* The procurement is done through Cooperatives and Paddy is purchased in Rabi and Kharif season. The centres of Paddy is also used for Wheat procurement where ever required.		

**Annexure-II**

**STATEMENT SHOWING THE NUMBER OF PURCHASE CENTRES  
FOR KMS 2012-13**

<b>SL. No.</b>	<b>Region</b>	<b>FCI</b>	<b>State</b>	<b>Total</b>
1	<b>Andhra Pradesh</b>	0	1800	1800
2	<b>Assam</b>	14	17	31
3	<b>Bihar</b>	0	9035	9035
4	<b>Chhatisgarh</b>	0	1936	1936
5	<b>Delhi</b>	4	0	4
6	<b>Gujrat</b>	0	53	53
7	<b>Haryana</b>	37	146	183
8	<b>Himachal Pradesh</b>	4	0	4
9	<b>Jharkhand</b>	10	610	620
10	<b>Jammu &amp; Kashmir</b>	5	0	5
11	<b>Karnataka</b>	0	50	50
12	<b>Kerela</b>	0	512	512
13	<b>Maharashtra</b>	0	740	740
14	<b>Madhya Pradesh</b>	0	750	750
15	<b>Odisha</b>	30	2539	2569
16	<b>Puducherry</b>	0	0	0
17	<b>Punjab</b>	227	1543	1770
18	<b>Rajasthan</b>	12	0	12
19	<b>Tamil Nadu</b>		1700	1700
20	<b>Uttar Pradesh</b>	50	3200	3250
21	<b>Uttrakhand</b>	5	50	55
22	<b>West Bengal</b>	38	4235	4273
	<b>GRAND TOTAL</b>	<b>436</b>	<b>28916</b>	<b>29352</b>

**Comments of the Committee**

(Please see Para No. 1.8 of Chapter-I)



### **Observation/Recommendation (Sl. No. 5)**

The Committee are surprised to note the submission made by the Ministry that quantification of savings under the DCP scheme is not possible as the Food Corporation of India's economic cost is fixed on all India basis whereas the DCP States' economic cost is State-wise. As the scheme was introduced to effect savings in the outgo of food subsidy as well as to extend the benefits of MSP to local farmers, such a stand taken by the Ministry does not seem tenable. Besides, the Committee are of the view that until and unless a cost-benefit analysis of DCP scheme is quantified, the extension of this scheme to other States may not become easy. Also, since the scheme has been extended to almost half of the total number of States in the country, it would be prudent on the part of the Ministry to coordinate with the DCP States/UT and calculate at least an average of the savings made with the implementation of the scheme. The Committee are convinced that this would facilitate the Ministry to take up the matter of expanding the scheme to other non-DCP States with the EGoM/Planning Commission too.

The Committee, while observing that in almost all the DCP States procurement has gradually picked up over the years, recommend that the Ministry should explore the possibility of universal adoption of DCP scheme by all States/UTs. This would lead to considerable cost-savings in the procurement and the amount thus saved could be channelized for other aspects of management of foodgrains such as enhancement of storage capacity, expanding network of public distribution system, etc. Moreover, it would help in spreading out the foodgrains cultivation uniformly across larger parts of the country and would also facilitate better access for the poor and needy beneficiaries ensuring that the foodgrains actually reach them.

### **Reply of the Government**

The Government of India makes active efforts to pursue State Governments to adopt the decentralized system of procurement (DCP) scheme. Following benefits accrue to States under Decentralized Procurement System:-

- (i) The State is made self sufficient in procurement and distribution of foodgrains, thereby reducing the dependence on Central Government agencies for procurement of foodgrains.
- (ii) The State can boost local cultivation and enhance coverage of MSP to the farmers.
- (iii) Higher local production and procurement saves cost towards freight in bringing the stocks from outside the State.
- (iv) Additional revenue will generate to the State Governments concerned by way of higher levy and taxes with increased procurement.
- (v) States are encouraged to contribute more foodgrains towards the central pool, thereby enhancing food security.

With the efforts made in this regard, Government of Andhra Pradesh has adopted the Decentralised Procurement (DCP) Scheme of procurement from KMS 2012-13 onwards. Government of Rajasthan has adopted the DCP mode of procurement w.e.f RMS 2013-14, initially in the Alwar district of the State. State Government has been requested to adopt the DCP mode in the entire State from 2014-15 onwards. Governments of Delhi, Haryana and Sikkim have conveyed their inability to adopt the DCP system of procurement of foodgrains due to infrastructural problems.

The Committee's observation for cost-benefit analysis of DCP scheme has been noted and an exercise will be undertaken to calculate average of the savings made with the implementation of the scheme.

### **Observation/Recommendation (Sl. No. 8)**

The Committee are concerned to note the Report of National Sample Survey Organisation which has revealed that the awareness among farmer households in the country about the MSP was extremely low i.e. only 19 per cent. It had further found that only 10 per cent were aware of the concept of MSP but not of the national level procurement agency. Taking cognisance of this Report, the Committee recommend that Ministry should carryout an impact assessment survey to study the extent of denial of benefits of Minimum Support Price among farmers which may have led to distress sale of their foodgrains. Further, they recommend that the Ministry should coordinate with the Ministry of Information and Broadcasting to ensure that while airing and telecasting programmes for farmers such as Krishi Darshan, focus may be kept on disseminating updated information on trends of prices in national, regional and local mandis, fair price shops, regional procurement centres etc. so that the farmers can realize the best price for their agricultural produce. The development of a robust information dissemination system would empower the farming community and significantly increase the efficiency of distribution from farmers to consumers, reduce the intermediation costs and maximize returns to the farmers of their produce. The Committee would like to have a specific response on this aspect.

### **Reply of the Government**

The issue of fixing of MSP for the foodgrains and other related matters come under the mandate of Ministry of Agriculture. The above recommendation of the Committee has been referred to that Ministry for taking necessary action and furnishing Action Taken Note to the Committee on Estimates. A copy of the letter sent is at **Annexure-V**.

In so far as procurement of wheat and rice is concerned, to ensure that farmers receive MSP, the MSP for these items are announced well ahead of the start of the crop year; MSP operations are given wide publicity through pamphlets, sign boards and print & electronic media every year and State Governments are encouraged to undertake decentralized procurement, so as to enhance the procurement of food grains. Sufficient

numbers of purchase centres are also opened by FCI in consultation with State Governments to facilitate the farmers to sell their produce.

However, Committee's observations have been noted and the dissemination and awareness system for farmers would be improved further.

**Annexure-V**

U.K.S. Chauhan, I.A.S.,  
Joint Secretary (P&FCI),  
Tel.No. 23382512  
Email : [jspolicy.fpd@nic.in](mailto:jspolicy.fpd@nic.in)

D.O.No.7 (2)/2010-Py.I

Dated 8<sup>th</sup> May, 2013

Dear

The Committee on Estimates, Lok Sabha has submitted its report on "Procurement and Storage of Foodgrains" and the Department of Food & PD is required to send Action Taken Note to the Committee Branch on recommendations contained in the report. I enclose a copy each of recommendations No. 7 & 8 in which the Committee has recommended (i) to provide incentives through MSP to farmers to grow coarse cereals and (ii) to create awareness among farmer households about the MSP and trend of prices of various foodgrains as awareness level among farmers about MSP is very low.

2. Since the issues contained in these recommendations comes under the purview of Department of Agriculture & Cooperation (DAC), it is requested that Action Taken Notes on these recommendations may be sent to the Committee Branch of the Committee on Estimates directly by DAC.

Yours sincerely,

(U.K.S.Chauhan)

Shri Rajeev Lochan,  
Adviser,  
Department of Agriculture & Cooperation,  
Krishi Bhawan, New Delhi

Encl. : As above

**Reply of the Department of Agriculture and Cooperation (Ministry of  
Agriculture) dated 25.10.2013**

Ministry of Agriculture is presently implementing a Central Sector Scheme "Mass Media Support to Agricultural Extension". Under this scheme existing infrastructure of Doordarshan and All India Radio is being utilized to make the farmers aware about Agricultural Inputs, modern farm technologies and researches related to agriculture and allied areas. A 30 minute programme is being telecast 5-6 days a week through National, 18 Regional Kendras and 180 High Power/Low Power Transmitters of Doordarshan. Similarly, 96 Rural FM Radio Stations of All India Radio are being utilized to broadcast 30 minutes of programme for farmers 6 days a week. For telecasting success stories, innovations and for popularization of change-setting technology and farming practices through the Saturday slot of Doordarshan's National Channel, DAC is producing films, which would consciously project inter-alia positive aspects in agriculture in India.

With a view to increase viewership and provide enhanced content to the farmers, the transmission timings of Krishi Darshan programme telecast from 25 out of 27 Narrowcasting Programme Producing Kendras, where Regional Kendras are also functioning have been changed so that the farmers can view the programmes telecast by both Regional and NC Kendras, thereby, benefiting farmers located in the range of 125 High Power/ Low Power (HPT/LPT) transmitters who are now able to view 1 hr agriculture programmes against ½ hour which was earlier available.

The Free Commercial Time (FCT) available under Krishi Darshan and Kisanvani programme is being utilized for dissemination of Advisories on Rabi/ Kharif, KCC Kisan Credit Card, package of practices available to the farmers under National Food Security Mission (NFSM), MSP, contingency plan developed by State Governments and emergent issues like Drought, Flood etc. Doordarshan is also telecasting a capsule programme on 'Agriculture News' and 'Mandi Bhav'. The programme is being telecast through National and 18 Regional Kendras of DD 5 days a week and 2 days a week through Narrowcasting centres to provide information on Farm Technologies,

developments in agriculture, weather related advisories as well as market information and also the rates of the local Mandis.

However, to emphasize the need of the farming community of the country, Doordarshan is being further requested to ensure that while airing and telecasting programmes for farmers like Krishi Darshan, special thrust may be given on disseminating updated information on trend of prices in national, regional and local Mandis, fair price shops, regional procurement centres etc so that farmers can judge the best price for their agricultural produce.

The Ministry is also striving for improvement of better price discovery by farmers through Agmarknet, Kisan SMS portal, etc.

#### **Comments of the Committee**

(Please see Para No. 1.14 of Chapter-I)

#### **Observation/Recommendation (Sl. No. 9)**

The Committee note that in June 1997, the Government of India launched the Targeted Public Distribution System (TPDS) with focus on the poor. Under this system, States are required to formulate and implement foolproof arrangements for identification of the poor for delivery of foodgrains and for its distribution in a transparent and accountable manner at the Fair Price Shop (FPS) level. The main objective of the scheme of TPDS is to benefit about six crore poor families for whom a quantity of about 72 lakh tonnes of foodgrains are earmarked annually. In order to make the TPDS more focused and targeted at the poorest of the poor, Antyodaya Anna Yojana (AAY) was launched in December, 2000 for 1 crore families to be identified from the BPL families which later was raised to 2.50 crore.

The AAY contemplates identification of such families from amongst the BPL families covered under TPDS within the States and providing them with foodgrains at a highly subsidized rate of Rs. 2/- per kg. for wheat and Rs. 3/- per kg for rice. The States/UTs are required to bear the distribution cost, including margin to dealers and retailers as

well as the transportation cost. Thus, the entire food subsidy is being passed on to the consumers under the scheme. The Committee note that the identification of the poor under the scheme is done by the States as per State-wise poverty estimates of the Planning Commission for 1993-94 based on the methodology, suggested by an Expert Group. The coverage under AAY has been expanded thrice i.e. during 2003-04, 2004-05 and 2005-06, covering additional 50 lakh households each time. Thus, the total coverage under AAY stands at 2.50 crore AAY families. From the Ministry's deposition, the Committee note that against the target of 2.50 crore AAY families, ration cards to 2.44 crore AAY families have been issued by the State/UT Governments. This indicates that though 7 years have already passed since the last expansion of AAY, there are still 6 lakh Targeted AAY families yet to be identified and issued ration cards. The Ministry took the stand that the identification of AAY families is the sole responsibility of concerned State/UT Governments which is not acceptable to the Committee. They, therefore, recommend that the Ministry must take up the matter and coordinate with such State/UT Governments where the identification of the targeted beneficiaries has not been completed and submit a status report to the Committee at the earliest.

### **Reply of the Government**

This Department had requested States/Union Territories (UTs) to accelerate the pace of identification of AAY families and issuance of distinctive ration cards to them so as to meet their respective targets. Further, the recommendations of the Committee have been conveyed to all State/UT Governments vide this Department's letter dated 11.3.2013 for taking necessary action in the matter and to send a report on the action taken.

### **Observation/Recommendation (Sl. No. 12)**

The Committee note that concurrent evaluation of TPDS has been conducted in 26 States and UTs and that the responsibilities has been entrusted to National Council of Applied Economic Research (NCAER) and Indian Institute of Public Administration (IIPA). The Committee were apprised that IIPA and NCAER have submitted their final study reports and the copies of the same have been sent to the concerned State/UT



Governments for taking necessary remedial measures to remove the deficiencies noticed in the functioning of TPDS, which, *inter-alia* include, leakages and diversion of foodgrains, inclusion/exclusion errors, etc. In this regard, the Committee recommend that the Ministry should also conduct an objective analysis of the findings of IIPA and NCAER to review the scheme of TPDS. Further the concurrent evaluation of TPDS should also be conducted immediately in the States/UTs of Sikkim, Goa, Gujarat, Meghalaya, Dadra & Nagar Haveli, Puducherry, Andaman & Nicobar Islands, Lakshadweep and Daman & Diu so as to know their specific problems to take suitable remedial action.

The Committee further note that modernisation of TPDS including its computerisation has been prioritised by the Ministry to check the challenges faced by the scheme, which include digitalisation of beneficiary database by October, 2012, computerisation of Supply-Chain Management by March, 2013 and Fair Price Shop automation by March, 2014. The Committee hope that would be strictly adhered to. They would specifically like to be apprised of the progress made on the same at the action taken stage.

The Committee notice the introduction of Global Positioning System (GPS) on ground by the Ministry, on a pilot basis, in Chhattisgarh, Tamil Nadu and Delhi for tracking movement of vehicles transporting TPDS commodities to eliminate leakages/diversions of foodgrains during transportation. They recommend that the outcome of the pilot project may be analysed promptly to replicate it to other States/UTs for better implementation of TPDS.

### **Reply of the Government**

As regards the recommendation regarding review of TPDS, it is to state that strengthening and streamlining of TPDS is a continuous process. Based on the feedback received from evaluation studies among other sources, Government has regularly reviewed and has issued instructions to States/UTs to strengthen functioning of TPDS by improving monitoring mechanism and vigilance, increased transparency in

functioning of TPDS, adoption of revised Model Citizen's Charter, use of Information and Communication Technology (ICT) tools and improving the viability of Fair Price Shop operations. As regards evaluation study recommended to be conducted in 9 States/UTs, the matter is under consideration of the Department.

In respect of the Plan Scheme component i.e installation of Global Positioning System (GPS) sets on the vehicles carrying TPDS commodities in order to curb leakages and diversion of foodgrains, financial assistance was given in 2007-08 to the State Governments of Tamil Nadu, Delhi and Chhattisgarh for installation of GPS devices on the vehicles carrying TPDS foodgrains.

Government of Tamil Nadu who have implemented the system in two districts have reported that it has helped in (i) the quantities of foodgrains allotted from FCI to the indented godowns reached without single case of diversion (ii) created moral fear among those involved in transportation of PDS items and (iii) enabled the civil supplies department and other vigilance agencies to track the movement of vehicles carrying PDS items at short notice and avoided delays in transportation. Government of Chhattisgarh have reported that after installation of GPS sets on vehicles carrying TPDS commodities, from the distribution centers such vehicles are reaching their destination/intended places and no irregularities of any kind have been noticed. Government of Delhi refunded the entire released amount as they could not utilize the amount as per the schedule.

In view of the feedback received about success of scheme from the State Governments of Chhattisgarh and Tamil Nadu, it has been decided to extend the scheme for installation of Global Positioning System (GPS) sets on vehicles carrying TPDS commodities in all States/Union Territories (UTs). Proposals have been invited from States/UTs for sanctioning funds under the scheme. Proposals received from State Governments of Manipur, Jammu & Kashmir and Madhya Pradesh are under examination.

## Computerization of TPDS

The timelines stipulated for various activities under Computerization of TPDS have been revised based on discussions with States/UTs on account of uneven progress made by them, requests received from some for extension of timelines, financial support, etc. Under the scheme on End-to- end Computerization of Targeted Public Distribution System Operations, Component-I of which has been approved by the Government in October 2012, digitization of beneficiary database is to be completed by March, 2013 and computerisation of supply-chain management is to be completed by October, 2013 by all States/UTs. Further, State transparency portals and grievance redressal mechanisms for TPDS would be set up on priority by all the States/UTs. As regards Component-II i.e. FPS Automation, it will taken up by the Department in due course, keeping in view the progress of Aadhaar and National Population Register (NPR) enrolments in the country, availability of connectivity at FPSs, etc. The status of progress made in States/UTs for Computerization of TPDS is at **Annexure-VI**.

## **Annexure-VI**

### **Status of progress made in States/UTs for Computerization of TPDS**

Digitization of Ration cards/ Beneficiary database has been completed in Andaman and Nicobar Islands, Andhra Pradesh, Chandigarh, Chhattisgarh, Daman and Diu, Delhi, Gujarat, Karnataka, Kerala, Lakshadweep, Punjab, Puducherry, Tamil Nadu and Uttar Pradesh. It is in progress in Arunachal Pradesh, Bihar, Dadra and Nagar Haveli, Haryana, Jammu and Kashmir, Jharkhand, Madhya Pradesh, Maharashtra, Nagaland, Odisha, Rajasthan, Sikkim and Tripura.

Automation of Supply-Chain has been completed in States of Chhattisgarh, Delhi and Gujarat. It is in progress in Andhra Pradesh, Chandigarh, Daman and Diu, Haryana, Jammu and Kashmir, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Puducherry and Punjab.

Transparency Portal with PDS related information has been created in Andaman and Nicobar Islands, Chhattisgarh, Gujarat and Puducherry. It is in progress in Andhra Pradesh, Chandigarh, Delhi, Karnataka, Kerala, Madhya Pradesh, Maharashtra and Rajasthan. Dissemination of information through SMS alerts regarding foodgrain dispatch/availability at FPS is operational in Chhattisgarh and Puducherry. It is in progress in States of Assam, Chandigarh, Gujarat, Karnataka, Maharashtra and Uttar Pradesh.

Call Centre/Toll free helpline number for PDS has been established in Assam, Chandigarh, Chhattisgarh, Delhi, Gujarat, Haryana, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Mizoram, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. Online Grievance redressal mechanism for registration and tracking of grievances is available in Chhattisgarh, Delhi, Gujarat, Mizoram, Odisha and Tamil Nadu.

### **Observation/Recommendation (Sl. No. 13)**

Another area of concern noticed by the Committee has been the rotting of foodgrains in the FCI godowns which has brought to the fore the issue of quality control of foodgrains too, apart from proper storage. The quality specifications of foodgrains for procurement under Central Pool are formulated by Central Grain Analysis Laboratory (CGAL) for Rabi and Kharif foodgrains keeping in view the interest of producers, consumers and the provisions under the Prevention of Food Adulteration (PFA) Act. The Committee note that during the period from 01.04.2011 to 29.02.2012, a total of 1584 samples of foodgrains were analyzed for physical and chemical parameters by CGAL. They have been apprised by the Ministry that the uniform specification of Kharif foodgrains for Kharif marketing season 2011-12 for procurement under Central Pool have been formulated and issued on 08.08.2011. The Committee would like to have a status report of the impact analysis of the check on the quality of Kharif Crop foodgrains distributed under TPDS. Besides, the Committee recommend that specification of Rabi Crop foodgrains should also be done at the earliest. The Committee note that to strengthen the quality control mechanism and also to ensure proper monitoring of quality of foodgrains at the time of procurement, storage and distribution, Quality Control Centres (QCCs) have been set up in Bengaluru, Bhopal, Bhubaneswar, Delhi, Hyderabad, Lucknow, Kolkata and Pune. These QCCs also ensure that the Government guidelines about scientific storage and preservation of foodgrains are followed by FCI, CWC, SWC and State agencies. The Committee also note that a proposal for opening of seven new QCCs at Guwahati, Patna, Chandigarh, Jammu, Jaipur, Chennai and Ahmedabad has been floated under Plan Scheme for the 12th Five Year Plan.

It is disheartening to observe that even with such an elaborate infrastructure and guidelines about storage and preservation, the deterioration of foodgrains has not been eliminated completely. An analysis of the inspection activities carried out by Quality Control Cells from 01.04.2011 to 31.12.2011 indicates that there has always been a mismatch between the target and achievements of the scheduled inspections to be carried out. For instance, as against the target of inspection of 960 food storage depots in 2011-12, the shortfall was seen in 103 Depots. Similarly there was deficit of

inspection in 129 Procurement Centres and 85 Rail Heads. Further it was seen that 297 Fair Price Shops and 83 Rice Mills could not be inspected. The Committee, therefore, would like to be apprised of the procedure to set targets for QCCs inspection, as well as the mechanism to take action on the deficiencies found during inspections. They also feel that since wheat is generally stored in CAP facilities, and thus, is prone to rotting due to vagaries of nature, the QCCs should set separate targets for inspecting CAP facilities, apart from the storage depots. Overall, the Committee recommend that the Ministry should ensure that all the annual targets for inspections must be met to ensure a stringent check on the quality control of foodgrains at the time of procurement, distribution and storage. The Committee desire that the proposal to open seven new quality control centres during 2012 should be implemented this year, and would like to be informed about progress on the same.

### **Reply of the Government**

After the issue of uniform specifications of foodgrains, detailed instructions about quality control measures to be taken by procuring agencies, have been issued to all the State Governments and FCI. Besides, States have been requested to procure foodgrains strictly conforming to the uniform specifications. State Governments and FCI have also been requested to take all precautionary and remedial measures for safe and scientific storage of foodgrains to avoid damages during storage. There are well-established guidelines for joint inspection and sampling of foodgrains before issue to State Governments from FCI godowns for distribution under TPDS and other welfare schemes. The quality of foodgrains right from procurement, during storage and upto distribution is monitored to check the deterioration of stocks.

Inspecting officers of QCCs have inspected 532 procurement centres to monitor the quality of foodgrains including Kharif crops being procured for central pool by FCI and State agencies during 2011-12. FCI has an elaborate procedure of 100% quality check of foodgrains including Kharif crops before procurement followed by inspection at various levels to cross check the quality of foodgrains procured. Foodgrains are to be procured strictly as per uniform specifications. During 2011-12, one complaint regarding

supply of inferior quality of rice received from Chhattisgarh for distribution under TPDS was received from Government of West Bengal. The complaint was got investigated through FCI who informed that few rakes of rice from Chhattisgarh were the cause of complaint. Although, the stock was within issuable range, but keeping in view the insistence of State Government, FCI had moved out these stocks and issued them other stocks. During 2012-13, no complaint of poor quality Kharif foodgrains issued for PDS has been received from any State Government. The uniform specifications for Rabi foodgrains for Rabi Marketing Season 2012-13 have been issued on 13.3.2012 well before the commencement of Rabi Marketing Season.

With regard to deterioration of foodgrains, it is submitted that some quantity of foodgrains may get damaged /become non issuable due to various reasons such as, storage pest attack, leakages in godowns, procurement of poor quality stocks, during movement of stocks, exposure to rains, flood etc. Detailed precautionary and remedial measures to be taken by FCI and State Government agencies to check damages to central pool stocks have been reiterated for strict compliance. Owing to strict quality control measures adopted by FCI, there has been sharp decrease in quantity of damaged/non-issuable foodgrains in FCI. The quantity of damaged/non-issuable foodgrains in FCI has come down from 1.35 lakh tonnes in the year 2002-03 to 0.014 lakh tonnes in the year 2012-13 (as on 1.1.2013). In the percentage term, damaged/non-issuable stocks in FCI has come down from 0.10% in the year 2007-08 to 0.004% in the year 2012-13 (as on 1.1.2013).

With regard to mismatch between targets and achievements, it is to mention that there is no mismatch in targets and achievements, as the achievements in the text was shown upto 31.12.2011 (9 months) against the annual target of 2011-12. The actual achievements during 2011-12 against the annual targets are as under:

SNo.	Item/activity	Annual target(2011-12)	Achievement, 2011-12
1.	Inspection of food storage depots	960	1086

2.	Inspection of Procuring Centres	530	532
3.	Inspection of Railheads	400	411
4.	Inspection of Fair Price shops	1200	1201
5.	Inspection of Rice Mills	240	251

As may be seen, all the annual targets of inspections have been fully achieved by the QCCs. Annual targets for different activities for QCCs have been fixed based on number of Inspecting officers in QCC and procurement etc. in the State under area of operation. During the inspections, the shortcomings noticed are communicated to the concerned authorities for taking remedial measures including action against delinquents. These cases are pursued with the concerned authorities till final action taken reports are received. So far as inspection of CAP storage is concerned, wherever, CAP storage are available these are inspected by the Inspecting Officers of QCCs alongwith the inspection of food storage depots. Since CAP storage is resorted to in the event of shortage of covered capacity and for transit storage of wheat. It depends upon the procurement of wheat in the States and stock availability vis-à-vis covered capacity in the States. CAP storage is used only in few States. In compliance of the recommendation of the Committee, QCC field offices have been asked to inspect CAP complexes separately if available during the inspections and mention separately, the CAP complexes inspected and food storage depots inspected, out of the total inspections carried out of the storage complexes.

As regards the proposal to open 7 new QCCs during 2012, it is submitted that in order to strengthen the Quality Control Mechanism of foodgrains, a plan scheme for 12<sup>th</sup> Five Year Plan envisaging inter-alia opening up of 7 new QCCs was proposed by the Department to Planning Commission. During the discussions in the Planning Commission for Budgetary Allocations during 2013-14 on 8.1.2013, it was desired that this scheme alongwith ongoing scheme "Consultancies, Training & Research" may be merged with another ongoing scheme "Strengthening of PDS-Capacity Building" as additional components. Accordingly, SFC Memo has been prepared and matter has been taken up with the Planning Commission/Department of Expenditure for soliciting



their comments. Once the component is approved by the SFC, the proposal for creation of posts for opening up of 7 new QCCs will be taken up with Ministry of Finance.

### **Observation/Recommendation (Sl. No. 17)**

The Committee observe that the foodgrain stock in the country is maintained by the Government to meet the prescribed Minimum Buffer Stock norms for food security as well as for monthly release of foodgrains for supply through TPDS and OWSs. The stock is also maintained to meet emergent situations arising out of unexpected crop failure, natural disasters etc. and for market intervention to augment supply so as to help moderate the open market prices. As per the Ministry, the total covered capacity available with FCI and State Governments for storage of foodgrains is about 45.52 million tonnes. According to the present Buffer Stock Policy, certain minimum stocks of foodgrains are to be maintained by FCI/State Agencies in the Central Pool on the first day of each quarter. The Buffer Stocking Policy is reviewed from time to time, normally after every five years.

An analysis of the quarterly stock position of the wheat and rice in the central pool vis-à-vis minimum buffer stock norms during 2007-2012 (till April) indicates that the stocks in the Central Pool have remained way above the prescribed norm except in three quarters for wheat and one quarter for rice during July 2007 to March 2008. The Committee further learn the trend of procurement of rice and wheat during the current year (2012-13) again indicates higher procurement as compared to last year (2011-12). The Committee have been informed that based on the stock position given by FCI and the allocations made by the Department, the estimated Central Pool Rice Budget for October, 2011 to September, 2012 and wheat budget for 2012-13 indicates that the estimated stocks would be 233.41 lakh tonnes of rice at the end of Kharif Marketing Season 2011-12 (as on 1st October 2012) and 247.20 lakh tonnes of wheat at the end of RMS 2012-13 (as on 1st April 2013). The Committee are convinced that such heavy procurement would certainly lead to a giant surge in the expenditure figures for holding the procured stocks, in light of the fact that the buffer subsidy incurred by FCI during

2007-08 i.e. Rs.692.43 crore reached Rs.6168 crore at the Revised Estimates stage of 2011-12 indicating an increase of almost nine times, compared to the subsidy amount incurred during 2007-08.

In this backdrop, it is essential for the Government to revise their buffer stock norms. A Technical Group under the Chairmanship of Secretary (F&PD) has already been constituted to review and recommend the revised buffer stock norms, while taking into consideration the present stock position, revised requirement of foodgrains under various schemes of the Central Government, procurement situation, and market conditions etc, and recommend buffer norms. The National Center for Agricultural Economics and Policy Research (NCAP), was entrusted by the said Technical Group to undertake a study for revision of Buffer Norms of foodgrains, which has since presented their report. However, the Committee learn that since the proposed National Food Security Bill envisaged higher requirement of foodgrains for distribution under TPDS, therefore, the recommendations of the NCAP are being looked at from the perspective of the proposed Bill. The Committee, while appreciating the steps taken by the Ministry, recommend that in the meantime the conclusions/recommendations in the NCAP report should be analyzed threadbare so as to match the requirements of higher foodgrains as envisaged in the draft National Food Security Bill. While acknowledging that the goal of food security is very legitimate, the Committee emphasize that the Government should at the same time, take due care to concretely identify and revise the buffer stock norms in the changed scenario. Only then a correct estimate of the expenditure required could be identified and the consequent budgetary exercise of the Ministry could be streamlined. The Committee would like to be apprised of the action taken by Government in this direction.

### **Reply of the Government**

In order to review and recommend revised buffer norms, a Technical Group under the Chairmanship of Secretary (F&PD) has been constituted which held meetings on 9.8.2006, 25.2.2008, 6.6.2008, 20.2.2009, 25.8.2009, 21.1.2011 and 20.7.2012. The National Centre for Agricultural Economics and Policy Research (NCAP), which was entrusted to undertake a study for revision of buffer norms of foodgrains in view of the

proposed National Food Security Act, has also submitted its final report in September, 2011. The Technical Group considered the final report of NCAP in its meeting held on 20.7.2012 and requested the Planning Commission and FCI to furnish its further comments. Comments of Planning Commission and FCI have since been received. To discuss the comments of FCI/Planning Commission and the other aspects of the buffer norms, Secretary, F&PD took a meeting on 04.12.2012. The case is under process in accordance with the deliberation in the meeting.

### **Observation/Recommendation (Sl. No. 23)**

The Committee are concerned to note the huge gap between the required and actual intermediate storage capacity as various States have not able to lift three to six months of their Public Distribution System requirements. The Committee find it shocking that despite such huge gaps between required and actual intermediate storage capacity, the Ministry does not have the requisite data about the actual required intermediate storage capacity as the process of collecting such data is stated to be under process. The Committee though acknowledge the fact that it is primarily the responsibility of State Governments to create intermediate storage capacity yet they feel that the Ministry needs to show better involvement and play an effective role, particularly as a facilitator for creation of intermediate storage capacity in the States. For this, the Committee recommend that the Ministry should assess requirement to encourage the State/UT Governments to create additional intermediate storage capacity for PDS foodgrains by designing an appropriate system of incentives.

The Committee note that various Ministries/Departments are involved in creating storage needs for various Agri-Products. For Example, financial assistance is being given by NABARD under the scheme of 'Rural Infrastructure Development Fund' (RIDF) wherein Rs. 1494 crore have been sanctioned to 13 States for creation of 9 MT of warehousing infrastructure. The Ministry of Agriculture under the scheme "Grameen Bhandaran Yojana" has planned for capacities of 32 MT in 26 States and has sanctioned 27,000 projects. However, the Committee are distressed to observe that the Ministry of Consumer Affairs, Food and Public Distribution is yet to come out with any

particular plan or scheme dedicated for intermediate storage. The Committee have been informed that the Ministry has now planned to give financial support to State Governments for creation of around 73000 MT capacity in North-Eastern States and J&K with a financial allocation of Rs. 60 crore in the form of Grants-in-aid. The Committee would like to be informed about the outcome of the initiatives taken by this Ministry. The Committee also recommend that the Ministry must design an appropriate scheme under which funds could be released every year at regular intervals to the State Governments. Further, the Committee urge the Ministry to immediately assess the total required intermediate storage capacity in the country and apprise them of the progress made in this direction.

### **Reply of the Government**

The Government of India reiterates the fact that it is primarily the responsibility of State Governments to create intermediate storage capacity. However, FCI is being asked to assess the total required intermediate storage capacity in the country.

### **Observation/Recommendation (SI. No. 25)**

The Committee observe that the Ministry has long been storing foodgrains in excess of buffer stock level and as a result, a large part of subsidy is being spent on storing foodgrains in excess of buffer stocks. The Committee though agree that sometimes it is necessary to store foodgrains in excess of buffer stock to meet large scale exigencies but this policy may push the level of subsidy to an unimaginable extent. Therefore, the Committee are of the opinion that there is an urgent need to reduce subsidy burden and recommend that the Ministry should look into the possibility of diverting a portion of subsidy used for storing foodgrains in excess of buffer stock for creating additional storage facilities.

The Committee recommend that just as the Ministry has set buffer norm, which is the minimum level of stock which has to be maintained under all circumstances, there also should be an upper ceiling for the stocks over and above the buffer norms, upto which maximum stocks can be maintained and if stocks reach the identified optimal level, it should be obligatory to release foodgrains through different channels, even for APL category.

The Committee wish to emphasize that by restricting stock level and saving subsidy for creation of storage facilities, the Ministry would be able to strike a perfect balance between procurement and storage. Therefore, the Committee recommend that an expert technical group should be constituted to look into the feasibility of stock level reduction for the sake of cost saving, within a set time frame and the Committee be informed accordingly.

### **Reply of the Government**

In order to review and recommend revised buffer norms, a Technical Group under the Chairmanship of Secretary (F&PD) has been constituted which has held meetings on 9.8.2006, 25.2.2008, 6.6.2008, 20.2.2009, 25.8.2009, 21.1.2011 and 20.7.2012. The National Centre for Agricultural Economics and Policy Research (NCAP), which was entrusted to undertake a study for revision of buffer norms of foodgrains in view of the proposed National Food Security Act, has also submitted its final report in September, 2011. The Technical Group considered the final report of NCAP in its meeting held on 20.7.2012 and requested the Planning Commission and FCI to furnish its further comments. Comments of Planning Commission and FCI have since been received. To discuss the comments of FCI/Planning Commission and the other aspects of the buffer norms, Secretary, F&PD took a meeting on 04.12.2012. The case is under process in accordance with the deliberation in the meeting.

**NEW DELHI;**  
**December, 2013**  
**Agrahayana \_\_\_\_,1935(Saka)**

**FRANCISCO SARDINHA,**  
**CHAIRMAN,**  
**COMMITTEE ON ESTIMATES.**

## APPENDIX I

### MINUTES OF THE FIRST SITTING OF THE STUDY GROUP OF THE COMMITTEE ON ESTIMATES (2013-2014)

The Study Group of the Committee on Estimates sat on Monday, the 9<sup>th</sup> December, 2013 from 1545 hrs. to 1600 hrs. in Room No. 52-B, (Chairman's Chamber), Parliament House, New Delhi.

#### **PRESENT**

Shri Subodh Kant Sahai – Convener

#### **Members**

2. Shri Bapi Raju Kanumuru
3. Dr. Thokchom Meinya
4. Shri Prabodh Panda
5. Smt. Annu Tandon

#### **SECRETARIAT**

1. Smt. Anita B. Panda - Director
2. Dr. Yumnam Arun Kumar - Deputy Secretary

2. At the outset, the Convener welcomed the Members of the Study Group of the Committee on Estimates to the first sitting. The Study Group took up for consideration the following Memorandum and draft Chapter-I of Action Taken Reports.

- (i) \*\*\* \*\*
- (ii) Memorandum No. 3 and draft Chapter-I of Action Taken Report of Committee on Estimates (15<sup>th</sup> Lok Sabha) on the recommendations

contained in Eighteenth Report of the Committee on Estimates (2012-13) on 'Procurement and Storage of Foodgrains' pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

3. The Study Group approved the categorization of replies as shown in the Memorandum and also approved the draft Reports without any modification.

**The Study Group then adjourned.**

## APPENDIX II

### MINUTES OF TWENTIETH SITTING OF THE COMMITTEE ON ESTIMATES (2013-2014)

The Committee sat on Monday, the 9<sup>th</sup> December, 2013 from 1600 hrs. to 1630 hrs. in Room No. 52-B, (Chairman's Chamber), Parliament House, New Delhi.

#### **PRESENT**

Shri Francisco Sardinha – Chairman

#### **Members**

- 2 Smt. Harsimrat Kaur Badal
- 3 Shri Bapi Raju Kanumuru
- 4 Dr. Thokchom Meinya
- 5 Shri Prabodh Panda
- 6 Dr. Vinay Kumar Pandey "Vinnu"
- 7 Shri Subodh Kant Sahai
- 8 Shri Ijyaraj Singh
- 9 Shri Jagada Nand Singh
- 10 Smt. Annu Tandon
- 11 Shri Om Prakash Yadav

#### **SECRETARIAT**

- 1 Smt. Anita B. Panda - Director
- 2 Dr. Yumnam Arun Kumar - Deputy Secretary

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. Then, the Committee took up for consideration the following draft Reports:

- (i) \*\*\*\* \*\*



(ii) \*\*\*\* \*\*

(iii) Action Taken Report on the Recommendations contained in the Eighteenth Report of the Committee on Estimates (2012-13) on 'Procurement and Storage of Foodgrains' pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Public Distribution) as approved by the Study Group of Committee on Estimates.

3. The Committee adopted the abovementioned Reports without any modification.

4. The Committee then authorized the Chairman to finalise the above reports after factual verification by the Ministries concerned and present the same to Lok Sabha.

**The Committee then adjourned.**

**APPENDIX III**

**ANALYSIS OF THE ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE EIGHTEENTH REPORT OF THE COMMITTEE ON ESTIMATES (FIFTEENTH LOK SABHA)**

(i)	Total number of recommendations/observations	25
(ii)	Recommendations/Observations which have been accepted by the Government (Sl. Nos. 1, 3, 4, 7, 10, 14, 15, 16, 19, 20, 21 & 24)	12
	Percentage of total recommendations	48%
(iii)	Recommendation/Observation which the Committee do not desire to pursue in view of the Government's reply (Sl. Nos. 6 & 22)	2
	Percentage of total recommendations	8%
(iv)	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee (Sl. Nos. 11 & 18)	2
	Percentage of total recommendations	8%
(v)	Recommendation/Observation in respect of which final replies of Government is still awaited. (Sl. No. 2, 5, 8, 9, 12, 13, 17, 23 & 25)	9
	Percentage of total recommendations	36%