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STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-2012)

FIFTEENTH LOK SABHA

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

{Action Taken by the Government on the observations/recommendations contained in the Twelfth Report of the Committee (2010-11) on Demands for Grants (2011-12) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)}

TWENTY FIRST REPORT

LOK SABHA SECRETARIAT
NEW DELHI

May, 2012/ Vaisakha, 1934 (Saka)

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Presented to Lok Sabha on18.05.2012

Laid in Rajya Sabha on 18.05.2012

LOK SABHA SECRETARIAT
NEW DELHI

May, 2012/ Vaisakha, 1934 (Saka)

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Shri Vilas Muttemwar - *Chairman*

MEMBERS

Lok Sabha

2. Shri Jaywant Gangaram Awale**
3. Shri Tarachand Bhagora
4. Shri Shivraj Bhaiya
5. Shri Arvind Kumar Chaudhary
6. Shri Sanjay Dhotre
7. Dr. Ram Chandra Dome
8. Shri Abdul Mannan Hossain
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11. Shri Marotrao Sainuji Kowase
12. Shri Gobinda Chandra Naskar
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14. Shri Sohan Potai
15. Shri Purnmasi Ram
16. Shri Ramkishun
17. Shri Chandulal Sahu (Chandu Bhaiya)
18. Dr. Naramalli Sivaprasad*
19. Shri E.G. Sugavanam $
20. Smt. Usha Verma**
21. Vacant

Rajya Sabha

22. Smt. T. Ratna Bai
23. Dr. M.S. Gill
24. Shri P. Kannan
25. Shri Lalhming Liana
26. Shri Sanjay Raut
27. Dr. T.N. Seema
28. Shri Veer Singh
29. Shri Kaptan Singh Solanki # and @
30. Vacant#
31. Vacant#

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* Nominated w.e.f. 25.11.2011
** Nominated w.e.f. 03.01.2012
$ Nominated w.e.f. 12.04.2012
# Vice Shri Kanjibhai Patel, Shri Rajniti Prasad and Shri Kaptan Singh Solanki retired from Rajya Sabha w.e.f. 02.04.2012.
@ Nominated w.e.f. 04.05.2012.

SECRETARIAT

1. Shri P. K. Misra	-	Joint Secretary
2. Smt. Veena Sharma	-	Director
3. Shri Khakhai Zou	-	Under Secretary
4. Shri Anil Kumar	-	Committee Officer

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2011-12) having been authorized by the Committee to submit the Report on their behalf, present this Twenty First Report on Action Taken by the Government on the Observations/Recommendations contained in the Twelfth Report of the Committee (2010-11) on Demands for Grants (2011-12) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Twelfth Report was presented to Lok Sabha and laid in Rajya Sabha on 5th August, 2011. The Government have furnished their replies indicating Action Taken on the recommendations contained in the Report on 4th November, 2011.

3. The Report was considered and adopted by the Committee at their sitting held on 17th May, 2012.

4. An analysis of the action taken by the Government on Observations/Recommendations contained in the Report is given in **Appendix II**.

5. For facility of reference and convenience, the Observations/Comments of the Committee have been printed in thick type in the text of the Report.

NEW DELHI;
<u>17 May, 2012</u>
27 Vaisakha, 1934 (Saka)

VILAS MUTTEMWAR,
Chairman,
Standing Committee on Food,
Consumer Affairs and Public Distribution.

CHAPTER - I

REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the Action Taken by the Government on the Observations/Recommendations contained in the Twelfth Report of the Committee (2010-11), (15th Lok Sabha) on Demands for Grants (2011-12) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

1.2 The Twelfth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 05.08.2011. It contained 33 observations/ recommendations. Action Taken Replies in respect of all the 33 observations/recommendations contained in the Report have been received and these have been categorized as follows:-

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

Serial Nos.:- 1, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 27, 28, 30, 31, 32 and 33

Paragraph Nos:- 3.3, 4.16, 4.22, 4.37, 4.40, 4.45, 4.51, 4.55, 4.58, 4.67, 4.77, 4.78, 4.79, 4.80, 4.82, 5.6, 5.14, 5.19, 5.25, 5.28, 6.5, 6.18, 6.21, 7.6, 7.11, 7.13, 8.8 and 8.11

(Chapter – II, Total - 28)

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

Serial Nos. 5, 19, 26 and 29

(Paragraph Nos. – 4.30, 5.10, 6.19 and 7.7)

(Chapter – III, Total - 4)

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

Serial No. 2

(Paragraph No. – 4.7)

(Chapter – IV, Total -1)

(iv) Observations/Recommendations in respect of which the interim replies of the Government have been received.

Serial No.:- Nil

(Paragraph No. – Nil)

(Chapter – V, Total - 0)

1.3 The Committee desire that the replies in respect of the Observations/Recommendations contained in Chapter-I of this Report be furnished to the Committee within three months of the presentation of this Report.

1.4 The Committee strongly emphasize that utmost importance should be given to the implementation of Observations/Recommendations accepted by the Government. In case where it is not possible for the Government to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

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

A. Need to take concrete steps to convince remaining States/UTs to adopt Decentralized Procurement (DCP) Scheme

Recommendation (Serial No. 2, Para No. 4.7)

1.6 The Committee in their earlier report observed/recommended as follows: -

"The Committee are constrained to note that even after more than 13 years of its inception, the DCP Scheme has been undertaken by only five States for wheat and nine States for rice which indicates the Government's inability to convince the remaining States about the advantages of the Scheme. The Committee also observe that success of DCP Scheme greatly depends upon the infrastructure and resources available with the respective State Governments; speedy release of funds to the DCP States and proper planning for distribution of foodgrains. In the opinion of the Committee, DCP Scheme is one of the most important Schemes being implemented with a view to lessening the burden on FCI and reducing the dependence on the Central Government. The Committee, therefore, urge the Government to remove the anomalies in the Scheme so that States can contribute towards the central pool thereby enhancing the food security. The Committee, also recommend the Department to take concrete steps to convince the remaining States/UTs to adopt the DCP Scheme in the interest of the farmers and in making the States self sufficient in production, procurement and distribution of foodgrains."

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

"The Scheme of Decentralized Procurement (DCP) of foodgrains was introduced in 1997-98 with a view to enhance the efficiency of procurement and PDS and to encourage local procurement and reduce out go of food subsidy. In this method of procurement, the State undertakes the responsibility of procurement of foodgrains, its scientific storage and distribution through Targeted Public Distribution System (TPDS). 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 decision regarding adoption of DCP system lies with the State Government. The determining factor are infrastructure and resources available with the respective State Governments including manpower, storage and necessary logistics required for procurement and accordingly, State Government's readiness to undertake DCP procurement.

The major infrastructure required for procurement operation is the storage facilities for the foodgrains. To assist and encourage the State Government to create sufficient storage space, Government of India has launched the Scheme for construction of godowns for FCI – storage requirements through private entrepreneurs – 2008 on 28.07.2008.

This Department has also formulated and circulated on 08.04.2010 a similar scheme for creation of storage space in the DCP States. The State Government or any agency designated by it will assess the storage gap. The storage space to be created in the DCP States would be so as to meet maximum of its annual TPDS/OWS requirement.

At present, the States of West Bengal, Madhya Pradesh, Chhatisgarh, Uttarakhand, A&N Island, Orissa, Tamil Nadu, Karnataka and Kerala are procuring rice under Decentralized Procurement Scheme. Government of UP was adopting DCP method for procurement of rice upto KMS 2008-09. But the same has discontinued the procurement of rice under Decentralized procurement. The States of West Bengal, Madhya Pradesh, Chhatisgarh, Uttarakhand and Gujarat are procuring wheat under DCP Scheme. The number of States procuring rice and wheat under DCP Schemes is 10. All other State Governments have been requested to adopt DCP system for procuring foodgrains vide this Department's letter dated 10.01.2011.

In response to the above referred letter of this Department, Government of Andhra Pradesh, Delhi, Haryana and Sikkim have expressed their inability to adopt the method of procurement of foodgrains under reference. States have been again requested to adopt this DCP method of procurement of foodgrains."

Comments of the Committee

1.8 While noting that even after more than 13 years of its inception, the Decentralised Procurement (DCP) Scheme has been undertaken by only five States for wheat and nine States for rice which indicated the Government's inability to convince the remaining States about advantages of the Scheme, the Committee urged the Government to remove the anomalies in the Scheme and also take concrete steps to convince the remaining States/UTs to adopt the Scheme. The Department in their action taken reply have stated that the States of West Bengal, Madhaya Pradesh, Chhattisgarh, Uttrakhand and Gujarat are procuring wheat under DCP Scheme while the number of States procuring rice and wheat under it is ten. All other States have been requested to adopt DCP Scheme through their letter dated 10.01.2011 and in response to their letter the Government of Andhra Pradesh, Delhi, Haryana and Sikkim have expressed their inability to adopt the method of procurement of foodgrains under the scheme and they were again requested by the Department to adopt the DCP Scheme.

The Committee are disappointed with the Action Taken Reply of the Department as it does not indicate any concrete steps taken by them to convince the remaining States/UTs to adopt DCP Scheme after presentation of the 12th Report of the Committee on 05.08.2011. The Committee take a serious view of the casual approach of the Department towards the recommendation of the Committee as also for trying to convince the Committee by mentioning about sending of a letter to the States on 10.01.2011, i.e., before the Committee's recommendation was communicated to them. The Committee, therefore, emphatically reiterate their earlier recommendation that the Department should remove the anomalies in the DCP Scheme and also take concrete steps to convince the remaining States/UTs to adopt the scheme. The Committee be apprised of the action taken in this regard.

B. Need to expedite the finalisation of Revised Proposal regarding Direct Disbursement of Food Subsidy in Cash to BPL/AAY Beneficiaries

Recommendation (Serial No. 3, Para No. 4.16)

1.9 The Committee in their earlier report observed/recommended as follows:-

"The Committee note that on requests received from the State Governments of U.P., Haryana and Government of NCT of Delhi for direct disbursement of food subsidy in cash to BPL/AAY beneficiaries, instead of distributing the foodgrains to them under TPDS, a draft Scheme was prepared to test the feasibility of this alternative mode of transfer of food subsidy. The Committee have been informed that the Department of Expenditure has decided that following the finalization of poverty estimates by the Planning Commission, the Department of Food & Public Distribution and Delhi Government would work out the final contours of the Scheme in consultation with the Planning Commission taking into account the likelihood of making use of UID Cards to be issued in the near future. The Department of Expenditure has requested for a revised proposal on the issue which is presently under examination by the Department. The Committee, recommend the Department to expedite the finalization of revised proposal as desired by the Department of Expenditure, for an early decision on the issue."

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

" The Department has prepared a draft scheme to test the feasibility of direct transfer of food subsidy in cash to BPL/AAY beneficiaries under TPDS. The scheme envisages transfer of food subsidy in cash to BPL/AAY families instead of distribution of foodgrains as is being done at present. This scheme has been prepared on the basis of proposals received from the State Governments of Uttar Pradesh, Haryana and Delhi. The draft Scheme is for pilot implementation in five districts.

Under the draft scheme, it is proposed to disburse equivalent amount of food subsidy in cash instead of subsidized foodgrains to the eligible BPL and AAY families. The amount of food subsidy will be deposited directly by the concerned district authorities in bank/post office accounts to be opened by each of the beneficiaries. With the cash subsidy, the BPL/AAY families would be able to purchase foodgrains and sugar of their choice from open market instead of taking delivery from the fair price shops as at present. The draft scheme was referred to Ministry of Finance, Department of Expenditure on 26.6.2009 for placing it before the Committee on Non-Plan Expenditure for appraisal. Since then, that Department was being reminded to indicate the latest status of the proposal. Department of Expenditure conveyed its observations vide letter dated 24.1.2011 and advised this Department to submit a revised proposal.

A meeting was held in the Department of Food and Public Distribution, New Delhi on 29.4.2011 with the representatives of State Governments of Uttar Pradesh, Haryana and Government of NCT of Delhi. These State Governments, as well as State Government of Bihar, were requested to furnish requisite information to further consider the proposal. The information has been received from the State Government of Haryana and Government of NCT of Delhi. The information is still awaited from State Governments of Uttar Pradesh and Bihar. The matter is being pursued with them to send the information."

Comments of the Committee

1.11 Noting that a draft scheme for an alternate mode of transfer of food subsidy was under examination of the Department, the Committee had recommended expeditious finalization of the said proposal regarding direct disbursement of food subsidy in cash to BPL/AAY beneficiaries. In their action taken reply the Department have stated, inter-alia, that Government of Uttar Pradesh, Haryana, NCT of Delhi and Bihar were requested to furnish requisite information to further consider the proposal. The information has been received from the State Government of Haryana and NCT of Delhi, while the same is still awaited from Uttar Pradesh and Bihar. The matter has been pursued with them to send the information. While hoping that the Department will constantly pursue the matter, the Committee would like to be apprised of the details of the action taken by the Department in this regard especially, after 05.08.2011, i.e., the date of presentation of the original Report of the Committee to the Parliament.

C. Need for timely settlement of the claims of States/UTs under Hill Transport Subsidy (HTS) Scheme

Recommendation (Serial No. 4, Para No. 4.22)

1.12 The Committee in their earlier report observed/recommended as follows:-

"The Committee note that under Hill Transport Subsidy, the Union Government reimburses the transportation cost of foodgrains from base depots of FCI upto the designated Principal Distribution Centres in States which are predominantly hilly. The Committee are deeply concerned to note that huge amount is pending with FCI for being paid to State/UTs viz. Mizoram, Tripura, Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Lakshadweep and Sikkim on account of cost of transportation of foodgrains under Hill Transport Subsidy (HTS Scheme). The Committee have been informed that no HTS claim has been received from Meghalaya, Manipur, Nagaland, A&N Islands. The States in respect of which full HTS claim have been received i.e Mizoram, Tripura, Arunanchal Pradesh, J&K, Himachal Pradesh, Lakshadweep and Sikkim, only part payment has been paid and the huge amount is still pending which clearly indicates that the Department is not serious towards reimbursement of HTS claims of States/UTs. Moreso, the Department does not seem to have made any efforts to find out the reasons for non submission of HTS claims which proves that the Government is not serious towards settlement of claims. The Committee are not happy with the situation and recommend that the Department/FCI should find out the reasons for non submission of HTS claims and make sincere efforts for liquidation of outstanding dues of these States/UTs fully, so that States/UTs may be able to lift the foodgrains periodically and the poor people of hilly and inaccessible States are not deprieved of the benefits of subsidized foodgrains under HTS Schemes."

1.13 The Ministry in their action taken reply have stated as under:-

"Under the Hill Transport Subsidy Scheme, re-imbursement of expenditure incurred by States on transportation of PDS foodgrains from FCI Base Depots to designated Principal Distribution Centre is made by FCI on submission of claims by the States. The States are required to submit certain details and documentary evidence with the claims such as cheque Nos. particular of banks, details of the recipients and proof of payments to them etc. Accordingly, FCI has been releasing payments to the concerned State in all cases in which proper claims alongwith the required details / documents are received by it. Following amounts have been released by FCI in such case: -

Mizoram	Rs.384.46 lakh against the bills from 01.04.2009 onwards.
Arunachal Pradesh	Rs.4576 lakhs as provisional advance for the period from 2007-08 to 2009-10
Himachal Pradesh	2010-11 – Rs.396.30 lakhs. 2011-12 – Rs.8.42 lakhs.
Lakshadweep	2010-11 – Rs.13.10 lakhs.
Sikkim	2009-10 – Rs.90.25 lakhs. 2010-11 – Rs.61.63 lakhs.

2. However, many bills / claims could not be processed and were returned to the concerned State Governments as the same were not accompanied by the required information and documents. To avoid such problem, States have been requested again and again to ensure that all claims/bills for HTS are complete and supported by the requisite details/ documents to avoid any problem/delay in processing them for release of fund. FCI has also been advised that any request for relaxation of prescribed procedure/documents may be sorted out by it in consultation with the concerned State Government keeping in view that there is no misuse of the HTS scheme, in case of specific problems faced by the States in furnishing the specific nature of documents.

3. So far reasons for non- submission of HTS claims by some States is concerned, FCI is in the process of ascertaining the same from the State Governments through its regional offices."

Comments of the Committee

1.14 Expressing their unhappiness with the situation, the Committee had recommended that the Department/FCI should find out the reasons for non-submission of Hill Transport Subsidy (HTS) claims by some States and make sincere efforts for liquidation of outstanding dues of these States/UTs so that the poor people of hilly and inaccessible States are not deprived of the benefits of subsidized foodgrains under HTS Scheme. The Department in their action taken reply have stated that FCI has been releasing payments to the States in all cases in which proper claims along with required details/documents are received and has accordingly, released the amount to the States of Mizoram, Arunachal Pradesh, Himachal Pradesh, Lakshadweep and Sikkim. Further, FCI through its Regional Offices is in the process of ascertaining the reasons for non-submission of HTS claims by some States concerned. The Committee, therefore, reiterate that the States should be requested again to ensure that all claims/bills for HTS are complete and supported by the requisite details/documents to avoid delay in processing for release of funds. The Committee further desire the Ministry to take their recommendation seriously to find out the reasons for non-submission of HTS claims by some States and take necessary remedial steps for early liquidation of outstanding dues of those States/UTs. The Committee be apprised of the details of action taken in the matter.

D. Need to install Global Positioning System (GPS) in all vehicles carrying PDS foodgrains in all States/UTs on top priority

Recommendation (Serial No. 6, Para No. 4.37)

1.15 The Committee in their earlier report observed/recommended as follows:-

"The Committee note that in order to curb the diversion and leakages of foodgrains meant for TPDS, Government is taking up piloting of innovatives/new technologies such as GPS, RFIDS, Bar coded coupons, stamping of PDS foodgrains, etc. One of the steps taken by the Department to prevent leakages/diversion of foodgrains was installation of Global Positioning System (GPS) on vehicles carrying subsidized foodgrains on pilot basis in three States namely NCT of Delhi, Chhatisgarh and Tamil Nadu. In this regard, the Committee also note that as per the findings of the National council for Applied Research (NCAER), the level of diversion of wheat in Assam and Mizoram is 100% for APL and of rice is 83.38% and 81.12% for APL respectively which shows that foodgrains meant for APL families have not reached to them at all in these two States. The level of diversion of wheat for APL in respect of Chhatisgarh and Jharkhand is 78.34% and 54.53%, respectively. The Committee, therefore, recommend that the procedure for sanction of funds for installation of GPS be simplified and GPS devices be installed not only in the three pilot States but in all the States/UTs of the Country on top priority to curb the menace of diversion and leakage of foodgrains."

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

"Initially, in March 2008, the funds were sanctioned and released to State Governments of Chhattisgarh, Tamil Nadu and NCT of Delhi for installation of GPS sets on pilot basis as per details given in succeeding paragraphs**.**

2. An amount of Rs.12.24 lakh was sanctioned and a sum of Rs.11.02 lakh was released to Government of Tamil Nadu vide sanction letter dated 25th March, 2008, for installation of GPS sets. The Government of Tamil Nadu submitted Utilization Certificate for an amount of Rs.11.66 lakhs for installation of GPS sets on the vehicles carrying foodgrains meant for TPDS. The UC for this amount has been accepted and the balance amount of Rs.64,000/- has been sanctioned/released to the State Government of Tamil Nadu vide letter dated 25th November, 2009.

3. An amount of Rs.4.13 lakh was sanctioned and released to the Government of NCT of Delhi in March, 2008 for installation of GPS sets. The Government of NCT of Delhi did not utilize the amount and refunded the sum of Rs.4.13 lakh to this Department.

4. As regards the Government of Chhattisgarh, an amount of Rs.29.61 lakh was sanctioned and released to the Government of Chhattisgarh in March, 2008 for installation of GPS sets. The State Government of Chhattisgarh furnished Utilization Certificate (UC) for a sum of Rs.29.56 lakh. The UC furnished by State Government of Chhattisgarh has been accepted for a sum of Rs.22.95 lakh and the State Government has been requested in September, 2011 to refund the balance amount of Rs.6.66 lakh along with penal interest thereon. A proposal from the State Government of Chhattisgarh for sanction of more funds for installation of GPS sets on vehicles carrying TPDS commodities is also under consideration in the Department.

5. In addition to above, this Department has invited proposals vide letter dated 18th May, 2011 from all States/UTs for sanctioning of funds under the scheme during the year 2011-12 for installation of Global Positioning System (GPS) sets on vehicles carrying TPDS commodities. The matter is being pursued with the State/UT Governments for sending complete proposals in this regard. "

Comments of the Committee

1.17 The Committee in their original report had recommended that the procedure for sanction of funds for installation of Global Positioning System (GPS) be simplified and GPS devices be installed not only in the three pilot States but in all the States/UTs of the country on top priority to curb the menace of diversion and leakages of foodgrains. The Department in their action taken reply have stated, inter-alia, that the proposals have been invited on 18.05.2011 from all the States/UTs for sanctioning of funds under the scheme during the year 2011-12 for installation of GPS sets on vehicles carrying TPDS commodities and the matter is being pursued with them in this regard. While reiterating their earlier recommendation, the Committee desire that the matter may be vigorously pursued with all the States/UTs and the Committee be apprised of the follow up action taken/latest status of the matter, State/UT-wise.

E. Implementation of Computerisation of TPDS Commodities and Smart Card based Delivery of Essential Commodities in all the States/UTs required

Recommendation (Serial No. 8, Para No. 4.45)

1.18 The Committee in their earlier report observed/recommended as follows:-

"The Committee note that the Smart Card based delivery of TPDS Scheme is being implemented on pilot basis in UT of Chandigarh and State of Haryana. The Committee have been informed that out of the total approved expenditure of Rs.142.29 crore, Government of Haryana and Chandigarh UT have been provided funds of Rs.25 crore and Rs.1.10 crore for implementation of the Scheme. The Committee have been further informed that the assessment of the Scheme shall be taken upon completion of the pilot project. The Committee hope that Smart card based delivery of essential commodities will improve the efficiency of the Public Distribution System and desire that the Government should persuade the State/UT Governments of Haryana and Chandigarh to expedite completion of the projects so that assessments of the Scheme could be done at the earliest. The Committee also recommend that all necessary steps be taken for expeditious implementation of the project all over the country."

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

" The Committee had been informed that to improve quality of delivery of services under TPDS and to assess replicability of new technologies, a pilot scheme on smart card based delivery of TPDS commodities was approved for Chandigarh(UT) and Haryana in December, 2008 with an outlay of Rs.142.29 crore. Implementing agencies for this Scheme are NIC, State Government of Haryana and Chandigarh(UT) Administration. Under this scheme, the existing ration cards are to be replaced by smart cards. These smart cards will contain bio-metric features of adult members of the ration card holder families. TPDS commodities to smart card holder families will be issued from fair price shops after verification of genuineness of the smart card holder through smart card transaction terminal. Similarly, release of TPDS commodities by State/UT Administration to field units will be based on actual off-take/lifting by smart card holders. An amount of Rs. 25 crore to the Government of Haryana, Rs.1.10 crore to Chandigarh UT and Rs. 1.00 crore to NIC was released on 26-12-2008. Another installment of Rs. 92.50 lakh has been released to NIC on 17.01.2011. Chandigarh UT had completed trial run of smart card based transaction of TPDS commodities on 7th June 2010. Government of Haryana had also completed trial run of smart card based transaction of TPDS commodities on 17th June 2010. In the State/UT Food Secretaries conference at New Delhi, on 13th July 2010, the Hon’ble MOACAF&PD had inaugurated the scheme by issuing Smart Cards to some TPDS beneficiaries of Haryana.

The Committee had also been informed about status of implementation of smart card scheme in Chandigarh (UT) and State of Haryana. As per the recommendations of the Task Force on Computerisation of PDS, the formulation of Centrally Sponsored Scheme (CSS) for remaining States/UTs, integrating the scheme on 'Computerization of TPDS Operations' at Centre and 4 pilot States (covering select districts) and scheme on 'Smart Card based delivery of Essential Commodities' at Chandigarh Union Territory and Haryana, was to be taken up by December 2012.

Further, it is submitted that a High Powered Committee (HPC) headed by Justice D.P. Wadhwa (Retd.) had been set up under the directions of the Hon'ble Supreme Court to monitor and expedite the Computerisation of PDS. The HPC has submitted a preliminary report in the matter to the Hon'ble Supreme Court. In its Order dated 14.09.2011, the Court has given detailed directions for end-to-end computerization of PDS in a time-bound manner. Further action for Computerisation of PDS would be taken by Centre and State/UT Governments in accordance with the directions of the Hon'ble Supreme Court."

Comments of the Committee

1.20 Hoping that Smart Card based delivery of essential commodities would improve efficiency of TPDS, the Committee in their original report had recommended that all necessary steps be taken for expeditious implementation of the project all over the country. The Department in their action taken reply have stated that UT of Chandigarh and Haryana had completed trial run of smart card based transaction of TPDS commodities on 07.07.2010 and 17.06.2010, respectively. They have further stated that as per the recommendations of the Task Force on Computerisation of PDS, the formulation of Centrally Sponsored Scheme for remaining States/UTs integrating the scheme on 'Computerisation' of TPDS Operations at Centre and at 4 Pilot States (covering select districts) and scheme on Smart Card based delivery of Essential Commodities at UT of Chandigarh and Haryana was to be taken up by December, 2012. Consequent upon the preliminary report submitted by the High Powered Committee headed by Justice D.P. Wadhwa, the Supreme Court in its Order dated 14.09.2011, has given detailed directions for end-to-end Computerisation of PDS in a time-bound manner and further action would be taken by the States/UTs as per direction of the Hon'ble Court. The Committee desire that the Department should closely monitor the implementation of the project by the States/UTs and apprise them of the latest progress thereof.

F. Early Finalisation of Identification of Rural Poor/BPL Households in Urban Areas required

Recommendation (Serial No. 10, Para No. 4.55)

1.21 The Committee in their earlier report observed/recommended as follows:-

" The Committee observe that Public Distribution System (Control) Order, 2001 mandates the States/UT Governments to identify eligible BPL families to issue ration cards. As per this Order, the State Governments have to formulate suitable guidelines for identification of BPL/AAY families as per the poverty estimates adopted by the Central Government. The Committee find that the Expert Group constituted by the Ministry of Rural Development to suggest methodology for conducting next BPL census in rural areas has submitted its report and a draft note for Cabinet has been circulated to the concerned Ministries/Departments for their comments. The Committee desire that the matter may be followed up with the concerned Ministries/Departments and the methodology for identification of rural poor be finalized at the earliest.

The Committee also note that the expert Group constituted by the Planning Commission to recommend common methodology for identification of BPL households in urban areas is expected to submit its report by May, 2011. The Committee hope that the expert group constituted by the Planning Commission would submit its report with in the stipulated time and a common methodology for identification of BPL households in urban areas would be formulated soon."

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

"The Ministry of Rural Development had appointed an Expert Group for suggesting suitable framework and methodologies for identification of the rural poor. The Expert Group submitted its Report which has been considered by an inter-ministerial core group. The core group has also held wide consultations on the subject including with the State Governments. As reported by the Ministry of Rural Development, the methodology for conducting the Socio-Economic and Caste Census in rural area has been approved by the Union Cabinet with the modification that:

(i) The Ministry of Rural Development further discuss the criteria for inclusion/exclusion with the Dr. N.C. Saxena Committee and

(ii) Census be completed by December, 2011.

Ministry of Rural Development is taking necessary action in this regard.

Ministry of Rural Development has also reported that the Socio-Economic and Caste Census has been formally launched on 29.6.2011 in the State of Tripura. This will be followed in other States/UTs in a phased manner taking into consideration their preparedness and other relevant considerations. The Census is targeted to be completed by December, 2011.

For urban areas, the Planning Commission have set up an Expert Group headed by Prof. S.R. Hashim on 13.5.2010, to recommend the detailed methodology for identification of families living below poverty line in the urban areas. As reported by Ministry of Housing & Urban Poverty Alleviation, the above Expert Group has submitted its interim report. Union Cabinet has approved the following proposals from Ministry of Housing and Urban Poverty Alleviation:

(i) Approval of the approach recommended in the Interim Report of the Hashim Expert Group on identification of the urban poor areas for the 12th Five Year Plan period; and the Survey Questionnaire devised for conducting the BPL survey ; and

(ii) Approval to conduct the Below Poverty Line (BPL) survey in urban areas along with the proposed caste enumeration and rural BPL survey with the assistance of the RGI as per the approach proposed above.

The approval of Cabinet has been accorded with the modification that the proposed BPL Census be completed by December, 2011."

Comments of the Committee

1.23 Observing that the PDS (Control) Order, 2001 mandates the States/UTs to identify eligible BPL families, the Committee in their original report had desired that the methodology for identification of rural poor as well as BPL households in urban areas be finalized at the earliest. In their action taken reply, the Department have stated that Ministry of Rural Development has already formally launched on 29.06.2011, the Socio-Economic and Caste Census (SECC) in Tripura, to be followed in other States/UTs in a phased manner and targeted to be completed by December, 2011. Further, it has been stated that Union Cabinet has approved the proposal of the Ministry of Housing & Urban Poverty Alleviation for conducting BPL survey in urban areas and the same was said to be completed by December, 2011. The Committee are made to understand that SECC is yet to be launched in various major States though the original scheduled date of completion was December, 2011. The Committee, therefore, urge the Department to take all possible steps by maintaining continuous consultation with the concerned Central Ministries/Departments and all States/UTs so as to complete identification of the poor in rural as well as urban areas of the country at the earliest.

G. Early Adoption of Monthly Certification Scheme by all States/UTs for improving efficiency and Monitoring of Fair Price Shops emphasised

Recommendation (Serial No. 14, Para No. 4.78)

1.24 The Committee in their earlier report observed/recommended as follows:-

" The Committee observe that to improve the efficiency of Fair Price Shops operations and to monitor their functioning, directions were issued to State/UT Governments to introduce Monthly Certification Scheme to be implemented by Village Panchayats/Urban Local Bodies/Vigilance Committees/Women's Self Help Groups for delivery of TPDS commodities at Fair Price Shops. The Committee note that upto 31st January, 2011, 21 State/UT Governments have reported regarding the implementation of Monthly Certification Scheme. The Committee feel that mere issuance of directions to State/UT Governments is not sufficient and desire that the Department should take concrete steps to try and convince the remaining States/UTs to facilitate an early adoption of the Scheme."

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

" The recommendations of the Committee have been noted. It is stated that upto 31.08.2011, 22 State/UT Governments have reported regarding the implementation of Monthly Certification Scheme. The remaining State/UT Governments have again been advised to introduce and implement the Monthly Certification by Village Panchayats/Urban Local Bodies/Vigilance Committees/Women's Self Help Groups on delivery of TPDS commodities (foodgrains, etc.) at fair price shops and their distribution to ration card holders."

Comments of the Committee

1.26 While noting that upto 31.01.2011, 21 State/UT Governments had reported the implementation of Monthly Certification Scheme (MCS) meant to improve the efficiency in the functioning of Fair Price Shops, the Committee had desired in their earlier Report the Department to take concrete steps to convince the remaining States/UTs for an early adoption of the Monthly Certification Scheme. The Department in their action taken reply has stated that upto 31.08.2011, 22 State/UT Governments have reported implementation of the MCS and the remaining State/UT Governments have again been advised to implement the Scheme. The Committee desire that the Department should follow up the matter with all the States/UTs and they be apprised of the further progress/outcome of the efforts made in the matter.

H. Need for Effective Implementation of the PDS (Control) Order, 2001 by all the States

Recommendation (Serial No. 15, Para No. 4.79)

1.27 The Committee in their earlier report observed/ recommended as follows:-

" The Committee note that the Public Distribution System (Control) Order, 2001 mandates the State and UT Governments to carry out all required action to ensure smooth functioning of TPDS. It also mandates *inter-alia* that while making monthly allocation to the fair price shops, designated authority of State Governments shall take into account the balance stock, if any, lying undistributed with the fair price shop owners for the subsequent allocation. The Committee desire that the amount of foodgrains which remains unlifted during a particular month and left with the Fair Price Dealers after distribution to the beneficiaries, should be adjusted against the next month allocation of that Fair Price Shop or should be taken back, to prevent black marketing or diversion of foodgrains. The Committee also desire that the matter may be taken up at the highest level in the State Governments for effective implementation of the PDS (Control) Order, 2001 by all the States, to streamline the functioning of TPDS in the country."

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

" Public Distribution System (Control) Order, 2001 mandates that while making monthly allocations to the fair price shops, the designated authority of State Governments shall take into account the balance stock, if any, lying un-distributed with the fair price shop owners for the subsequent allocations. The recommendations of the Standing Committee have been noted and conveyed to all the State/UT Governments for taking more stringent measures to implement the relevant clauses of the PDS (Control) Order, 2001."

Comments of the Committee

1.29 In their original report, the Committee had recommended that the designated authority of the State Government should adjust the undistributed stock during a month against the next month allocation of that Fair Price Shop or it should be taken back to prevent black marketing or diversion of foodgrains and the matter be taken up at the highest level in the State Government for effective implementation of the PDS (Control) Order, 2001 by all the States. The Department in their reply have stated that the recommendations of the Committee have been conveyed to all the State/UT Governments for taking more stringent measures to implement the relevant clauses of the PDS (Control) Order, 2001. The Committee are not satisfied with the action taken reply of the Government as merely conveying the Committee's recommendation is not enough. The Committee, therefore, desire that the Department should obtain the details of the latest response/feedback from all the State/UT Governments concerned as to what stringent measures have been taken by them under the relevant clauses of the PDS(Control) Order, 2001. The Committee be apprised of the details of action taken by the States/UTs, State/UT-wise.

I. Early Recovery of Outstanding Dues by FCI required

Recommendation (Serial No. 18, Para No. 5.6)

1.30 The Committee in their earlier report observed/recommended as follows:-

" The Committee are deeply concerned to note that a high amount of outstanding dues are to be recovered by FCI from the Ministry of Rural Development and the Ministry of Human Resource Development on account of providing foodgrains for various welfare schemes on payment basis. Outstanding dues to be recovered from the Ministry of Rural Development during each of the years 2008-09, 2009-10 and 2010-11 are Rs.2890.82 crore. From the Ministry of Human Resource Development, the outstanding dues to be recovered during the year 2008-09, 2009-10 and 2010-11 are Rs.148.47 crore, Rs.166.33 crore, and Rs.39.53 crore respectively. As on 31.1.2011, against the total foodgrains supplied to that Ministry (amounting to Rs.1002.91 crore), payment of Rs.611.87 crore has been received by FCI. Apart from this, a revolving fund of Rs.300 crore has been provided by the Ministry against bills in the pipeline. The Committee are surprised to note that no time limit has been prescribed for making payment by the Ministry of Rural Development. Further, the Committee are not convinced with reasoning of the Department that prescribed time limit of 20 days in respect of the Ministry of Human Resource Development for making payment after submission of bills is not strictly adhered to as the Ministry depends on allocation of funds by the Ministry of Finance. The Committee, therefore, desire that the department should take up the matter with the concerned Ministries i.e. the Ministry of Finance, the Ministry of Rural Development and the Ministry of Human Resource Development at the highest level so that the outstanding dues of FCI are liquidated at the earliest and the burden on food subsidy bill is reduced."

1.31 The Ministry in their action taken reply have stated as under:-

" The issue of outstanding dues of the FCI pending against the Ministry of Rural Development and Ministry of Human Resource Development has been taken up with these Ministries at the highest level from time to time. In reply to one of the letters sent by MOS(I/C)CAF&PD, Hon'ble MOHRD stated that they are fully alive to the need for prompt payments for foodgrains supplied by FCI. Keeping this in view, MoHRD has issued guidelines to all States/UTs to ensure payments within 20 days after receiving bills from FCI. It is being regularly monitored with the States by MoHRD during MDMS National Monitoring and Steering Committee meetings as well as during Regional Workshops held with States. Similarly to clear all pending dues, the issue has been taken up with MoRD from the highest level from time to time. Due to concerted efforts made by this

Deptt., the outstanding dues have been recovered to some extent from MoHRD. Following table shows status on the details of amount received and outstanding dues of FCI against MoRD and MoHRD during 2008-09, 2009-10 and 2010-11:

Ministry of Rural Development:- Against the food grains supplied under SGRY Scheme

(Rs. in crore)

Year	Amount Received	Balance as on 31st March
2008-09	7500	2890.82
2009-10	-	2890.82
2010-11	-	2890.82

Scheme has since closed on 31.03.2008.

Ministry of Human Resource Development:

(Rs. in crore)

Year	Amount Received	Balance as on 31st March
2008-09	1430.68	148.47
2009-10	1272.35	166.33
2010-11	Centralized 300.40	39.53
	Decentralized 925.94	(Provisional) 309.17

Since 01.04.2010 this Scheme has been decentralized and the payment is to be made by concerned Revenue District Authorities."

Comments of the Committee

1.32 Expressing deep concern about the high amount of outstanding dues of FCI, the Committee in their original report had desired that the Department should take up the matter with the concerned Ministries, i.e, the Ministry of Rural Development and the Ministry of HRD as well as M/o Finance, at the highest level to get the outstanding dues of FCI liquidated at the earliest. The Department in their action taken reply have stated that the issue of outstanding dues of the FCI pending against M/o RD and M/o HRD has been taken up at the highest level from time to time and due to concerted efforts made by this Department, the outstanding dues have been recovered to some extent from M/o HRD. It is further stated that the Scheme has been decentralised and the payment is to be made by the concerned Revenue District Authorities, w.e.f. 01.04.2010. The Committee are dismayed to note that the balance outstanding amount against the Ministry of Rural Development for the SGRY Scheme which has since been closed on 31.03.2008 is Rs. 2890.82 crore since the year 2008-09 and the same amount is outstanding during the years 2009-10 and 2010-11 also. This only indicates that no amount has been received from the Ministry of Rural Development during the last three years. The Committee, therefore, strongly reiterate their earlier recommendation and desire the Ministry to take up the matter with the Ministry of Rural Development at the highest level for liquidating the outstanding dues of FCI pertaining to that Ministry.

The Committee are also concerned to note that an amount of Rs. 309.17 crore is still outstanding against the Ministry of HRD. Though the scheme is stated to be decentralized and the payment is to be made by the concerned Revenue District Authorities, the Committee strongly feel that the Department

should in consultation with the Ministry of Finance, continue to strictly monitor the liquidation of the outstanding dues of FCI.

J. Need to get Outstanding Dues Liquidated by CWC expeditiously

Recommendation (Serial No. 24, Para No. 6.5)

1.33 The Committee in their earlier report observed/recommended as follows:-

"The Committee are deeply concerned to note the continuous rise in outstanding dues of CWC during the last 3 years i.e. from Rs.151.60 crore, in 2008-09 to Rs.185.48 crore in 2009-10 and Rs.215.00 crore in 2010-11. The Committee desire that the pending dues should be cleared expeditiously and a time limit should be fixed within which the amount is receivable by CWC from the depositors, failing which some penal interest be levied. The Committee, therefore, recommend that to liquidate the outstanding dues fully at the earliest CWC should review the norms fixed for recovery of outstanding dues so as to enhance its profitability."

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

"The position of the total outstanding dues as well as outstanding dues against the Food Corporation of India (FCI) during the last three years is given below:

(Figures in crore Rs.)

As on	Total outstanding dues	Outstanding dues against FCI
31.3.2009	151.60	73.25
31.3.2010	185.48	98.81
31.3.2011	225.37	126.20

It may be seen that the outstanding dues against FCI is constantly on the rise. To reduce the outstanding dues, various steps have been taken by the CWC particularly with FCI to settle the disputes and to realise the outstanding dues. In this regard, meetings at General Manager, FCI level by their Regional Managers and at Zonal Office and Head Office of FCI at CWC Corporate Office have been held to sort out the disputes and to realise the outstanding dues. The meetings with FCI at Zonal Office, Kolkata on 1.2.2011 and FCI Headquarter on 23.2.2001, 9.9.2010 and 3.5.2011 have been held. FCI Headquarter has issued instructions to their field officers for settlement of CWC dues. Besides, action has also been taken to review the credit facilities of private parties and action against them in case of default and also withdrawal of credit facilities in case of failure to settle CWC dues on time. Review of credit facilities is being made in respect of outstanding dues for expeditious realization of dues from the depositors.

In view of the steps being taken by the Corporation, it is hoped that the outstanding dues will reduce considerably in coming months."

Comments of the Committee

1.35 Deeply concerned with the continuous rise in the outstanding dues of CWC during the years 2008-09 to 2010-11, the Committee had recommended that CWC should review the norms fixed for recovery of outstanding dues at the earliest. The Department in their action taken reply have stated that to reduce the outstanding dues, various steps have been taken by the CWC, particularly with FCI, such as holding various meetings with GM, RMs of FCI, review of credit facilities of private parties as well as in respect of outstanding dues from the depositors. The Department have also hoped that the outstanding dues will reduce considerably in coming months owing to steps being taken by the CWC in this regard. The Committee urge the Department to make continuous efforts to get liquidated the outstanding dues of CWC.

K. Need to fill up all the Vacant Posts in Warehousing Development and Regulatory Authority (WDRA) expeditiously

Recommendation (Sl.No.27, Para No.6.21)

1.36 The Committee in their earlier report observed/recommended as follows:-

"The Committee note that the Warehousing Development and Regulatory Authority has been constituted recently and is functioning with meager staff of five regular officers out of 19 sanctioned posts. These five regular officers include one Joint Secretary, 2 Directors, 1 Under Secretary and 1 Section Officer. The Committee have been informed that for issuance of Negotiable Warehouse Receipt, the Warehouses have to get themselves registered with the Authority. The Committee have also been informed that the format of Negotiable Warehouse Receipts (NWR) has been finalized in consultation with warehousemen, banks and advisory committee. The Committee note that about 316 applications from 18 States for registration of Warehouses have been received by the Authority till date. Taking into consideration wide magnitude and importance of work to be performed by the Authority, process of filling up of remaining posts in WDRA be expedited, to ensure its smooth functioning in the interest of farmers."

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

"The Warehousing Development and Regulatory Authority (WDRA) was set up on 26th October 2010. At that time, one Joint Secretary and one Director (both from central staffing) were in position. The Authority has been seriously making efforts to fill up the remaining vacancies. Three vacancy circulars were issued i.e. on 13.03.2009 by the Department of Food and Public Distribution, and on 28.01.2011 and 11.07.2011 by Warehousing Development and Regulatory Authority informing all Ministries/ Departments of Government of India. The NIC had placed these circulars on the website of the Department of Food and Public Distribution/WDRA and these were published in the Employment News. One post each of Director (Technical), Under Secretary (Admn Fin.), Section Officer (Admn & Fin.) and Private Secretary were filled up against the first circular while one post each of Section Officer (Technical), Under Secretary (Technical) and Principal Private Secretary were also filled up against the second circular.

The Authority has issued another circular on 11.07.2011, the last date of receipt of the application being 29th August 2011. Efforts are being made to fill up the vacant posts at the earliest to ensure smooth functioning of the office of WDRA."

Comments of the Committee

1.38 Noting that the Warehousing Development and Regulatory Authority (WDRA) had been functioning with meager staff of five regular officers out of 19 sanctioned posts and taking into consideration the wide magnitude and importance of work to be performed by the Authority, the Committee had recommended that the process of filling up of remaining posts in WDRA be expedited, to ensure its smooth functioning in the interest of farmers. The Department in their action taken reply have stated that the Authority has been seriously making efforts to fill up the remaining vacancies. Three vacancy circulars were issued, one circular by the Department of FPD and two circulars by WDRA informing all Ministries/Departments of Government of India. Besides publishing in Employment News, these circulars were also placed on the website of the Department FPD/WDRA. Some posts have been filled up against first two circulars. While appreciating the efforts made so far, the Committee desire that continuous efforts be made till all the vacant posts are filled up to ensure smooth functioning of the office of WDRA.

L. Need for optimal utilisation of Funds allocated to Directorate of Vanaspati, Vegetable Oils and Fats (DVVO&F) for their R&D Activities

Recommendation (Serial No. 33, Para No.8.11)

1.39 The Committee in their earlier report observed/recommended as follows:-

> "The Committee are pained to note that funds allocated for Research and Development and modernization of laboratory of the Directorate of VVO&F during the year 2010-11 could not be fully utilised. The Committee find that the difficulties faced by the Department in achieving the targets in respect of Research & Development by Research Institute are (a) failure to purchase equipment in time (b) non-availability of material needed to carry out the research, non-submission of utilization certificate and progress report and frequent changes in top positions. keeping in view the declining production of oilseeds, the Committee feel that the need of the hour is to develop high yielding oilseeds varieties to meet the increasing consumption, for which focused R&D is required to be done. The Committee, therefore, strongly recommend that the Government should ensure that the funds allocated for R&D Projects are fully utilised by the DVVO&F to get the desired results. The Department should also, in consultation with other Ministries, streamline the procedure and documentation for transparency and accountability at each level for giving timely approval for purchase of various research equipments."

1.40 The Ministry in their action taken reply have stated as under:-

> "Procedures have been streamlined in the Department for giving timely approval and for regular monitoring by Project Implementation Committee (PIC). The institutes have been advised to purchase the equipments in time and complete the projects in time."

Comments of the Committee

1.41 Noting that funds allocated for R&D and modernisation of laboratory of the Directorate of Vanaspati, Vegetable Oils and Fats (DVVO&F) during the year 2010-11 could not be fully utilized and there has been decline in production of oilseeds, the Committee had recommended that the Department should ensure full utilization of the funds allocated for R&D Projects and also streamline the procedure for purchasing R&D equipment in time. The Department in their action taken reply have stated that the procedures have been streamlined in the Department for giving timely approval and for regular monitoring by Project Monitoring Committee (PIC) and the Institutes have been advised to purchase the equipments in time for completion of the Projects in time. The Committee would like to be apprised of the details of the streamlined procedures and its consequences in facilitating the purchase of R & D equipments.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No.1, Para No. 3.3)

2.1 The Committee note that BE of Department of Food & Public Distribution for the year 2010-11 for its Plan Schemes was Rs. 100 crore which was reduced at RE Stage to Rs. 66.11 crore but Actual Expenditure was only Rs. 58.85 crore. The Department has informed that in the meeting held to finalise the implementation model of computerization of TPDS, it was decided that a single application be considered for developments by one agency for all four pilot States. Moreover, Hon'ble Supreme Court also directed for total computerization by using same software by all the States. Since the Request for Proposal (RFP) could not be finalized earlier, the amount under BE of Rs. 33.40 crore was revised to Rs. 4 crore at RE stage. The Department has also informed that non submission of adequate proposals and utilization certificates in respect of 'Strengthening of PDS and Capacity Building' and 'Village Grain Bank' Schemes resulted into shortfall in expenditure. The Committee are unable to accept the plea of the Government that due to delay in finalization of RFP as well as non-submission of adequate proposals and utilization certificates in respect of Strengthening of PDS & Capacity Building and setting up of Village Grain Banks, there was less expenditure in the Plan Schemes. It indicates nothing but lack of seriousness on the part of the Government to implement the Schemes. In the opinion of the Committee, the Department could not take timely action and get completion of procedural formalities well in advance due to which the BE was reduced by the Planning Commission at RE stage and there was less expenditure during the year. The Committee, therefore, strongly recommend that the Department should make proper planning to get completion of procedural formalities well in advance and take effective steps to convince the States/UTs for submission of adequate/eligible proposals under its various Schemes. The States should also be persuaded to set up sanctioned VGBs and to expedite submission of utilization certificates so that Schemes are implemented within the stipulated time limit.

Reply of the Government

2.2 Actual expenditure for the FY 2010-11 was Rs. 64.74 crore against BE of Rs. 100 crore and RE of Rs. 66.11 crore.

BE had to be reduced at RE stage in respect of computerization of TPDS as Request for Proposal (RFP) for the Scheme on Computerization of TPDS Operations was being considered for release to the empanelled Implementation Agencies. In a meeting held on 02.07.2010 to discuss and finalize the implementation model of the Computerization of TPDS Scheme, NIC inter-alia observed that as there was not much variance across the State PDS processes, a single application may be considered for development by one agency for all four Pilot States, Department of Information Technology(DIT) also suggested to develop an application which can be offered as a nation-wide solution for roll out and to ensure that the existing systems are integrated. Moreover, in view of the directions given by the Hon'ble Supreme Court in its order dated 27.07.2010 relating inter-alia to computerization of TPDS that there must be total computerization of the PDS on top priority basis; that Union of India must prepare a software and the same software should be used by all the states; and that Union of India may consider computerization in consultation with specialized agencies like Unique Identification Authority of India, a Task Force headed by DG-NIC was set up on 09.08.2010 by the Department, for working out the modalities for integration of the existing projects including Pilot Scheme of Computerization of TPDS Operation and also to suggest as to how UIDAI will be eventually leveraged. The Task Force submitted its report on Computerization of PDS Operations to this Department on 1.11.2010. The recommendations of the Task Force, including revised timelines for implementation of the scheme on Computerization of TPDS operation were accepted by the Department. Due to all these reasons Request for Proposal (RFP) could not be finalized and the amount of BE 2010-11 of Rs. 33.40 crore had to be reduced to Rs. 4.00 crore at RE stage.

Under Village Grain Bank Scheme, against the BE 2010-11 of Rs. 17.00 crore, RE 2010-11 was revised at Rs. 13.00 crore and in respect of Strengthening of PDS & Capacity Building it was reduced from BE of Rs.1.14

crore to Rs.0.69 crore in the absence of receipt of adequate proposals from States and also due to non- furnishing of UCs by the States for past grants sanctioned under the Schemes despite several reminders to States. However, the provision made in RE 2010-11 was fully utilized.

The Department has been requesting States/UTs for furnishing utilization certificates for funds allocated in the previous years and to send fresh proposals so as to ensure full utilization of funds provided under the schemes. The Department has been actively pursuing with the State Governments regarding establishment of new VGBs and utilization of funds under Village Grain Bank Scheme. It has been writing to the States to send proposals for setting up of more VGBs. Seven review meetings were held during 2008 to 2010 and at least five letters were written to the State Food Secretaries. As per the suggestion of the Standing Committee, the Department has also written at the level of Secretary (F&PD) to the Members of Parliament representing tribal constituencies on 21.4.2011 to consider the need for setting up of VGBs in the villages under their constituencies and send proposals for establishment of VGBs through the State Government concerned.

As regards Strengthening of PDS & Capacity Building, the amount could not be released to State Governments for want of UCs/appropriate UCs. Also due to non submission of Report by Indian Institute of Public Administration (IIPA) for the scheme PDS-Evaluation, Monitoring and Research, the payment could not be released which resulted in the reducing of BE at RE stage.

The utilization of funds in the Plan Schemes Village Grain Bank and Strengthening of PDS & Capacity Building depends on the responses received from State/UT Governments and their compliance with the mandatory requirement of furnishing UCs for past releases to enable the Department to make fresh additional releases. However, the Government is making all efforts to see that the funds allocated are fully utilized.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.3, Para No. 4.16)

2.3 The Committee note that on requests received from the State Governments of U.P., Haryana and Government of NCT of Delhi for direct disbursement of food subsidy in cash to BPL/AAY beneficiaries, instead of distributing the foodgrains to them under TPDS, a draft Scheme was prepared to test the feasibility of this alternative mode of transfer of food subsidy. The Committee have been informed that the Department of Expenditure has decided that following the finalization of poverty estimates by the Planning Commission, the Department of Food & Public Distribution and Delhi Government would work out the final contours of the Scheme in consultation with the Planning Commission taking into account the likelihood of making use of UID Cards to be issued in the near future. The Department of Expenditure has requested for a revised proposal on the issue which is presently under examination by the Department. The Committee, recommend the Department to expedite the finalization of revised proposal as desired by the Department of Expenditure, for an early decision on the issue.

Reply of the Government

2.4 The Department has prepared a draft scheme to test the feasibility of direct transfer of food subsidy in cash to BPL/AAY beneficiaries under TPDS. The scheme envisages transfer of food subsidy in cash to BPL/AAY families instead of distribution of foodgrains as is being done at present. This scheme has been prepared on the basis of proposals received from the State Governments of Uttar Pradesh, Haryana and Delhi. The draft Scheme is for pilot implementation in five districts.

Under the draft scheme, it is proposed to disburse equivalent amount of food subsidy in cash instead of subsidized foodgrains to the eligible BPL and AAY families. The amount of food subsidy will be deposited directly by the concerned district authorities in bank/post office accounts to be opened by each of the beneficiaries. With the cash subsidy, the BPL/AAY families would be able to purchase foodgrains and sugar of their choice from open market instead of taking delivery from the fair price shops as at present. The draft scheme was referred to Ministry of Finance, Department of Expenditure on 26.6.2009 for placing it before the Committee on Non-Plan Expenditure for appraisal. Since then, that Department was being reminded to indicate the latest status of the proposal. Department of Expenditure conveyed its observations vide letter dated 24.1.2011 and advised this Department to submit a revised proposal.

A meeting was held in the Department of Food and Public Distribution, New Delhi on 29.4.2011 with the representatives of State Governments of Uttar Pradesh, Haryana and Government of NCT of Delhi. These State Governments, as well as State Government of Bihar, were requested to furnish requisite information to further consider the proposal. The information has been received from the State Government of Haryana and Government of NCT of Delhi. The information is still awaited from State Governments of Uttar Pradesh and Bihar. The matter is being pursued with them to send the information.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Comments of the Committee

2.5 Please *see* Para No. 1.11 of Chapter-I of the Report.

Recommendation (Serial No.4, Para No. 4.22)

2.6 The Committee note that under Hill Transport Subsidy, the Union Government reimburses the transportation cost of foodgrains from base depots of FCI upto the designated Principal Distribution Centres in States which are predominantly hilly. The Committee are deeply concerned to note that huge amount is pending with FCI for being paid to State/UTs viz. Mizoram, Tripura, Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Lakshadweep and Sikkim on account of cost of transportation of foodgrains under Hill Transport Subsidy (HTS Scheme). The Committee have been informed that no HTS claim has been received from Meghalaya, Manipur, Nagaland, A&N Islands. The States in respect of which full HTS claim have been received i.e Mizoram, Tripura, Arunanchal Pradesh, J&K, Himachal Pradesh, Lakshadweep and Sikkim, only part payment has been paid and the huge amount is still pending which clearly indicates that the Department is not serious towards reimbursement of HTS claims of States/UTs. Moreso, the Department does not seem to have made any efforts to find out the reasons for non submission of HTS claims which proves that the Government is not serious towards settlement of claims. The Committee are not happy with the situation and recommend that the Department/FCI should find out the reasons for non submission of HTS claims and make sincere efforts for liquidation of outstanding dues of these States/UTs fully, so that States/UTs may be able to lift the foodgrains periodically and the poor people of hilly and inaccessible States are not deprieved of the benefits of subsidized foodgrains under HTS Schemes.

Reply of the Government

2.7 Under the Hill Transport Subsidy Scheme, re-imbursement of expenditure incurred by States on transportation of PDS foodgrains from FCI Base Depots to designated Principal Distribution Centre is made by FCI on submission of claims by the States. The States are required to submit certain details and documentary evidence with the claims such as cheque Nos. particular of banks, details of the recipients and proof of payments to them etc. Accordingly, FCI has been releasing payments to the concerned State in all cases in which proper claims alongwith the required details / documents are received by it. Following amounts have been released by FCI in such case:-

Mizoram	:	Rs.384.46 lakh against the bills from 01.04.2009 onwards.
Arunachal Pradesh	:	Rs.4576 lakhs as provisional advance for the period from 2007-08 to 2009-10
Himachal Pradesh	:	2010-11 – Rs.396.30 lakhs. 2011-12 – Rs.8.42 lakhs.
Lakshadweep	:	2010-11 – Rs.13.10 lakhs.
Sikkim	:	2009-10 – Rs.90.25 lakhs. 2010-11 – Rs.61.63 lakhs.

2. However, many bills / claims, as indicated in the **Annexure - I** could not be processed and were returned to the concerned State Governments as the same were not accompanied by the required information and documents. To avoid such problem, States have been requested again and again to ensure that all claims / bills for HTS are complete and supported by the requisite details / documents to avoid any problem / delay in processing them for release of fund. FCI has also been advised that any request for relaxation of prescribed procedure / documents may be sorted out by it in consultation with the concerned State Government keeping in view that there is no mis-use of the HTS scheme, in case of specific problems faced by the States in furnishing the specific nature of documents.

3. So far reasons for non- submission of HTS claims by some States is concerned, FCI is in the process of ascertaining the same from the State Governments through its regional offices.

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Comments of the Committee

2.8 Please *see* Para No.1.14 of Chapter-I of the Report.

Recommendation (Serial No.6, Para No. 4.37)

2.9 The Committee note that in order to curb the diversion and leakages of foodgrains meant for TPDS, Government is taking up piloting of innovatives/new technologies such as GPS, RFIDS, Bar coded coupons, stamping of PDS foodgrains, etc. One of the steps taken by the Department to prevent leakages/diversion of foodgrains was installation of Global Positioning System (GPS) on vehicles carrying subsidized foodgrains on pilot basis in three States namely NCT of Delhi, Chhatisgarh and Tamilnadu. In this regard, the Committee also note that as per the findings of the National council for Applied Research (NCAER), the level of diversion of wheat in Assam and Mizoram is 100% for APL and of rice is 83.38% and 81.12% for APL respectively which shows that foodgrains meant for APL families have not reached to them at all in these two States. The level of diversion of wheat for APL in respect of Chhatisgarh and Jharkhand is 78.34% and 54.53%, respectively. The Committee, therefore, recommend that the procedure for sanction of funds for installation of GPS be simplified and GPS devices be installed not only in the three pilot States but in all the States/UTs of the Country on top priority to curb the menace of diversion and leakage of foodgrains.

Action taken by the Government

2.10 Initially, in March 2008, the funds were sanctioned and released to State Governments of Chhattisgarh, Tamil Nadu and NCT of Delhi for installation of GPS sets on pilot basis as per details given in succeeding paragraphs**.**

2. An amount of Rs.12.24 lakh was sanctioned and a sum of Rs.11.02 lakh was released to Government of Tamil Nadu vide sanction letter dated 25th March, 2008, for installation of GPS sets. The Government of Tamil Nadu submitted Utilization Certificate for an amount of Rs.11.66 lakhs for installation of GPS sets on the vehicles carrying foodgrains meant for TPDS. The UC for this amount has been accepted and the balance amount of Rs.64,000/- has been sanctioned/released to the State Government of Tamil Nadu vide letter dated 25th November, 2009.

3. An amount of Rs.4.13 lakh was sanctioned and released to the Government of NCT of Delhi in March, 2008 for installation of GPS sets. The Government of NCT of Delhi did not utilize the amount and refunded the sum of Rs.4.13 lakh to this Department.

4. As regards the Government of Chhattisgarh, an amount of Rs.29.61 lakh was sanctioned and released to the Government of Chhattisgarh in March, 2008 for installation of GPS sets. The State Government of Chhattisgarh furnished Utilization Certificate (UC) for a sum of Rs.29.56 lakh. The UC furnished by State Government of Chhattisgarh has been accepted for a sum of Rs.22.95 lakh and the State Government has been requested in September, 2011 to refund the

balance amount of Rs.6.66 lakh along with penal interest thereon. A proposal from the State Government of Chhattisgarh for sanction of more funds for installation of GPS sets on vehicles carrying TPDS commodities is also under consideration in the Department.

5. In addition to above, this Department has invited proposals vide letter dated 18th May, 2011 from all States/UTs for sanctioning of funds under the scheme during the year 2011-12 for installation of Global Positioning System (GPS) sets on vehicles carrying TPDS commodities. The matter is being pursued with the State/UT Governments for sending complete proposals in this regard.

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Comments of the Committee

2.11 Please *see* Para No.1.17 of Chapter-I of the Report.

Recommendation (Serial No.7, Para No. 4.40)

2.12 The Committee note that the `Scheme of Computerisation of TPDS' is under process in three districts each of the four pilot States i.e. Andhra Pradesh, Assam, Chhatisgarh and Delhi. The Committee also note that in view of the direction given by Hon'ble Supreme Court in its order dated 27th July, 2010 relating inter-alia to computerization of TPDS, there must be the total computerisation of the PDS on top priority basis and the Union of India must prepare a software which should be used by all the States and the Union of India may consider computerization in consultation with the specialized agencies like Unique Identification Authority of India. The Committee further note that a task force headed by DG/NIC was set up on 9th August, 2010 by the Department which is entrusted with the responsibility of review and integration of existing project and to provide as to how UIDAI will be eventually leveraged for linking with the said projects. Based on its recommendations, the overall scope of the projects will now be extended upto Fair Price Shops and beneficiary transaction level, in terms of Software functionality to build single unified software for end to end computerization of TPDS processes. Since computerization of PDS operations is very essential to improve its overall efficiency and functioning, the Committee desire that the work of total computerization of PDS operations be accorded priority and necessary steps be taken for implementation of the recommendations of the task force and computerization of PDS operations at the earliest.

Action taken by the Government

2.13 The Committee had been informed that implementation of the Computerisation of TPDS operations in 3 districts each of the 4 Pilot States had been taken up. A Task Force on Computerisation of PDS was formed and was entrusted with the responsibility of review and integration of existing projects being undertaken by this Department and also to provide insight as to how UIDAI will be eventually leveraged for linking with the said projects. The Task Force had given its report on 01.11.2010, which has been accepted by the Department.

Based on the proposal of National Informatics Centre (NIC) regarding development of CAS, implementation at Central Ministry and support to States, this Department had issued Letter of Intent on 31.01.2011 to NIC. NIC would also provide the required hardware infrastructure and other operational support at the Centre. NIC is currently preparing the standards for processes, data and meta data for TPDS as well as customizing the Common Application Software (CAS). Based on the recommendations of the Task Force, the overall scope of the project would extend upto FPS and beneficiary transaction level in terms of software functionality to build single unified software for end to end computerization of TPDS processes.

When asked by the Committee about the reasons for underutilization of funds under the scheme of computerization of Targeted Public Distribution System operation in select States/UTs, for which outlay for the year 2010-11 was Rs.33.40 crore, reduced at RE stage to Rs.4.00 crore and actual expenditure incurred is Rs.1.57 crore (upto January, 2011), in reply, the Ministry informed that under the Scheme for Computerisation of TPDS Operations, a Request for Proposal (RFP) for the scheme was under preparation for release to the empanelled implementation agencies. Further, in view of the directions given by Hon'ble Supreme Court in its order of 27th July, 2010 relating inter-alia to computerisation of TPDS that there must be total computerisation of the PDS on top priority basis; that Union of India must prepare a software and the same software should be used by all the States; and that Union of India may consider computerisation in consultation with the specialised agencies like Unique Identification Authority of India, a Task Force headed by DG-NIC was setup on 09.08.2010 by the Department, for working out the modalities for integration of the existing projects including Pilot Scheme of Computerisation of TPDS Operations and also to suggest as to how UIDAI will be eventually leveraged. The Task Force submitted its report on Computerisation of PDS Operations to this Department on 1st November, 2011. The recommendations of the Task Force, including the revised timelines for implementation of the scheme on Computerisation of TPDS Operations, were accepted by this Department. As the RFP could not be finalised earlier for reasons explained above, the amount under BE 2010-11 of Rs. 33.40 crore was revised to Rs. 4.00 Crore at RE 2010-11 stage.

Further, it is submitted that a High Powered Committee (HPC) headed by Justice D.P. Wadhwa (Retd.) had been set up under the directions of the Hon'ble Supreme Court to monitor and expedite the Computerisation of PDS. The HPC has submitted a preliminary report in the matter to the Hon'ble Supreme Court. In its Order dated 14.09.2011, the Court has given detailed directions for end-to-end computerization of PDS in a time-bound manner. Further action for Computerisation of PDS would be taken by Centre and State/UT Governments in accordance with the directions of the Hon'ble Supreme Court.

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Recommendation (Serial No.8, Para No. 4.45)

2.14 The Committee note that the Smart Card based delivery of TPDS Scheme is being implemented on pilot basis in UT of Chandigarh and State of Haryana. The Committee have been informed that out of the total approved expenditure of Rs.142.29 crore, Government of Haryana and Chandigarh UT have been provided funds of Rs.25 crore and Rs.1.10 crore for implementation of the Scheme. The Committee have been further informed that the assessment of the Scheme shall be taken upon completion of the pilot project. The Committee hope that Smart card based delivery of essential commodities will improve the efficiency of the Public Distribution System and desire that the Government should persuade the State/UT Governments of Haryana and Chandigarh to expedite completion of the projects so that assessments of the Scheme could be done at the earliest. The Committee also recommend that all necessary steps be taken for expeditious implementation of the project all over the country.

Action taken by the Government

2.15 The Committee had been informed that to improve quality of delivery of services under TPDS and to assess replicability of new technologies, a pilot scheme on smart card based delivery of TPDS commodities was approved for Chandigarh(UT) and Haryana in December, 2008 with an outlay of Rs.142.29 crore. Implementing agencies for this Scheme are NIC, State Government of Haryana and Chandigarh(UT) Administration. Under this scheme, the existing ration cards are to be replaced by smart cards. These smart cards will contain bio-metric features of adult members of the ration card holder families. TPDS commodities to smart card holder families will be issued from fair price shops after verification of genuineness of the smart card holder through smart card transaction terminal. Similarly, release of TPDS commodities by State/UT Administration to field units will be based on actual off-take/lifting by smart card holders. An amount of Rs. 25 crore to the Government of Haryana, Rs.1.10 crore to Chandigarh UT and Rs. 1.00 crore to NIC was released on 26-12-2008. Another installment of Rs. 92.50 lakh has been released to NIC on 17.01.2011. Chandigarh UT had completed trial run of smart card based transaction of TPDS commodities on 7th June 2010. Government of Haryana had also completed trial run of smart card based transaction of TPDS commodities on 17th June 2010. In the State/UT Food Secretaries conference at New Delhi, on 13th July 2010, the Hon'ble MOACAF&PD had inaugurated the scheme by issuing Smart Cards to some TPDS beneficiaries of Haryana.

The Committee had also been informed about status of implementation of smart card scheme in Chandigarh (UT) and State of Haryana. As per the recommendations of the Task Force on Computerisation of PDS, the formulation of Centrally Sponsored Scheme (CSS) for remaining States/UTs, integrating the scheme on 'Computerization of TPDS Operations' at Centre and 4 pilot States (covering select districts) and scheme on 'Smart Card based delivery of Essential Commodities' at Chandigarh Union Territory and Haryana, was to be taken up by December 2012.

Further, it is submitted that a High Powered Committee (HPC) headed by Justice D.P. Wadhwa (Retd.) had been set up under the directions of the Hon'ble Supreme Court to monitor and expedite the Computerisation of PDS. The HPC has submitted a preliminary report in the matter to the Hon'ble Supreme Court. In its Order dated 14.09.2011, the Court has given detailed directions for end-to-end computerization of PDS in a time-bound manner. Further action for Computerisation of PDS would be taken by Centre and State/UT Governments in accordance with the directions of the Hon'ble Supreme Court.

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Comments of the Committee

2.16 Please *see* Para No.1.20 of Chapter-I of the Report.

Recommendation (Serial No.9, Para No. 4.51)

2.17 The Committee note that Village Grain Banks can be set up in food scarce areas like the drought prone areas, hot and cold desert areas, tribal areas and inaccessible hilly areas to provide safe guard against starvation during the period of natural calamity or during lean season when the marginalized food insecure households do not have sufficient resources to purchase ration. These villages are to be identified by the concerned State Governments/UT administrations. The Committee, however, are dismayed to note the overall performance of the Scheme since out of the 20, 401 VGB sanctioned by the Department till date, only 13, 796 VGBs have been set up by the States. The Committee feel that there is need for establishment of more VGBs in food scarce areas where people, especially those in tribal areas are suffering from malnutrition. The Committee have been informed that during 2010-11, the Department was allocated Rs.17 crore as BE which was reduced to Rs.13 crore at RE stage. The Department has informed that it has sanctioned 1709 VGBs and utilized the funds of Rs.13 crore allocated as RE 2010-11. The Committee are not satisfied with the reasoning of the Department that the reduction of funds at RE stage and non achievement of the targets was due to non-receipt of adequate eligible proposals from the State Governments during 2010-11. It only goes to prove that the Government is not serious about implementation of the Scheme. The Committee desire that the Government should view the setting up of the VGBs seriously and evolve and put in place an effective system of monitoring and control over the performance of the VGB Scheme on top priority. The Committee strongly recommend that the Government should take up the matter with the State Governments/UT administration at the highest levels and find out the reasons for non submission of sufficient proposals and take necessary remedial measures. The Government should also persuade them for submission of more proposals for setting up of Village Grain Banks so that more and more people specially living in tribal areas can take advantage under the Scheme. The Committee also feel that there is need to spread awareness among the poor people by initiating publicity campaigns about the scheme. Local NGO’s, Women Self Help Group, etc. could be roped in to facilitate the implementation of the scheme. The Committee, therefore, desire the Department to examine and revamp the scheme at the earliest to make it more effective so as to achieve its desired objective.

Action taken by the Government

2.18 Under Village Grain Bank Scheme, against the BE 2010-11 of Rs. 17.00 crores, RE 2010-11 was revised at Rs. 13.00 crore in the absence of receipt of adequate proposals from States for setting up VGBs and also due to non- furnishing of UCs by the States for past grants sanctioned under the Scheme despite many reminders to States. The provision made in RE 2010-11 has been fully utilized.

The Department has been requesting States/UTs for furnishing utilization certificates for funds allocated in the previous years and to send fresh proposals so as to ensure full utilization of funds provided under the scheme. The Department has been actively and seriously pursuing with the State Governments regarding establishment of new VGBs and utilization of funds under Village Grain Bank Scheme. It has been writing to the States and holding review meetings with them to send proposals for setting up of more VGBs. Seven review meetings have been held during 2008 to 2010 and at least five letters were written to the State Food Secretaries. As per the suggestion of the Standing Committee, the Department, has also written at the level of Secretary (F&PD) to the Members of Parliament representing tribal constituencies on 21.4.2011 to consider the need for setting up of VGBs in the villages under their constituencies and send proposals for establishment of VGBs through the State Government concerned.

The VGB Scheme provides for Village Panchayat/Gram Sabha, Women Self Help Group or Non Governmental Organization with proven track record can set up a Grain Bank in villages identified by the State/UT Governments. All out efforts are being made to utilize the provision earmarked for Village Grain Bank Scheme. However, the utilization of funds depends on the responses received from State/UT Governments and their compliance with the mandatory requirement for furnishing UCs for past releases to enable the Department to make fresh additional releases.

In order to generate more demand for establishment of Village Grain Banks in tribal and remote inaccessible areas and among poor people, the States have been requested to include awareness on VGB Scheme in their publicity campaigns. The Department will review the scheme to revamp it and to make it more effective to achieve the objectives of the Scheme as recommended by the Standing Committee.

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Recommendation (Serial No.10, Para No. 4.55)

2.19 The Committee observe that Public Distribution System (Control) Order, 2001 mandates the States/UT Governments to identify eligible BPL families to issue ration cards. As per this Order, the State Governments have to formulate suitable guidelines for identification of BPL/AAY families as per the poverty estimates adopted by the Central Government. The Committee find that the Expert Group constituted by the Ministry of Rural Development to suggest methodology for conducting next BPL census in rural areas has submitted its report and a draft note for Cabinet has been circulated to the concerned Ministries/Departments for their comments. The Committee desire that the matter may be followed up with the concerned Ministries/Departments and the methodology for identification of rural poor be finalized at the earliest.

The Committee also note that the expert Group constituted by the Planning Commission to recommend common methodology for identification of BPL households in urban areas is expected to submit its report by May, 2011. The Committee hope that the expert group constituted by the Planning Commission would submit its report with in the stipulated time and a common methodology for identification of BPL households in urban areas would be formulated soon.

Action taken by the Government

2.20 The Ministry of Rural Development had appointed an Expert Group for suggesting suitable framework and methodologies for identification of the rural poor. The Expert Group submitted its Report which has been considered by an inter-ministerial core group. The core group has also held wide consultations on the subject including with the State Governments. As reported by the Ministry of Rural Development, the methodology for conducting the Socio-Economic and Caste Census in rural area has been approved by the Union Cabinet with the modification that:

(i) The Ministry of Rural Development further discuss the criteria for inclusion/exclusion with the Dr. N.C. Saxena Committee and

(ii) Census be completed by December, 2011.

Ministry of Rural Development is taking necessary action in this regard.

Ministry of Rural Development has also reported that the Socio-Economic and Caste Census has been formally launched on 29.6.2011 in the State of Tripura. This will be followed in other States/UTs in a phased manner taking into consideration their preparedness and other relevant considerations. The Census is targeted to be completed by December, 2011.

For urban areas, the Planning Commission have set up an Expert Group headed by Prof. S.R. Hashim on 13.5.2010, to recommend the detailed methodology for identification of families living below poverty line in the urban areas. As reported by Ministry of Housing & Urban Poverty Alleviation, the above Expert Group has submitted its interim report. Union Cabinet has approved the following proposals from Ministry of Housing and Urban Poverty Alleviation:

(i) Approval of the approach recommended in the Interim Report of the Hashim Expert Group on identification of the urban poor areas for the 12th Five Year Plan period; and the Survey Questionnaire devised for conducting the BPL survey ; and

(ii) Approval to conduct the Below Poverty Line (BPL) survey in urban areas along with the proposed caste enumeration and rural BPL survey with the assistance of the RGI as per the approach proposed above.

The approval of Cabinet has been accorded with the modification that the proposed BPL Census be completed by December, 2011.

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Comments of the Committee

2.21 Please *see* Para No.1.23 of Chapter-I of the Report.

Recommendation (Serial No. 11, Para No. 4.58)

2.22 The Committee note that as per the Public Distribution System (Control) Order, 2001, the States/UT Governments have to conduct periodical checking of ration cards to weed out ineligible and bogus ration cards as well as bogus units in ration cards. The Committee note that since July, 2006, States/UT Governments have reported deletion of 208.57 lakhs bogus/ineligible ration cards, out of which 46.86 lakh bogus/ineligible ration cards have been deleted during the years 2009 and 2010. The Committee find that instructions have been issued to all States/UTs Governments to issue warning to the bogus ration cards holders, through advertisement in the newspaper, to surrender the ration cards and to initiate criminal prosecution against bogus ration card holders, etc. The Committee are of the view that it is the responsibility of the Government not only to eliminate the bogus ration cards but also to ensure that no eligible candidate is denied a ration card. The Committee, therefore, feel that identification of bogus/ineligible ration cards should be an ongoing process for which the Central Government should continuously monitor the action taken by the States/UTs in this regard, so that targeted beneficiaries get the benefit of Public Distribution System.

Action taken by the Government

2.23 The Standing Committee have noted that in consultation with the State/UT Governments, a Nine Point Action Plan was evolved in 2006, which inter-alia includes continuous review of BPL/AAY lists and to eliminate bogus/ineligible ration cards alongwith strict action to be taken against the guilty to ensure leakage free distribution of foodgrains. State/UT Governments were also requested to initiate penal action against the Government staff found responsible for issuing bogus/ineligible ration cards and the families/persons possessing such ration cards. 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.

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. As per reports received upto 31.08.2011, 26 State/UT Governments have since July 2006 reported deletion of 209.55 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.

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Recommendation (Serial No. 12, Para No. 4.67)

2.24 The Committee are concerned to note that a large quantity of foodgrain i.e. about 48,315 tonnes of wheat procured by Punjab has been declared unfit for human consumption. As per press reports, this stock which was enough to feed about 7.1 million people per month through Public Distribution System, had piled up over the previous three years. The Committee observe that a large quantity of foodgrains lying in open are getting rotten but the FCI has no arrangements to keep it in the covered godowns. In a country where incidents of hunger and malnutrition are still reported, such careless losses are a matter of serious concern. Intervention by Supreme Court in the matter further highlights the gravity of the situation. The Committee note that in response to Supreme Court Directions, Government has decided to allocate on adhoc basis, an additional quantity of 25 lakh of wheat/rice at BPL prices to State Governments. The Committee feel that while on the one hand inadequacy of covered capacity is the main reason for rotting of large quantity of foodgrains every year, on the other hand it was brought to their notice during their recent study visit to the State of Rajasthan that godowns constructed by private parties in response to tenders floated by FCI, were not taken over by FCI, resulting in losses.

Similarly, the Committee during oral evidence were informed that in Punjab, which is the largest procuring State, the construction of 16 lakh tonnes of capacity had been sanctioned but as the rates were not offered as per guidelines of Central Vigilance Commission, it had to be re-tendered. The Committee also note that movement of foodgrains to distribution centres is also very slow due to shortage of covered space. The Committee have been informed that 18 lakh tonnes movement of wheat per month is needed from Punjab but only 8 lakh tonnes is being moved. As a result of huge piling up of foodgrains, and rotting thereby poses heavy losses to the Government. The Committee, therefore, recommend that the Department, in consultation with FCI/CWC/State Governments should construct storage godowns in various States so that surplus foodgrains from Punjab and Haryana could be moved for distribution under PDS throughout the country. The Committee also recommend that Department should give special attention to the major wheat producing States such as Punjab and Haryana and create adequate storage capacity there. The Department should also consider creation of storage space in other States such as Rajasthan, Maharashtra and Tamil Nadu where non cultivable land is available and can be used as warehousing HUB to create modern silos/godowns for storing of foodgrains which will be beneficial to serve as supply centres both for Northern & Southern Regions, so that foodgrains can be lifted, moved and stored in a decentralized and time bound manner by using latest scientific technology.

Action taken by the Government

2.25 **Accrual of damage foodgrains in FCI:**

i) The details of the trend of accrual of damage foodgrains in FCI is as under:

(Figure in Lakh MT)

Year	Damaged foodgrains
2000-2001	1.82
2001-2002	0.65
2002-2003	1.35
2003-2004	0.76
2004-2005	0.97
2005-2006	0.95
2006-2007	0.25
2007-2008	0.34
2008-2009	0.20
2009-2010	0.07
2010-2011	0.06
2011-2012 (upto July'11)	0.005

As may be seen from the above that accrual of damaged foodgrains has come down over the years.

The following table would indicate percentage of accrual of damaged foodgrains vis-à-vis off take from FCI stocks for the last four years: -

	2007-08	**2008-09**	**2009-10**	**2010-11**
Off take of stock from FCI (Excluding DCP States)				**(Lakh MT)**
Wheat	119.89	120.16	172.99	209.60
Rice	204.61	186.04	198.07	222.50
Total	**324.50**	**306.04**	**371.06**	**432.10**
Quantity accrued as non-issuable (in Lakh MT)	0.34	0.20	0.07	0.06
Percentage of non-issuable stock				
In terms of quantity	0.10	0.07	0.02	0.014

It can be seen that the percentage of the damaged foodgrains to the total stocks issued has been declining for last 04 years and in the year 2010-11 the percentage of damaged foodgrains is only 0.014%.

ii) Priority for Movement of Older Stocks:

In 2010-11, FCI reviewed the position of stocks in consultation with State Agencies of Punjab and Haryana and priority was given to movement of foodgrains of older crop years. The following table shows the crop year wise stock of wheat as on 1.4.2010 and 1.8.2011 :

(Figure in Lakh MTs)

Regions	Crop Year	Opening (as on 01.04.2010)	Despatch/Issued out	Closing (as on 01.08.2011)
Punjab	2008-09	7.67	7.35	0.32
	2009-10	42.72	39.94	2.78
	2010-11	85.55	56.9	28.65
Haryana	2008-09	2.08	2.071	0.006
	2009-10	30.15	26.1	4.05
	2010-11	53.89	38.13	15.76

iii) Regarding decision to allocate on adhoc basis, an additional quantity of 25 lakh MTs of wheat/rice at BPL prices to State Governments the following is submitted:

During the current financial year 2011-12, Ministry of CA, F&PD vide orders dated 16.05.2011 has made allocation of 50 lakh tonnes of foodgrains for the beneficiaries of BPL categories under TPDS to various States/UTs at BPL central issue price. Moreover, in pursuance to the directions of the Hon'ble Supreme Court in its order dated 14th May 2011 to allocate additional quantity of foodgrains for distribution to the 150 poorest districts or the extreme vulnerable sections of society and the decision of the Central Vigilance Committee on PDS headed by Justice(Retd) Shri D.P. Wadhwa, vide their letters no. DR/Secy/CVC/2011 dated 30th June 2011, 4th, 6th, 12th, 13th and 14th July 2011, Ministry has allocated following quantity of foodgrains per month details are as under:

Period: August to October 2011
Position upto 26.8.2011

Name of State	Issue Price	For Districts	Per month allocated quantity (in MTs)	
			Rice	Wheat
Himachal Pradesh	BPL Price	Chamba & Sirmaur	1274	1697
Uttrakhand	BPL Price	Tehri	291	148.53
Rajasthan	BPL Price	Banswara, Dungarpur, Udaipur, Sirohi, Karoli, Jhalawar & Pratapgarh	0	8423
Bihar Bihar	BPL Price	Araria, Vaishali, Gaya, Madhubani, Muzaffarpur, Nawadah, Samastipur, Sheohar, Katihar, Jamui, Lakhisarai, Moghyr, Purnea, Supaul and Darbhanga	27804	33230
Manipur	BPL Price	Tamenglong	100	0
Jharkhand	BPL Price	Sarakela, Singhbhum-West, Godda, Simdega, Gumla, Chatra, Garhwa, Palamu, Latehar, Lohardagga, Dumka, Jamtara, Sahebganj and Pakur	9412.36	0
Haryana	BPL Price	Mahindergarh & Sirsa	0	1194
Haryana	AAY Price	Mahindergarh & Sirsa	0	70
Jammu & Kashmir	BPL Price	Doda, Kupwara & Poonch	1604	531
Total	**Total**		**40485.36**	**45293.53**

Period: September to November, 2011

Kerala	BPL Price	Palakkad and Waynd	393	62
Madhya Pradesh	BPL Price	Jhabua, Mandla, Umaria, Shahdol, Barwani, Khargone, Shivpuri, Sidhi, Tikamgarh, Balaghat, Chhatarpur, Betul, Khandwa, Sheopur and Dhar	8776	19114
Chhattisgarh	BPL Price	Bastar, Dhantewada, Kanker, Koria, Sarguja, Jaspur, Dhamtari, Raigarh, Bilaspur, and Rajnandgaon	13961	962
Sikkim	BPL Price	North District, Sikkim	67.66	0
Tripura	BPL Price	Dhalai	109	0
Total			23306.66	20138
Grand Total			**63792.02**	**65431.53**

iv) In recent times the movement of wheat from Punjab has been adversely affected by the increased procurement of wheat in the States of Madhya Pradesh, Rajasthan and U.P. Since U.P. and Rajasthan were the major wheat consuming States due to which wheat was moved from Punjab as per the statement given below:

(Fig. in LMTs)

Year wise Movement of wheat Ex. Punjab	To Uttar Pradesh	To Rajasthan	Total
2010-11 (upto July,10)	7.02	1.48	8.50
2011-12 (up to July,11)	1.32	0.27	1.59

Thus a quantity of 1.59 Lakh MTs of wheat was moved from Punjab to UP and Rajasthan during 2011-12 (up to July, 2011) as against 8.50 Lakh MTs moved during 2010-11 (up to July, 2010) to these States.

However, this year due to good crop and procurement in the States of U.P. and Rajasthan procurement has reached 34.60 Lakh MTs in U.P. as compared to 16.45 Lakh MTs last year. Similarly, in Rajasthan procurement during 2011-12 has reached 13.02 Lakh MTs of wheat against 4.75 Lakh MTs during 2010-11. Due to increased procurement of wheat in these two States the internal requirement of wheat in U.P. and Rajasthan has come down which has adversely affected the outward movement of wheat from Punjab.

In M.P. Region there has been a heavy procurement to the tune of 48.94 Lakh MTs (2011-12) in comparison to last year (2010-11) procurement of 35.38 Lakh MTs whereas, the local consumption of M.P. Region is around 25 Lakh MTs leaving a surplus of around 24 Lakh MTs of wheat. As huge quantity of wheat stocks is stored in MP for unscientific plinths the same is being liquidated and till August, 2011 a quantity of 8.26 Lakh MTs is to be moved out from the M.P. Region, which in turn has also adversely affected the movement of wheat from Punjab.

However, we are continuing our efforts to move as much wheat and rice out of Punjab as possible but the same is dependent upon the availability of vacant space, off-take, procurement etc. in the consuming regions. The following table shows the comparative movement of wheat and rice, out of Punjab from April to Sept, 2010 vis-à-vis April to Sept, 2011.

(Figure in Lakh MTs)

Month	2010-11			2011-12		
	Wheat	Rice	Total	Wheat	Rice	Total
April	11.13	3.96	15.09	9.22	6.52	15.74
May	8.58	4.57	13.15	6.99	6.39	13.38
June	7.76	3.29	11.05	6.72	4.55	11.27
July	8.14	4.03	12.17	6.74	6.54	13.28
August	6.66	5.66	12.32	7.30	6.70	14.00
September	7.12	7.52	14.64	8.30	8.50	16.80*
Total	**49.39**	**29.03**	**78.42**	**45.27**	**39.20**	**84.47**

*September, 2011 plan.

Also, the movement from Punjab to other deficit States has increased over the years as shown below:

(Figure in Lakh MTs)

Year	Wheat	Rice	Total	Increase in Movement over last year
2008-09	68.19	53.96	122.15	
2009-10	94.48	61.15	155.63	33.48
2010-11	94.67	71.21	165.88	10.25
2011-12 (Upto Aug,2011)	36.97	30.70	67.67	

The recommendation of the Committee that movement of wheat from Punjab should be 18 lakh tonnes per month is only possible if allocation of foodgrains to these States is increased and the allocated quantity is fully lifted. Hence, to sort out the storage problem in the Punjab Region, the allocation of foodgrains in the consuming Regions is to be increased, so as to increase the outward movement of foodgrains from Punjab Region.

v) Construction of godowns under Private Entrepreneurs Guarantee Scheme (PEG 2008-2009):

Government of India has formulated a scheme for construction of godowns through private entrepreneurs PEG-2008 for Non-DCP states vide letter dated 28.07.2008. For DCP states, Government of India issued a scheme for construction of godowns (PEG-2009) vide letter dated 08.04.2010.

Based on storage gap recommended by State Level Committees, High Level Committee (HLC), constituted by Department of Food & Public Distribution under the chairmanship of C&MD, FCI has approved a capacity of 151.16 lakh MT at various locations in 19 States under the above mentioned Schemes. A capacity of 20 lakh MT was transferred out of Punjab against which a capacity of 2.60 lakh MT was approved for Rajasthan for construction of storage capacity against the capacity transferred from Punjab. Out of the above approved capacity, 2.30 lakh MT has been sanctioned to Private Investors through tenders and a capacity of 0.30 lakh MT has been allotted to SWC for construction of godowns on their own land under 9 year guarantee.

A capacity of 0.40 lakh MT has been sanctioned to private investor on 2nd December, 2010, 1.22 lakh MT capacity on 23rd December, 2010, 0.18 lakh MT capacity on 12th January, 2011 and 0.40 lakh MT on 10th June, 2011 for construction of godowns in Rajasthan. The capacities sanctioned to private investors are still under construction and hence it is incorrect to state that FCI has delayed taking over of godowns constructed by private parties.

The progress of construction work for Punjab, Haryana, Rajasthan, Maharashtra and Tamil Nadu are as under:

1. Punjab

A total capacity of 51.25 lakh MT has been approved for construction of godowns in Punjab. Out of this, capacities of 13.08 lakh MT and 7.02 lakh MT were sanctioned by HLC to private investors during its meeting on 12.01.2011 and 09.08.2011. So far, Pungrain has executed agreement with Private Investors for a capacity of 12.29 lakh MT. Pungrain has again invited tender for 22.71 lakh MT capacity which has been opened on 26.08.2011.

Out of the approved capacity of 51.25 lakh MT, a capacity of 3.677 lakh MT has been allotted to CWC and PSWC for construction on their own land. Out of this, 1.356 lakh MT capacity has been completed and construction works for 0.199 lakh MT are under progress. Construction works for balance capacity are yet to start.

A proposal was submitted by Government of Punjab for giving counter-offer at Rs. 5.00 per quintal per month (for lease only) to all eligible bidders for the balance capacity at centers where rates were higher than Rs. 5 per quintal per month and the same were not sanctioned by HLC. The proposal was referred to CVC seeking their advice on the issue. CVC has examined the case and advised to first negotiable with L-1 bidders of these locations after bringing out the exceptionality of the situation and after exhausting on the capacity of L-1 bidders, negotiated L-1 rates may be counter offered to L-2, L-3 etc. However, Pungrain, in the meanwhile, floated tenders for the same locations which were referred to CVC. HLC considered the matter in detail and decided on 01.06.2011 that tender floated on 26/27.06.2010 may be cancelled. In view of this, tenders against counter offers were not sanctioned in Punjab.

2. Haryana

A total capacity of 38.80 lakh MT has been approved for construction of godowns in Haryana. Out of this, a capacity of 19.20 lakh MT has been sanctioned to Private Investors but HAFED has confirmed that so far letter of memorandum has been issued to Private Investors for a capacity of 13.72 lakh MT.

Out of the approved capacity, a capacity of 0.89 lakh MT has been allotted to CWC and HSWC for construction, out of which the construction works of 0.49 lakh MT capacity have been completed and 0.395 lakh MT is under construction.

3. Rajasthan

A total capacity of 2.6 lakh MT has been approved for construction of godowns in Rajasthan. Out of this, a capacity of 0.40 lakh MT has been sanctioned to Private Investor on 2nd December, 2010, 1.22 lakh MT capacity on 23rd December, 2010, 0.18 lakh MT capacity on 12th January, 2011 and 0.40 lakh MT on 10th June, 2011.

A capacity of 40,000 MT was allotted to RSWC. Since RSWC could not arrange land at Pratapgarh (7500 MT) and Jhalawar (2500 MT). A capacity of 10000 MT has been shifted for tenders under PEG scheme. RSWC has issued notice for inviting tender on 30.6.2011 for construction of 10,000 MT capacity at Pratapgarh. The tender was opened on 25.07.2011 and is under technical evaluation. For capacity to be constructed by RSWC on own land, it has been assured by RSWC that 25,000 MT capacity would be completed by Dec, 2011 and another 5,000 MT capacity by March '2012.

4. Maharashtra :

A total capacity of 8.295 lakh MT has been approved for construction of godowns in Maharashtra. Out of this, a capacity of 3.819 lakh MT capacity allotted to CWC and MSWC. Construction works for a capacity of 0.491 lakh MT has been completed and 1.423 lakh MT capacity is under construction. Construction work for balance capacity of 1.905 lakh MT is yet to start.

HLC during its meeting on 9.8.2011 has sanctioned a capacity of 2.67 Lakh MT to private investors.

5. Tamil Nadu

A total capacity of 3.45 lakh MT has been approved for construction of godowns in Tamil Nadu. Out of this, a capacity of 0.80 lakh MT capacity allotted to CWC and TNSWC. Construction works for a capacity of 0.303 lakh MT has already been completed and 0.047 lakh MT capacity is under construction. Construction works for balance capacity of 0.45 lakh MT is yet to start.

SLC, Tamil Nadu had sanctioned a capacity of 1.25 lakh MT, 0.10 lakh MT, 0.70 lakh MT and 0.15 lakh MT during its meeting on 15.07.2010, 08.09.2010, 06.01.2011 & 30.05.2011 respectively. However tenders for 1.85 lakh MT have already been cancelled since the successful tenders could not fulfill terms and conditions of the tender. NIT has been published on 25.6.2011 for a balance capacity of 0.45 lakh MT.

vi) Setting up of hubs:

In respect of creating storage hub in form of godowns/ Silos, it is informed that presently Government of India is considering creation of 20 lakh MT storage capacity through Silos on Public Private Partnership (PPP) Model in the country. The Planning Commission has set up a Working Group to develop model for construction of silos and to assess the capacity requirements in terms of silos. The Planning Commission has also appointed M/s Mott MacDonald as consultant for carrying out the feasibility study on Modern Storage of foodgrains. As per terms of reference, the consultant is to suggest the location where these silos are to be located.

In order to avoid secondary movement of foodgrains and double handling, setting up of hubs is not recommended. The storage capacity in district should be largely used for meeting storage requirements of the district or adjoining area. The storage capacity of FCI, at present, is distributed in a highly skewed manner. Some districts have very large storage capacity – sufficient to meet several year’s requirement of foodgrains while some districts have no storage capacity at all or have very small storage capacity, insufficient to meet storage requirement of even 4 month.

As an example, 8 revenue districts of Bihar viz. Arwal, Banka, Lakhisarai, Shekhpura, Gopalganj, Sheohar, Khagaria and Jahanabad have no storage capacity.

On the other hand, the following districts of Bihar have excess storage capacity.

(Figures in MT)

Sl. No.	**Revenue district**	**Capacity**			**Monthly Allocation (TPDS/Adhoc Additional/OWS)**		
		Owned	Hired	Total	Wheat	Rice	Total
1.	Patna	201300	0	201300	15338	18814	34152
2.	Buxur	41650	0	41560	1991	6571	8562
3.	Gaya	68020	0	68020	8920	13881	22801
4.	Muzaffarpur	59120	10000	69120	14908	23027	37935
5.	Sasaram	0	13000	13000	4552	10082	14634
6.	Samastipur	0	22500	22500	11950	17411	29361
7.	Saharsa	17340	0	17340	4126	8265	12391

Similar situation prevails in other States also. For example, Manmad has an effective storage capacity of 3.51 lakh MT while the average annual off-take in 2010-11 was only 1.44 lakh MT. As a result of the above distortion, Government of India has decided (under the PEG scheme) that the storage gap will be calculated at district/area level. As a result, there is no policy at present to create hubs of storage capacity.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.13, Para No.4.77)

2.26 The Committee observe that for greater transparency in the functioning of TPDS, various measures such as display of lists of BPL and AAY families at FPS, display of allocated quantities of foodgrains on websites, adoption and implementation of Citizen's Charter, Public Awareness Campaign have reportedly been initiated. Further, the Committee note that upto March, 2011, 30 States/UT Governments have reported the adoption and implementation of the revised model Citizen's Charter issued in July, 2007. The Committee feel that delay in implementation of Citizen's Charter by all States/UTs may be due to lack of coordination with the State Governments. The Committee, therefore, desire that the Department should persuade the remaining State Governments to adopt and implement the revised model Citizen's Charter so as to ensure greater transparency in the functioning of TPDS.

Action taken by the Government

2.27 The recommendations of the Committee have been noted. Upto 31.08.2011, 32 State/UT Governments have reported the adoption and implementation of the revised model Citizen's Charter issued in July, 2007. The remaining three States/UTs which have not reported implementation/adoption of the revised Citizen's Charter have again been advised to adopt the same urgently.

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O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.14, Para No. 4.78)

2.28 The Committee observe that to improve the efficiency of Fair Price Shops operations and to monitor their functioning, directions were issued to State/UT Governments to introduce Monthly Certification Scheme to be implemented by village panchayats/urban local bodies/vigilance committees/Women's Self Help groups for delivery of TPDS commodities at Fair Price Shops. The Committee note that upto 31st January, 2011, 21 State/UT Governments have reported regarding the implementation of Monthly Certification Scheme. The Committee feel that mere issuance of directions to State/UT Governments is not sufficient and desire that the Department should take concrete steps to try and convince the remaining States/UTs to facilitate an early adoption of the Scheme.

Action taken by the Government

2.29 The recommendations of the Committee have been noted. It is stated that upto 31.08.2011, 22 State/UT Governments have reported regarding the implementation of Monthly Certification Scheme. The remaining State/UT Governments have again been advised to introduce and implement the Monthly Certification by Village Panchayats/Urban Local Bodies/Vigilance Committees/Women's Self Help Groups on delivery of TPDS commodities (foodgrains, etc.) at fair price shops and their distribution to ration card holders.

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(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Comments of the Committee

2.30 Please *see* Para No.1.26 of Chapter-I of the Report.

Recommendation (Serial No.15, Para No. 4.79)

2.31 The Committee note that the Public Distribution System (Control) Order, 2001 mandates the State and UT Governments to carry out all required action to ensure smooth functioning of TPDS. It also mandates *inter-alia* that while making monthly allocation to the fair price shops, designated authority of State Governments shall take into account the balance stock, if any, lying undistributed with the fair price shop owners for the subsequent allocation. The Committee desire that the amount of foodgrains which remains unlifted during a particular month and left with the Fair Price Dealers after distribution to the beneficiaries, should be adjusted against the next month allocation of that Fair Price Shop or should be taken back, to prevent black marketing or diversion of foodgrains. The Committee also desire that the matter may be taken up at the highest level in the State Governments for effective implementation of the PDS (Control) Order, 2001 by all the States, to streamline the functioning of TPDS in the country.

Action taken by the Government

2.32 Public Distribution System (Control) Order, 2001 mandates that while making monthly allocations to the fair price shops, the designated authority of State Governments shall take into account the balance stock, if any, lying un-distributed with the fair price shop owners for the subsequent allocations. The recommendations of the Standing Committee have been noted and conveyed to all the State/UT Governments for taking more stringent measures to implement the relevant clauses of the PDS (Control) Order, 2001.

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Comments of the Committee

2.33 Please see Para No.1.29 of Chapter-I of the Report.

Recommendation (Serial No.16, Para No. 4.80)

2.34 The Committee note that the Central Government allocates the foodgrains to the States/UTs at Central issue price for distribution to the TPDS beneficiaries. However, the State/UT Governments have been given flexibility fix margin over and above the CIP rates to be charged by Fair Price Dealers to cover transport, margin etc. for distribution to APL and BPL beneficiaries. The Committee feel that one of the major reasons for diversion of foodgrains under TPDS has been due to very less margin for the Fair Price Shops owners, due to which the dealer is tempted to indulge in malpractices. The Committee are not convinced with the argument of the Ministry that fixing of margin to the Fair Price Shop Dealers on distribution of foodgrains under TPDS falls within the jurisdiction of the State Governments, and as such, necessary action in the matter is to be taken by the State Governments. Since management and operation of Public Distribution System is the joint responsibility of the Central and the State Governments, the Committee, desire that the matter regarding increase of commission of Fair Price Shop Owners should be taken up with the State Governments for a reasonable increase in their commission as it would make the Fair Price Shop Owner economically sustainable and help in curbing the diversion of PDS foodgrains to the open market.

Action taken by the Government

2.35 Targeted Public Distribution System (TPDS) is operated under the joint responsibility of Central Government and State/UT Governments. The Central Government is responsible for procurement, allocation and transportation of foodgrains upto the designated depots of the Food Corporation of India. The operational responsibilities for lifting and distributing the allocated foodgrains within the States/UTs, identification of eligible Below Poverty Line (BPL) families, issuance of ration cards to them and supervision over distribution of allocated foodgrains to eligible card holders through the Fair Price Shops (FPSs) are of the State/UT Governments.

In order to maintain supplies and securing availability and distribution of essential commodities under TPDS, Public Distribution System (Control) Order, 2001, has been notified by the Government of India on 31st August, 2001. This order, inter-alia, provides that State Governments shall issue an order under Section 3 of the Essential Commodities Act for regulating the sale and distribution of essential commodities. The licenses to the fair price shop owner shall be issued under the said order and shall lay down the duties and responsibilities of the fair price shop owner.

Since 2001, State/UT Governments have been given the flexibility in the matter of fixing the margin for the Fair Price Shops (FPSs) except in the case of distribution of foodgrains under Antyodaya Anna Yojana wherein the end retail price is to be retained at Rs.2/- a kg for wheat and Rs.3/- a kg for rice. The rates of commission to FPS owners are, therefore, to be determined by the respective States/UTs. States/UTs, depending on their policies, have fixed respective rates of commission to Fair Price shop dealers.

Further, the recommendations of the Standing Committee regarding a reasonable increase in commission of Fair Price Shop owners have been forwarded to the Secretary, Department of Food and Civil Supplies of all State/UT Governments vide this Department's d.o. letter No.6(4)/2001-PD-I dated 26.9.2011 to take further necessary action.

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Recommendation (Serial No.17, Para No. 4.82)

2.36 The Committee note that the Government is working on the National Food Security Bill pursuant to the President's address to the joint session of Parliament on 4th September, 2009. The Department of Food and Public Distribution has tentatively estimated the subsidy requirement as Rs.1,06,819 crore in the initial phase. Comments of all State Governments and UT administrations on the Framework Note finalized by National Advisory Council (NAC) on draft National Food Security Bill (NFSB) have been sought by the Department of Food & Public Distribution. The Committee have also been informed that as per the decision taken in its meeting held on 21.1.2011, the NAC has put a Framework Note on the draft National Food Security Bill in the public domain inviting comments, before the draft Bill is taken up for the consideration by the NAC. The Finance Minister in his budget speech 2011-12 has also stated that after detailed consultation with all stake holders including State Governments, the Government is close to the finalisation of National Food Security Bill. Other aspects of the proposed law on the Food Security, including coverage, entitlement are under consideration of the Government. Taking into consideration the paramount importance of the Bill i.e. assuring foodgrains to one and all, the Committee strongly recommend that Department of Food & Public Distribution should take up the matter on priority basis with all concerned i.e. State Governments, UT administrations, Planning Commission and the Ministry of Rural Development, to expedite an early introduction of the Bill in Parliament.

Action taken by the Government

2.37 In pursuance of the announcement made by the President of India in her address to the Joint Session of Parliament on 4th June, 2009, to enact a new law – the National Food Security Act – the Government prepared a Concept Note and had consultations with the Central Ministries/Departments, States/Union Territories, experts and other stakeholders. Based on their comments/suggestions and recommendations of the National Advisory Council (NAC) and the Expert Committee constituted under the Chairmanship of Chairman, Prime Minister's Economic Advisory Council, the Department of Food & PD have prepared a draft National Food Security Bill. Central Ministries/Departments and States/Union Territories have been requested for their comments on the draft Bill. The draft Bill has also been placed on the website of the Ministry of Consumer Affairs, Food & Public Distribution seeking comments/suggestions of all stakeholders by 30.09.2011. After taking into consideration the comments/suggestions received, the Department will take necessary further action to obtain approval of Government at the appropriate level, before introduction of the Bill in the Parliament.

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Recommendation (Serial No.18, Para No. 5.6)

2.38 The Committee are deeply concerned to note that a high amount of outstanding dues are to be recovered by FCI from the Ministry of Rural Development and the Ministry of Human Resource Development on account of providing foodgrains for various welfare schemes on payment basis. Outstanding dues to be recovered from the Ministry of Rural Development during each of the years 2008-09, 2009-10 and 2010-11 are Rs.2890.82 crore. From the Ministry of Human Resource Development, the outstanding dues to be recovered during the year 2008-09, 2009-10 and 2010-11 are Rs.148.47 crore, Rs.166.33 crore, and Rs.39.53 crore respectively. As on 31.1.2011, against the total foodgrains supplied to that Ministry (amounting to Rs.1002.91 crore), payment of Rs.611.87 crore has been received by FCI. Apart from this, a revolving fund of Rs.300 crore has been provided by the Ministry against bills in the pipeline. The Committee are surprised to note that no time limit has been prescribed for making payment by the Ministry of Rural Development. Further, the Committee are not convinced with reasoning of the Department that prescribed time limit of 20 days in respect of the Ministry of Human Resource Development for making payment after submission of bills is not strictly adhered to as the Ministry depends on allocation of funds by the Ministry of Finance. The Committee, therefore, desire that the department should take up the matter with the concerned Ministries i.e. the Ministry of Finance, the Ministry of Rural Development and the Ministry of Human Resource Development at the highest level so that the outstanding dues of FCI are liquidated at the earliest and the burden on food subsidy bill is reduced.

Action taken by the Government

2.39 The issue of outstanding dues of the FCI pending against the Ministry of Rural Development and Ministry of Human Resource Development has been taken up with these Ministries at the highest level from time to time. In reply to one of the letters sent by MOS(I/C)CAF&PD, Hon'ble MOHRD stated that they are fully alive to the need for prompt payments for foodgrains supplied by FCI. Keeping this in view, MoHRD has issued guidelines to all States/UTs to ensure payments within 20 days after receiving bills from FCI. It is being regularly monitored with the States by MoHRD during MDMS National Monitoring and Steering Committee meetings as well as during Regional Workshops held with States. Similarly to clear all pending dues, the issue has been taken up with MoRD from the highest level from time to time. Due to concerted efforts made by this Deptt., the outstanding dues have been recovered to some extent from MoHRD. Following table shows status on the details of amount received and outstanding dues of FCI against MoRD and MoHRD during 2008-09, 2009-10 and 2010-11:

Ministry of Rural Development:- Against the food grains supplied under SGRY Scheme

(Rs. in crore)

Year	Amount Received	Balance as on 31st March
2008-09	7500	2890.82
2009-10	-	2890.82
2010-11	-	2890.82

Scheme has since closed on 31.03.2008.

Ministry of Human Resource Development:

(Rs. in crore)

Year	Amount Received	Balance as on 31st March
2008-09	1430.68	148.47
2009-10	1272.35	166.33
2010-11	Centralized 300.40	39.53
	Decentralized 925.94	(Provisional) 309.17

Since 01.04.2010 this Scheme has been decentralized and the payment is to be made by concerned Revenue District Authorities.

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Comments of the Committee

2.40 Please *see* Para No.1.32 of Chapter-I of the Report.

Recommendation (Serial No.20, Para No. 5.14)

2.41 The Committee note that upto 28th February, 2011, utilisation of owned (CAP) storage capacity of FCI was 26% and hired (CAP) storage capacity was

51% and the total utilization of capacity was only 30% whereas the present norm of occupancy level or capacity utilization of each category of storage is 75%. The Committee express their deep anguish over the underutilization of CAP storage capacity (both owned as well as hired). The Committee also regret to observe that a huge amount is spent every year on hiring the godowns by FCI though the owned capacity is not utilized to the optimum. The Committee fail to understand that when Corporation is not able to utilize owned capacity to the maximum, what is the logic behind hiring the capacity and wasting the Government money thereon. The Committee desire that utmost care should be exercised by FCI to maximize storage capacity utilization for owned as well as hired. The Committee also strongly recommend that FCI should make proper assessment of availability of owned storage capacity and required capacity and take necessary steps to maximize utilization of both owned as well as hired capacities so as to avoid infructuous expenditure on account of rental charges.

Action taken by the Government

2.42 It is submitted that CAP (Covered and Plinth) capacity is used as a temporary mode of storage for a short duration only when no covered capacity is available at a particular location. Further, this capacity is used to store wheat/paddy only and not rice. These factors are responsible for lower utilization of CAP capacity as it is utilized only as a last resort and that too for wheat/paddy only.

The utilization of CAP capacity as on 31.7.2011 is given as under:

	Owned	Hired	Total
Capacity (in Lakh MT)	26.36	9.38	35.74
Stock (in Lakh MT)	15.83	11.11	26.94
%age Utilization	60	118	75

The overall utilization of CAP capacity as on 31.7.2011 has been 75%.

Regarding lower utilization of owned capacity as compared to the hired capacity it is submitted that this is a natural phenomenon due to the following reasons:

i) The storage capacity is hired only when there is absolute necessity of the same which becomes all the more reason for it to be fully/more utilized.

ii) Owned storage capacity once constructed at a particular place/location cannot be shifted if the same is required at a different location due to changed procurement patterns or change in off take of foodgrains on account of consumer preferences, Government policies etc. whereas the hired capacity can be de-hired and re hired as per the requirement making its utilization more than that of owned capacity.

iii) Owned storage capacities are created at certain remote/hill areas also keeping in view the regional requirements where private parties do not come forward to offer hired capacity. Higher utilization of capacity in such places is not possible due to various factors such as difficult terrain, improper infrastructure, climatic conditions, limitation of railways/other transportation facilities etc. Examples of the same are NE Zone, Himachal Pradesh, J&K etc.

iv) At many times, hired storage capacity is taken on 'Actual Utilization Basis' (AUB) where the capacity hired is shown equal to stock stored there-in making the capacity utilization 100%. This aspect also increases the overall capacity utilization of hired storage capacities as compared to owned capacities.

v) Some part of the owned storage capacity remains under repair and maintenance resulting in overall less utilization as compared to hired capacity because the hired capacity is taken only when it is fully storage worthy.

vi) Often it is not cost effective to undertake long distance transportation and double handling of food grains just to ensure utilization of FCI vacant space at far off places in place of hiring the fresh storage space at the place where it is required because of proximity to the procurement or consumption centres.

Further, it is submitted that adequate checks and balances are in place in the form of Internal Audit and CAG audit so as to ensure proper utilization of available capacity whether owned or hired and to ensure that no infructuous expenditure is made on account of rental charges by hiring the godowns unnecessarily. Review of capacity utilization is also carried out by Regional Offices/ Zonal Offices to ensure optimum utilization of storage capacity and to minimize the cost of storage.

However it may be appreciated that FCI is dealing with seasonal commodities like wheat, paddy and rice and the utilization of capacity cannot be uniform throughout the year. But the availability of capacity is to be ensured for the peak season requirement during the months of May/June by hiring godowns which are generally hired for a period not less than one year. The utilization of storage capacity available with FCI as on 30.6.2011 is given as under:

(Fig. In LMTs)

	Covered	CAP	Total
Capacity	297.66	34.86	332.52
Stock	275.45	27.20	302.65
%age Utilization	93	78	91

From the above, it may be seen that the overall utilization of capacity as on 30.06.2011 has been 91% and the capacity utilization of covered capacity, which is the preferred mode of storage, has been 93%. Even for CAP storage, the capacity utilization of 78% is more than the accepted optimum utilization norm of 75%.

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O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.21, Para No. 5.19)

2.43 The Committee are deeply concerned to note the inability of FCI to achieve the physical as well as financial targets set during the year 2010-11 in respect of North Eastern and other than North Eastern States. In States other than North East, the set physical target during the year 2010-11 was 2.5 lakh tonnes but achievement was nil. In North Eastern States, the set targets during the same period was 5000 tonnes, but achievement was totally nil. As far as the financial targets are concerned, the target set for other than North Eastern States during 2010-11 was 10 crore but achievement was only 0.95 crore. In North Eastern States too, set target was 30 crore but achievement was only 0.40 crore. In this context, the Committee have been informed that against the targeted capacity of 7500 MT, a capacity of 5000 MT at Hailakandi in Assam Region will be created during the financial year 2011-12 and construction of godown at Lakshadweep will be completed by May 2011. The Committee, however, are unhappy with the slow pace of construction of godowns in these areas. The Committee feel that inadequacy of storage capacity poses a serious threat to running of efficient Public Distribution System. So far as the North Eastern States are concerned, they are the most disadvantaged States in terms of infrastructure, communication and rail/road network etc. The Committee, therefore, strongly recommend that FCI should make sincere efforts for speeding up the work of construction of godowns for achievement of set physical and financial targets in North Eastern States as well as other than North Eastern States so that people of the country are not deprived of the benefits of Public Distribution System due to inadequacy of storage space.

Action taken by the Government

2.44 The above position enumerated by the Standing Committee is as on 30.9.2010, the same has now been updated upto 31.3.2011 and the status that has emerged is as under:

i) Against the physical target of 7500 MT capacity (5000 MT at Hailakandi in North East and 2500 MT at Lakshadweep) for the financial year 2010-11, the achievement in North East area was made as per the target set i.e. 5000 MT at Hailakandi in Assam. The targeted capacity of 2500 MT at Lakshadweep/UT, could not be achieved during FY 2010-11 due to difficult terrain and limited working period. The same has been achieved in July 2011. It is stated that in the States other than North East, the projected physical target for FY 2010-11 was 2500 MT only and not 2.5 lakh tonnes as mentioned.

ii) Regarding financial achievement, a target of Rs.35 crores (Rs.25 crores for North East areas and Rs.10 crores for the areas other than North East) was set in the year 2010-2011. Against the said target, the achievement in North East was of Rs.17.24 crores. The shortfall was mainly because of the land dispute at Changsari in Assam. The land cost as notified by the State Government was paid to State Government, however the dispute has not been resolved by the State Government. For resolving the issue with the State Government, matter was vigorously taken up in various meetings at different levels unfortunately the issue of land compensation is still unresolved on the part of State Government. The unresolved land dispute has affected the 11th Five Year Plan and has resulted in non-utilisation of the budget earmarked for Changasari.

Further, for the areas other than North East, against the financial target of Rs.10 crores, the actual expenditure incurred was Rs.3 crores. Three projects were identified in J&K and accordingly Rs. 5.25 crores was earmarked exclusively for land cost. Efforts were made for taking over of land from State Government but State Government could not identify suitable land for the proposed projects. Later, the State Government came up with the proposal to drop the proposed projects from 11th Five Year Plan and requested the appropriate authority to consider accommodation of storage capacity under Private Entrepreneurs Guarantee (PEG) Scheme. In view of the inability to identify suitable land and on the request of Government of J&K, High Level Committee (HLC) of FCI considered the request of State Government and accordingly dropped the projects from the Plan Scheme.

iii) In addition, the full budget earmarked for Lakshadweep/UT project also could not be utilised. The proposed project is on the island of Union Territory of Lakshadweep which is connected with main land through sea only. At Lakshadweep, no single element of building construction is available and all the materials are to be transported from main land through sea route only. In the Region, the transportation through sea is available only for limited period due to prolonged rainy season and turbulent behaviour of sea. It is added that the project is merely delayed for 3½ months from March, 11 to July, 11 and in between the financial year has changed.

As suggested by the Committee, it is submitted that all out efforts are made to achieve the maximum storage capacity, construction, especially in North East Region wherever land is handed over in time by the State Government. However, due to non-handing over/non-availability of land, which is a State Government subject, the targets set out could not be met out fully.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.22, Para No. 5.25)

2.45 The Committee are concerned to note that despite several remedial steps taken by FCI, the foodgrains loss on account of storage, transit and pilferage continues to increase every year. During 2010-11, the storage and transit loss was of the value of Rs.267.14 crore and Rs.237.57 crore respectively. Further, the value of pilferage loss during 2010-11 amounted to Rs.1,64,270. The Committee are of the opinion that due to poor maintenance of godowns, large quantity of food grains of high value is lost every year. The Committee, therefore, strongly recommend that FCI should adopt scientific and modern technology for storage of foodgrains. The Committee, also desire that physical verification of stocks of foodgrains should be done frequently i.e once in the six months so that any damage to foodgrains due to storage be timely detected. Besides, the Government should also recruit personnel who have technical knowledge and expertise with a view to ensuring safe storage, minimizing storage loss. Any damage of foodgrains that occurs due to human error should be thoroughly investigated and responsibility be fixed for the losses and the guilty official be punished. Regular inspection and constant monitoring are also required to ensure that losses do not increase further. The Committee, therefore, recommend that vigorous efforts be made to minimize the storage and transit losses so that the funds earmarked for the poorest of the poor reach the actual beneficiaries. Necessary steps should also be taken so that losses due to thefts/pilferage be kept at the minimum.

Action taken by the Government

2.46 The details of storage, transit and pilferage (theft) losses occurred in FCI during 2008-09 to 2011-12 (upto July, 2011) are given as under:

Storage Losses (Wheat + Rice)

(Quantity in lakh MT/ Value in Rupees Crores)

Year	Quantity Received	Quantity of Loss	% age of Loss	Value of Loss
2008-09*	620.17	0.58	0.10	101.31
2009-10*	725.27	1.31	0.18	228.36
2010-11**	530.77	1.56	0.29	292.91
2011-12 (Upto July'11)	186.69	0.58	0.31	108.14

(*Audited) (** Provisional)

Transit Losses (Wheat + Rice)

(Quantity in lakh MT/ Value in Rupees Crores)

Year	Qty. Moved	Qty of Loss	%age of Loss	Value of Loss
2008-09*	303.84	1.06	0.35	117.42
2009-10*	346.56	1.55	0.45	233.32
2010-11**	317.39	1.60	0.50	257.42
2011-12 (Upto July'11)	111.01	0.57	0.52	94.01

(*Audited) (** Provisional)

Pilferage /Theft Losses

Year	No. of cases	Quantity(MT)	Amount(Rs	Remarks
2008-09	02	01.15	17422	2 cases closed
2009-10	06	34.20	486227	Under process
2010-11	03	06.50	89100	One case settled
2011-12 (Upto July'11)	01	0.50	7000	Under process

With a view to minimize storage and transit loss of foodgrains and to introduce modern technology besides bringing additional resources through private sector participation, Government of India had announced a National Policy on Handling, Storage and Transportation of foodgrains in June, 2000 for bulk and conventional godowns.

Under the National Storage Policy, integrated bulk handling, storage and transportation facilities for foodgrains especially for wheat, were proposed to be constructed on 'Build Own and Operate' through private participation at the identified locations in procuring and consuming areas as well as at port town. A total capacity of 5.5 lakh MT has been created in the first phase at the identified base depots and field depots through private sector participation on Build Own and Operate (BOO) basis. Rail India Technical Enterprises (RITES) was appointed as Consultant by the FCI for selection of Developer-cum-Operator (DCO). The transportation of foodgrains from Base Depots (Procurement areas) to the field depots (Consuming areas) is to be carried out in specially designed top loading and bottom discharge bulk rail wagons, procured by the DCO. The details of capacity created under this scheme are as follows:-

Circuit-I		Circuit-II	
Location	**Storage size**	**Location**	**Storage size**
Base Depot Moga (Pb)	2,00,000 MTs	Base Depot Kaithal (HR)	2,00,000 MTs
Field Depot		Field Depot	
Chennai (TN)	25,000 MTs	Navi Mumbai	50,000 MTs
Coimbatore	25,000 MTs	Hooghly (WB)	25,000 MTs
Bangalore (KNK)	25,000 MTs		

As regards regular inspection and constant monitoring of quality of stocks, the following checks and super checks are conducted for ensuring procurement of stocks as per prescribed specifications and for proper preservation of foodgrains in storage:

a) Checks/super checks are conducted by various authorities to ensure procurement of stocks as per prescribed specifications. Technical Assistants accept rice stocks on 100% Check.

Supervisory Checks of Procured Stocks

Sl. No.	At the level At the level of officer	% of Test Check
1.	Manager (QC) Concerned	25% rice consignments accepted by each TA on day to day basis.
2.	AGM (QC) Concerned	10% rice consignments accepted by each TA on fortnightly basis at each depot.
3.	Area Manager, concerned	2% rice consignments accepted by each TA on fortnightly basis at each depot.
4.	DGM (QC) of Region	10 depot during each month spread over at least 3 FCI districts.
5.	GM (Region)	At least 4 depot every month spread over at least two FCI districts.
6.	GM (QC), DGM (QC), Zonal Office.	A minimum of two depot in different procuring Regions each month. Next month different Regions are covered.

b) Following checks/super checks are conducted in the godowns to ensure proper preservation of foodgrains in storage:

i) Fortnightly inspection of stocks on 100% basis by TAs for declaring categorization and classification.

ii) Monthly inspection by Manager (QC)- 33% of stocks (1/3rd of stocks) in a month. Monthly Inspection Reports (MIR) of Manager (QC) are scrutinized at Zonal level. Suggestions made therein are to be implemented and monitored through action taken reports (ATR)

iii) Quarterly inspection by AGM (QC).

a) 1/3rd of depots in a month so as to cover all the depots in the District in three months.

b) 5% of stocks are to be checked in a depot having capacity of more than 25000 MTs.

c) 10% of stocks in respect of depot having less than 25000 MTs.

d) Squad Inspection reports (SIR) of AGM (QC) are scrutinized in Zonal office.

iv) Quality Control Squads

In addition to above super checks squads are sent from Headquarters, Zonal office and Regional office as per instructions in vogue:

a) Two depots, minimum of 10,000 MT capacity and above of high procuring Regions namely Punjab, Haryana & A.P. must be visited each month to check the quality of the stock procured/lying there by Headquarters, QC Division.

b) Five depots of capacity of 5,000 MT and above must be visited by Zonal squads of QC officers/officials to check the quality.

c) The high procuring Regions constitute a team for checking of quality of the stocks at ten depots per month.

i) Regarding recruitment of personnel who have technical knowledge and expertise with a view to ensuring safe storage and minimizing storage loss, it is submitted that FCI recruits personnel on the basis of availability of vacancies and as per qualifications, experience etc. prescribed in FCI (Staff) Regulations from time to time, which also includes Technical (Quality Control) Cadre.

ii) As regards storage and transit losses, the above observations/ recommendations of the Standing Committee have been circulated to Executive Directors (Zone) / General Managers (Region), Food Corporation of India for compliance. The field functionaries have also been advised to make vigorous efforts by taking necessary/remedial measures, investigating losses, fixing responsibility on delinquents, making recoveries for unjustified losses and close monitoring of losses in Monthly Performance Review Meetings etc. so as to minimize storage and transit losses to the maximum extent.

iii) Regarding physical verification of stocks once in six months, instructions do exist for conducting physical verification of stocks on quarterly basis, which have been reiterated.

iv) The following steps have been taken by FCI to detect / curb pilferage (theft) :

a) Installation of barbed wire fencing on boundary walls, provision of street lights in the godowns/complexes and proper locking of the sheds.

b) Security staffs of FCI as well as other Agencies like Home Guards, Special Police Officers, are deployed for security of stocks.

c) Deployment of Central Industrial Security Force and State Armed Police has been done at vulnerable depots/ godowns in the naxal prone area.

d) Security inspections as well as surprise checks of the depots are being conducted from time to time at various levels to detect and plug any security lapses.

e) FIRs have also been lodged with the Police where pilferage has come to notice. Apart from this, departmental action including recovery of loss has been resorted to act as deterrent.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.23, Para No. 5.28)

2.47 The Committee are disturbed to note that the number of corruption cases including vigilance cases detected on various counts during the period 2008, 2009 and 2010 were 797, 910 and 613 respectively. During 2010, cases referred to CBI and CVC were 3 & 1 respectively. The Committee feel that such a gigantic proportion of corruption prevalent in FCI is due to lack of institutional mechanism for vigilance available at zonal and regional offices of FCI. The

Committee, therefore, strongly recommend that FCI should strengthen its vigilance mechanism in coordination with the States/UTs so as to detect the corrupt practices by FCI officers and take stringent action against them. Further, the Committee also desire that efforts should be made for early disposal of pending cases as delay in disposal of cases would further encourage corrupt practices and undermine the authority of law.

Action taken by the Government

2.48 As apprised to the Committee earlier, the number of vigilance cases instituted on various counts during the years 2008, 2009 and 2010 were 2190, 1832 and 2159 respectively. Of these, the number of corruption cases registered both by CBI and the Vigilance/Anti-corruption Bureau of State Governments during the said years 2008, 2009 and 2010 were 11, 19 and 11 respectively. The other vigilance cases were instituted for misconduct and negligence detected on various counts such as purchase of sub-standard food grains, storage and transit losses of foodgrains, irregularities in award of various types of contracts etc.

Food Corporation of India is a gigantic organization with huge work force. The volume of operations of the FCI has been steadily increasing over the years whereas the manpower has been sharply declining as is evident from the data given below:

Year	Procurement (in lakh MT)	Off take (in lakh MT)	Total turnover (in lakh MT)	Man power (As on 31st March)
2000-2001	359.00	171.58	530.58	60915
2001-2002	223.39	312.79	536.18	59089
2002-2003	354.48	490.05	844.53	57073
2003-2004	386.97	461.74	848.71	54908
2004-2005	414.67	376.37	791.04	44156
2005-2006	423.63	407.02	830.65	42449
2006-2007	343.38	367.28	710.66	41358
2007-2008	398.64	374.66	773.3	39361
2008-2009	567.91	395.66	963.57	36566
2009-2010	574.16	500.28	1074.44	33473

This has resulted in tremendous pressure on the existing workforce. However, the number of vigilance cases instituted each year has remained more or less static and has recently shown a declining trend during the period as could be seen from the data given below:

Year	No. of cases
2001	2508
2002	2956
2003	2542
2004	2235
2005	2877
2006	2940
2007	2594
2008	2190
2009	1832
2010	2159

FCI has a well structured vigilance organization covering all zones and Regions. The Vigilance Division in Headquarter is headed by the Executive Director (Vig.)/CVO, who is assisted by General Manager (Vig.)/Deputy General Managers (Vig.) and Asstt. General Manager (Vig.) along with Manager(Vig.) and supporting staff. Similar vigilance set-up exists in the Zones/Regions. In Zones, Vigilance Division is headed by General Manager (Vigilance & Security) who is assisted by Deputy General Manager(Vig.)/Asstt. General Manager (Vig.), Manager (Vig.) and supporting staff. General Manager (Vigilance) directly functions under the Executive Director (Zone). Similarly in the Regions depending upon the staff strength and work load, Vigilance Unit is headed by Deputy General Manager (Vig.) or Asstt. General Manager (Vig.) and is assisted by Manager and supporting staff.

Due to focussed and proactive measures taken by the Vigilance Division both at Hqrs. level as well as Zonal/Regional level, FCI has been able to ensure that the number of new vigilance cases initiated is not allowed to escalate in spite of manpower constraints.

Besides taking action against those accused of misconduct, FCI's Vigilance Division has also been taking major initiatives in the area of preventive vigilance. These are aimed at modifying and improving the existing system so as to reduce the scope for any illegal activity and cover the following:-

i) Since acceptance of poor quality stock is a major source of corruption, changes have been made in the 'Quality Super Check System' to improve effectiveness.

ii) Regular and surprise checks of field activities are undertaken by staff from Regional Offices, Zonal Offices and Headquarters.

iii) Cases of damages of foodgrain above a certain quantity are scrutinised by Headquarters Vigilance Division to ensure that good stock is not passed off as damaged stock, and to fix responsibility for misconduct and negligence.
iv) Officials in Doubtful Integrity List are not posted in sensitive seats.
v) Rotation of officials in sensitive seats is made and maximum tenures in sensitive districts has been prescribed.
vi) The list of sensitive districts has been comprehensively reviewed and revised recently.
vii) Negotiations are prohibited in all tenders except in very special cases.
viii) Modifications have been made in Model Tender Forms so as to simplify pre-qualification conditions, increase competition, and to provide security for performance in the form of Bank Guarantees.
ix) All tenders are published in website with provision for down loading tender form.
x). Tender results are published in web-site of FCI.
xi) Stringent penalty of recovery from contractors has been introduced to deter manipulation/losses.
xii) E-purchase has been successfully implemented in Karnataka Region and is now being extended across the country in a phased manner.
xiii) E-payment has been introduced for all payments exceeding Rs. 1 lakh.
xiv) An Audit Committee of the Board of Directors has been set up with the responsibility, inter alia, of monitoring Internal Audit.
xv) The System of Internal Audit has been reviewed and modified in order to increase its effectiveness.
xvi) As a pilot project, firms of Chartered Accountant are being engaged to conduct detailed Internal Audit in one Region in each Zone, as a measure of overcoming the shortage of staff within the FCI. The regions selected for the pilot are Assam, West Bengal, U.P., Maharashtra and A.P.

Efforts have been made for speedy disposal of pending cases. Special focus has been given to cases pending for more than one year. The number of cases pending has been steadily going down as can be seen from the data given below:

Year	**Pending vigilance cases at the end of year**	**Vigilance cases older than one year**
2007	1382	265
2008	797	139
2009	910	86
2010	613	33
2011 (31.7.11)	519	20

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Recommendation (Serial No.24, Para No. 6.5)

2.49 The Committee are deeply concerned to note the continuous rise in outstanding dues of CWC during the last 3 years i.e. from Rs.151.60 crore, in 2008-09 to Rs.185.48 crore in 2009-10 and Rs.215.00 crore in 2010-11. The Committee desire that the pending dues should be cleared expeditiously and a time limit should be fixed within which the amount is receivable by CWC from the depositors, failing which some penal interest be levied. The Committee, therefore, recommend that to liquidate the outstanding dues fully at the earliest CWC should review the norms fixed for recovery of outstanding dues so as to enhance its profitability.

Action taken by the Government

2.50 The position of the total outstanding dues as well as outstanding dues against the Food Corporation of India (FCI) during the last three years is given below:

(Figures in crore Rs.)

As on	Total outstanding dues	Outstanding dues against FCI
31.3.2009	151.60	73.25
31.3.2010	185.48	98.81
31.3.2011	225.37	126.20

It may be seen that the outstanding dues against FCI is constantly on the rise. To reduce the outstanding dues, various steps have been taken by the CWC particularly with FCI to settle the disputes and to realise the outstanding dues. In this regard, meetings at General Manager, FCI level by their Regional Managers and at Zonal Office and Head Office of FCI at CWC Corporate Office have been held to sort out the disputes and to realise the outstanding dues. The meetings with FCI at Zonal Office, Kolkata on 1.2.2011 and FCI Headquarter on 23.2.2001, 9.9.2010 and 3.5.2011 have been held. FCI Headquarter has issued instructions to their field officers for settlement of CWC dues. Besides, action has also been taken to review the credit facilities of private parties and action against them in case of default and also withdrawal of credit facilities in case of failure to settle CWC dues on time. Review of credit facilities is being made in respect of outstanding dues for expeditious realization of dues from the depositors.

In view of the steps being taken by the Corporation, it is hoped that the outstanding dues will reduce considerably in coming months.

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Comments of the Committee

2.51 Please *see* Para No.1.35 of Chapter-I of the Report.

Recommendation (Serial No.25, Para No. 6.18)

2.52 **The Committee are happy to note that the Corporation is making use of owned capacity to the maximum which is evident from the declining trend of rent paid by the Corporation for the last three years i.e. from Rs.26.23 crore in 2008-09 to Rs.22.56 crore upto February, 2011. The Committee hope that the Corporation will continue to make maximum use of owned capacity and minimize dependency on hired capacity during the coming years also thereby enhancing their profits.**

Action taken by the Government

2.53 The CWC has been hiring godowns as a last resort as well as monitoring the utilisation of hired godowns to ensure that these are gainfully utilised. As a result of such constant monitoring, hired godowns remaining idle are dehired. The statement showing the % utilization of owned and hired capacity during last four years and the current year as given below:

(Figures in lakh MT)

Yearly	Owned			Hired		
Average	Capacity	Utilisation	% of capacity utilisation	Capacity	Utilisation	% of capacity utilisation
2007-08	67.27	48.30	72	13.32	9.68	73
2008-09	67.47	55.15	82	12.22	9.79	80
2009-10	67.82	58.30	86	13.30	11.34	82
2010-11	68.74	60.64	88	12.52	10.74	86
2011-12 (upto July 2011)	70.07	65.63	94	11.28	10.48	93

The utilisation of both the owned and hired capacity is constantly on the increase.

As regards the rent paid by the Corporation for the hired godowns, there is a continuous declining trend, as indicated in the table below:

Year	Rent Paid (Rs. in crore)
2008-09	26.23
2009-10	25.94
2010-11	24.28

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Recommendation (Serial No.27, Para No. 6.21)

2.54 The Committee note that the Warehousing Development and Regulatory Authority has been constituted recently and is functioning with meager staff of five regular officers out of 19 sanctioned posts. These five regular officers include one Joint Secretary, 2 Directors, 1 Under Secretary and 1 Section Officer. The Committee have been informed that for issuance of Negotiable Warehouse Receipt, the Warehouses have to get themselves registered with the Authority. The Committee have also been informed that the format of Negotiable Warehouse Receipts (NWR) has been finalized in consultation with warehousemen, banks and advisory committee. The Committee note that about 316 applications from 18 States for registration of Warehouses have been received by the Authority till date. Taking into consideration wide magnitude and importance of work to be performed by the Authority, process of filling up of remaining posts in WDRA be expedited, to ensure its smooth functioning in the interest of farmers.

Action taken by the Government

2.55 The Warehousing Development and Regulatory Authority (WDRA) was set up on 26th October 2010. At that time, one Joint Secretary and one Director (both from central staffing) were in position. The Authority has been seriously making efforts to fill up the remaining vacancies. Three vacancy circulars were issued i.e. on 13.03.2009 by the Department of Food and Public Distribution, and on 28.01.2011 and 11.07.2011 by Warehousing Development and Regulatory Authority informing all Ministries/ Departments of Government of India. The NIC had placed these circulars on the website of the Department of Food and Public Distribution/WDRA and these were published in the Employment News. One post each of Director (Technical), Under Secretary (Admn Fin.), Section Officer (Admn & Fin.) and Private Secretary were filled up against the first circular while one post each of Section Officer (Technical), Under Secretary (Technical) and Principal Private Secretary were also filled up against the second circular.

The Authority has issued another circular on 11.07.2011, the last date of receipt of the application being 29th August 2011. Efforts are being made to fill up the vacant posts at the earliest to ensure smooth functioning of the office of WDRA.

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Comments of the Committee

2.56 Please *see* Para No.1.41 of Chapter-I of the Report.

Recommendation (Serial No.28, Para No. 7.6)

2.57 The Committee note that in order to make sugar cultivation more profitable, the Government of India has fixed the Fair and Remunerative Price (FRP) of sugarcane for the sugar season 2010-11 at Rs.139.12 per quintal linked to 9.5% recovery level. The Committee, however, feel that in reality the position is quite different and the cane growers do not get the announced prices and opt for other cash crops. The Committee, therefore, recommend that the Government may take steps to ensure that adequate FRP of sugarcane is paid to the farmers so as to encourage them to cultivate sugarcane crops, thereby ensuring adequate production of sugar by the sugarmills. The Government should fix the FRP every year in advance so that the farmers get right price signal so that sugarcane remains equally competitive with other food/cash crops.

Action taken by the Government

2.58 As per clause 3(A) of the Sugarcane (Control) Order, 1966 :

> "A producer of sugar or his agent shall pay, for the sugarcane purchased by him to the sugarcane grower or the sugarcane growers cooperative society, either the minimum price of sugarcane fixed under clause 3, or the price agreed to between the producer or his agent and the sugarcane grower or the sugarcane growers cooperative society, as the case may be"

As such, the cane growers cannot get less than the Fair and Remunerative Price (FRP) or sugarcane fixed by the Government.

As regards, the recommendation of the Committee to fix the FRP every year in advance so that farmers get right price signal and ensure that sugarcane remain equally competitive with other food/cash crops, it is stated that the action on the suggestion of the committee has been taken. Accordingly, the FRP for the year 2011-12 sugar season was fixed at Rs.145/- per quintal linked to a basic recovery rate of 9.5% subject to a premium of Rs.1.53 per quintal for every 0.1 percentage point increase in recovery above that level, in March, 2011.

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Recommendation (Serial No.30, Para No. 7.11)

2.59 The Committee are constrained to note that as on 15th January, 2011, a total of Rs.4545.09 crore which includes Rs.4318.28 crore for 2010-11 sugar season, Rs.17.46 crore for 2009-10 sugar season and Rs.209.35 crore for 2008-09 and earlier sugar seasons are outstanding as Cane Price Arrears. The Committee are pained to note that although payment of sugar cane is required to be done within 14 days of the supply of sugarcane by the farmers as per Sugarcane (Control) Order, 1966, it is, however seldom done. The Cane Price Arrears pertaining to sugar season 2008-09 and earlier are still outstanding and yet no action has been taken against the sugar mills for recovery of cane arrears alongwith interest @ 15% as per the provision of Sugarcane (Control) Order 1966. The Committee are not convinced with the reply of the Ministry stating that

Cane Price Arrears are generally high in the beginning of the season and start declining as the sugar season advances, as such, the cane price arrears for 2010-11 sugar season are likely to decline further in the coming months. The Committee feel that there is a need to protect and promote the interest of farmers in such a manner that farmers continue to cultivate sugarcane without any hindrance. Farmers need to be paid remunerative price immediately on delivery of his agricultural produce. The Committee, therefore, recommend that to motivate farmers to continue with sugarcane cultivation all aid/incentives/assistance given to sugar mills should be subjected to liquidation of cane arrears by the mills. In case of default, such aid/assistance should be suspended and strict action taken against defaulting sugar mills under the provision of this Order.

Action taken by the Government

2.60 As per the latest information of cane price dues for various cut off dates furnished by the States for the sugar season 2010-2011, as on 20.09.2011, out of total cane price dues of Rs. 43948.00 crores, an amount of Rs. 43192.57 crores has been paid, leaving a balance of Rs.755.44crores.Thus, the cane price arrears for 2010-2011 sugar season have reduced from Rs.4318.28 crores as on 15th January,2010 to Rs.755.44 crores as on 20.9.2011, which is just 1.72 % of the cane price payable, as given in the table below:-

(Rs. In lakhs)

SL. No.	STATE	AS ON	CANE PRICE PAYABLE (2010-11)	CANE PRICE PAID (2010-11)	CANE PRICE ARREARS (2010-11)
1.	2.	3.	4.	5.	6.
1	PUNJAB	31.07.2011	73384.14	73267.75	116.39
2	HARYANA	31.07.2011	92952.46	92952.46	0.00
3	RAJASTHAN	15.07.2011	880.07	880.07	0.00
4	U.P.	31.08.2011	1303112.73	1286479.33	16633.40
5	UTTARAKHAND	31.08.2011	65577.13	59951.16	5625.97
6	M.P.	30.06.2011	11437.61	11232.42	205.19
7	GUJARAT	15.08.2011	202415.47	201314.00	1101.47
8	MAHARASHTRA	30.06.2011	1352743.79	1345671.08	7072.71
9	BIHAR	31.08.2011	83032.85	80338.57	2694.28
10	ANDHRA PR.	15.08.2011	199756.97	196147.92	3609.05
11	KARNATAKA	31.08.2011	624754.00	615675.00	9079.00

12	T.NADU.	31.08.2011	367466.14	340180.98	27285.16
13	ORISSA	30.06.2011	5695.63	5693.94	1.69
14	W.BENGAL	30.06.2011	1387.09	1344.26	42.83
15	PUDUCHERRY	30.06.2011	7948.69	5872.28	2076.41
16	GOA	15.07.2011	2255.39	2255.39	0.00
	TOTAL		**4394800.16**	**4319256.61**	**75543.55**

2. The cane price arrears for the season 2009-10 have also reduced from Rs.17.46 crores to Rs. 6.65 crores and for the sugar season 2008-2009 and earlier sugar seasons from 209.35 crores to Rs. 202.48 Crores. The Statement showing the State-wise, sugar mill wise position of cane price arrears of 2009-10 and 2008-09 and earlier sugar seasons, as available on date, along with the reasons for non-payment, is given in Annexure-II. It may kindly be seen that, the presence of cane price arrears of 2009-10 and earlier sugar seasons are mainly because of matters being subjudice before the courts and stay by courts, etc. In several cases, the State Governments have issued Revenue recovery Certificates to the defaulting sugar mills.

3. Further, the buffer and transport subsidy schemes in the past were formulated with the condition that the settlement of cane price arrears was to be first priority, from the disbursements under these schemes and the subsequent disbursements were linked to the submission of Utilization Certificates to this effect.

4. During the current sugar season 2010-2011, the Central Government has allowed export of **26.18 lakhs tonnes of sugar under** various categories to augment the liquidity of the sugar factories, so as to enable them to settle cane price dues/arrears at the earliest.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.31, Para No. 7.13)

2.61 The Committee express concern over the rising trend in prices of sugar during the last two years. The Committee feel that the mismatch between domestic production and demand for sugar is primarily responsible for rise in price of sugar. The Committee find that due to various measures taken by the Government, the price of sugar has come down to some extent but it is still very high in the open market. The Committee feel that the cyclic nature of sugarcane production, which has been observed over the years needs to be regulated. It has been observed that two to three years of very high/surplus production results in a glut in the market and crash of sugar prices, leading to shifting in cultivation from cane to other crops, in turn resulting in reduced production, shortage and consequent rise in sugar prices again. The Committee, therefore, strongly desire that the Government should sincerely work for a long-term policy to deal with the problem. They should also continue to take measures so that the prices of Sugar remain more or less stable during high as well as low production years.

Action taken by the Government

2.62 Sugar is an agro-based industrial product for which the basic raw material is Sugarcane. The production of sugarcane depends upon rainfall, the vagaries of nature, the economics of various crops leading to shift in cropping patterns apart from pricing policies on sugarcane and the capacity of the industry to pay agreed sugarcane prices in time. The Industry's capacity, in turn, is dependent upon the prices of sugar in the domestic market. This complex inter play of multiple forces gives rise to cyclicity and variation in the levels of production of sugar from one sugar season to other sugar season.

2. Sugar Industry is traditionally a seasonal industry where the sugar produced in the 6-7 months (between November to April) is to be consumed in a staggered manner over whole year and also during the lean period of the ensuing sugar seasons. This leads to the price economics going awry in the times of abundant sugar production and with chain reactions like build up of cane price arrears and in turn diversion of area to other crops. In order to provide an avenue for utilization of surplus sugarcane, Government has amended the Sugarcane (Control) Order, 1966 on 28.12.2007, thereby, providing for production of ethanol directly from sugarcane juice in case of sugar mills. Similarly, under Sugar Development Fund (SDF), concessional loans are provided for setting of Co-generation as well as Ethanol plants as ancillary units to the sugar factories. The other types of concessional fundings from SDF are for the promotion of sound cultivation practices

(cane development loans) as well as for enhancing the operational efficiency of the sugar plants (loans for modernization /expansion of crushing capacities).

3. As a long term policy measures for the benefit of sugarcane farming community, the Government has introduced the concept of “Fair and Remunerative Price” (FRP) for sugarcane from 2009-10 sugar season instead of a Statutory Minimum Price (SMP) previously fixed by the Government. Under FRP, the farmers would get an “upfront” payment of margins on account of profit and risk, not available under SMP. Ever since introduction of FRP, the sugarcane planting area and the sugarcane production has been on the upswing for the last two sugar seasons and the estimates are quite promising for the coming year also, as reflected from the figures of sugar production as given below:-

Sugar Season	Sugar Production (In lac tons)
2009-10	188.51
2010-11	242.00 *

* Provisional

A comparison of the SMP in the earlier years and the FRP announcements in the recent years is given below:-

(Rs. Per quintal)

	2008-09 Sugar season	2009-10 sugar season	2010-11 sugar season	2011-12
	1	2	3	4
SMP	Rs. 81.18 per quintal linked to 9% with increase of Rs. 0.90 for every 0.1% point increase in recovery above 9%.	Rs. 107.76 per quintal linked to 9.5% with increase of Rs.1.13 for every 0.1% point increase in the recovery above 9.5%.	----	----
FRP	-	Rs.129.84 per quintal linked to 9.5% recovery level with increase of Rs.1.37 per quintal for every 0.1% point increase in the recovery above 9.5%.	Rs.139.12 per quintal linked to 9.5% recovery level with increase of Rs.1.46 per quintal for every 0.1% point increase in the recovery above 9.5%.	Rs.145.00 per quintal linked to 9.5% recovery level with increase of Rs.1.53 per quintal for every 0.1% point increase in the recovery above 9.5%.

4. Though the wholesale prices as well as retail prices of sugar depend upon a number of factors including demand and supply situation, market sentiments,

trend of international prices and production, etc., the Government endeavours to keep the market stable through its policy of regulated release of sugar for open market.

5. In order to maintain the liquidity of the sugar industry and to ensure cane payments to the farmers, Government, through its timely intervention by the way of export policy has permitted export of 26.18 lac tonnes of sugar during 2010-11 sugar season. Keeping domestic retail prices at a reasonable level and allowing Industry to generate profits through international trade is the corner stone of this policy, so that:.

- **the consumers get adequate sugar throughout the year at a fair price;**
- **the cane growers receive a fair price;**
- **the sugar producers get a reasonably fair return from the sale of sugar.**

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.32, Para No. 8.8)

2.63 The Committee are concerned to note that while on the one hand there is stagnating production of oil seeds in the country for the last two decades on the other hand, the consumption of edible oil has been increasing rapidly which is attributed to rise in population and living standards. The Committee note that as per the Second Advance Estimate of Ministry of Agriculture released on 9th February, 2011 for 2010-11, estimated oilseeds production is about 278.48 lakh tonnes, i.e. 29.65 lakh tonnes higher than 2009-10. Production of oil from these oilseeds in 2010-11 is likely to be about 66.34 lakh tonnes, i.e. higher by 7.46 lakh tonnes as compared to 2009-10 but it is still short of the total requirement of the country which is evident from the fact that during the oil year 2010-11, 26.12 lakh tonnes of edible oils had to be imported to meet the deficit in domestic production during the same period. The Committee are of the view that to bridge the gap between demand and supply of edible oils, the rise in production of oil seeds and consequent productivity of edible oils is imperative. The Committee find that the production of oilseeds declined mainly in the States of Andhra

Pradesh, Gujarat, Karnataka, Maharashtra, Rajasthan, and U.P. during 2009-10 due to drought in kharif 2009. The Committee observe that though the Government of India has taken various measures including implementation of a centrally sponsored Integrated Scheme of Oil Seeds, Pulses, Oil Palm and Maize (ISOPOM) to increase production and improve availability of edible oil in the country, the results are not very effective. The Committee feel that the Country may be self sufficient in edible oil if new and high yielding varieties are developed on a large scale for which a scientific technology break through is needed. Considering the overall scenario with regard to oilseeds and edible oil in the country, the Committee desire that the Department should make sincere efforts in consultation with the Department of Agriculture in the field of nurturing improved, high yielding varieties of oilseeds. The Committee recommend that other ways & means should also be explored to increase production and productivity of traditional oilseeds crops and adequate steps be taken to popularize use of non-traditional secondary source of edible oils to reduce the dependency of imported edible oils. Further, to increase production, there is imperative need to have improved technology for extraction of edible oils.

Action taken by the Government

2.64 The subject matter primarily relates to production and productivity of oilseeds which lies within the purview of Ministry of Agriculture. The matter has been taken up with that Ministry.

The Department of Agriculture and Cooperation is implementing a Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) in 14 major oilseeds growing States w.e.f.1.4.2004. The production of oilseeds has increased from 25.19 million tonnes in 2003-04 to 31.10 million tonnes in 2011-12(4th Advance Estimates). This was brought about not only by increase in area but also by improving the productivity from 1064 kg. to 1159 kg. per hectare during above period. Despite increase in production and productivity, the production of oilseeds is less than the demand.

Under ISOPOM, financial assistance is provided for purchase of breeder seed, production of foundation seed, production and distribution of certified seed, distribution of seed minikits, distribution of plant protection equipments, weedicides, supply of *rhizobium* culture/phosphate solubilising bacteria, distribution of gypsum/pyrite/ liming/dolomite, distribution of sprinkler sets and water carrying pipes, publicity, etc. to encourage farmers to grow oilseeds on a large scale. In order to disseminate information on improved production technologies amongst the farmers, block demonstrations and Integrated Pest Management (IPM) demonstrations are organized through State Departments of Agriculture. There is a substantial yield gap between and within states in respect of various major oilseeds. In order to bridge the yield gap, Frontline Demonstrations are being organized through ICAR to demonstrate the latest input production and protection technologies. The Government of India have focused on transfer of technology through demonstration and trainings and supply of critical inputs under the scheme. To promote the cultivation of newly released varieties of oilseeds, the farmers are given seed minikits of oilseeds of the varieties/hybrids, not older than 10 years, free of cost. The seed minikits are given to the farmers to bring more area under high yielding varieties/hybrids.

Further, to make ISOPOM more effective, the Government of India has modified/restructured Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) during 11th plan period. The details of modification made under ISOPOM are as under;

i) To increase the Seed Replacement Rate (SRR), the assistance on Production of Foundation and Certified Seed has been enhanced from Rs. 500/- per qtl to Rs. 1000/- per qtl. Similarly, the subsidy on Distribution of Certified Seed has been enhanced from Rs. 800/- per qtl to Rs. 1200/- per qtl during 11th Plan Period. The Government has further enhanced the subsidy for distribution of certified seed of oilseeds from Rs1200/ per quintal to Rs2000/ per quintal for Rabi Summer of 2009-10.

ii) The Private Sector seed producing agencies have been involved in the distribution of Certified Seeds of Oilseeds besides NSC, SFCI, NAFED, KRIBHCO and IFFCO.

iii) Enhancement of rationalization of subsidy on demonstration, sprinkler sets, rhizobium cultures, irrigation pipes besides inclusion of new components i.e. supply of improved farm implements and micronutrients during 11th Plan Period.

Keeping in view the fact that there is a constraint in area expansion under oilseeds, the thrust during 11th plan is being given towards yield improvement in oilseeds besides promoting the cultivation of oil palm under ISOPOM in 9 States, for augmenting the indigenous availability of edible oils in the country. Under ISOPOM, an area of 173127 hectare has been achieved under oil palm plantation upto 2010-11. The oil palm starts yield after 4-5 years of its plantation. These new plantations will help in increasing the domestic supply of edible oils.

Besides ISOPOM, Government provides support for oilseeds under various other schemes viz Macro Management of Agriculture (MMA) and Rashtriya Krishi Vikas Yojana (RKVY). The Macro Management of Agriculture (MMA) Scheme provides assistance for oilseeds development to the States not covered under ISOPOM. Under RKVY, the States can support crop development activities approved by the State Level Sanctioning Committee headed by the Chief Secretary of the State.

Government of India has launched Oilpalm Area Expansion (OPAE) Programme for bringing 60,000 hectares, during 2011-12 under RKVY. This programme also includes a strategy indicating State specific targets for area expansion, interventions, pattern of assistance, research and development components, institutional linkages, monitoring, initiatives for creating processing facilities in needy States have been highlighted to augment the production of palm oil after 4-5 years.

Government of India is implementing a Central Sector scheme of Integrated Development of Tree Borne Oilseeds (TBOs) to harness the potential of tree borne oilseeds. The various programmes of the scheme viz: Development of elite planting material and model plantation, awareness programme, Back-ended credit linked subsidy programme etc. are implemented for exploitation of existing potential and augmentation of future potential of TBOs. The superior trees having more yield and high oil content have been identified in the country. The seed material of such plants have been collected and provided to various Agricultural Universities and institutions for developing model plantation up to 2009-10.

The R&D Projects on edible oils undertaken by Department are in the field of improving the processing technology for production of edible oils, use of secondary sources of oilseeds/edible oils, refining and storage studies etc. These projects and their findings may bring the required technological break through for improving and enhancing the yield of edible oilseeds / edible oils.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.33, Para No. 8.11)

2.65 The Committee are pained to note that funds allocated for Research and Development and modernization of laboratory of the Directorate of VVO&F during the year 2010-11 could not be fully utilised. The Committee find that the difficulties faced by the Department in achieving the targets in respect of Research & Development by Research Institute are (a) failure to purchase equipment in time (b) non-availability of material needed to carry out the research, non-submission of utilization certificate and progress report and frequent changes in top positions. keeping in view the declining production of oilseeds, the Committee feel that the need of the hour is to develop high yielding oilseeds varieties to meet the increasing consumption, for which focused R&D is required to be done. The Committee, therefore, strongly recommend that the Government should ensure that the funds allocated for R&D Projects are fully utilised by the DVVO&F to get the desired results. The Department should also, in consultation with other Ministries, streamline the procedure and documentation for transparency and accountability at each level for giving timely approval for purchase of various research equipments.

Action taken by the Government

2.66 Procedures have been streamlined in the Department for giving timely approval and for regular monitoring by Project Implementation Committee (PIC). The institutes have been advised to purchase the equipments in time and complete the projects in time.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

(Comments of the Committee)

2.67 Please *see* Para No.1.44 of Chapter-I of the Report.

CHAPTER III

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

Recommendation (Serial No.5, Para No. 4.30)

3.1 The Committee note that as per Public Distribution System (Control) Order, 2001, the State Governments/UT administrations are to ensure that during transportation and storage at different stages in the distribution chains, the foodgrains retain their required quality specifications. The Committee are surprised that despite there being joint inspection of foodgrains stocks in FCI godowns and presence of quality control cells in the Department of Food and Public Distribution, there are complaints of beneficiaries getting inferior quality of foodgrains. The Committee feel that this could be the handiwork of some intermediaries which leads to diversion of good quality foodgrains and making the poor people getting inferior quality of foodgrains. The Committee, therefore, strongly recommend that the Department should make independent surprise visits and inspections at fair price shops or entrust the job to some other independent agency or vigilance committees to evaluate the situation and take immediate action thereon. The Committee are of the view that the CCTV monitoring of fair price shops can also be helpful to monitor the distribution of the PDS items at fair price shops. The Committee also desire that 24X7 toll free complaining facilities may be set up in all the States/UTs by the Department for registering the grievances/complaints of TPDS beneficiaries. Further, the Committee also desire that foodgrains should be supplied to beneficiaries in packings of 5kg, 10kg, and 20kg bearing FPS stamp on it, which will minimize the chances of diversion.

Action taken by the Government

3.2 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) rests with the concerned State/UT Government.

In order to maintain supplies and securing availability and distribution of essential commodities, Public Distribution System (Control) Order, 2001 has been notified on August 31, 2001 which mandates the State and UT Governments to carry out all required action to ensure smooth functioning of TPDS.

In order to assess the quality of foodgrains at the time of procurement, storage and distribution, the officers of Quality Control Cells of this Department inspect the procurement centres, Storage Depots, railheads and Fair Price Shops throughout the country. The short comings/discrepancies, if any, observed by the Inspecting Officers during their course of inspection are forwarded to concerned agencies, such as, Food Corporation of India, State Governments, etc. for taking remedial measures.

The Quality Control Officers of this Department have inspected 1141 Fair Price Shops during 2010-11 and 606 during 2011-12 (upto September, 2011) throughout the country. Department has issued instructions to the Food Secretaries of all State Governments to ensure that only good quality foodgrains are issued for public distribution system. Further the State Government have been requested to intimate the requirement for training of their Quality Control Staff.

Further, a Conference of State Food Secretaries on Best Practices and Reforms in the Targeted Public Distribution System was held in 12-13 July, 2010 where it was resolved among others that distribution of PDS items by fair price shops may be monitored through measures including CCTV monitoring of FPS and grievance redressal should be undertaken through toll free call centres and web based complaint registration and monitoring systems.

Vigilance Committees have been in existence since the inception of the PDS. The Central Government has been requesting the State Governments from time to time to activate these Committees and reconstitute them, if not done so already, by associating members from amongst the card holders, consumer activists as well as people's representatives. 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 the requisite stringent measures to remove the deficiencies in the system.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.19, Para No. 5.10)

3.3 The Committee note that net expenditure incurred by FCI including the establishment cost, is reimbursed by the Government in the form of food subsidy. The Committee are deeply concerned to note that in 2010-11, the establishment cost of FCI was Rs.3307.41 crore i.e. an increase of 64.47% over the previous year (2009-10) of Rs. 2011.11 crore. The reasons attributed for the increase in establishment cost during 2010-11 (RE) are the pay revision of executives, announcements of fringe benefits to category I and II employees of the Corporation and impact of revision of maximum gratuity ceiling from Rs.3.50 lakhs to Rs.10 lakhs w.e.f. 24th May, 2010 (for employees under CDA) and w.e.f. 1.1.2007(for employees under IDA) and consequent payment of arrears. While agreeing with the aforesaid reasoning of the Department, the Committee feel that establishment cost is still very high and can be further reduced so that there is increase in the food component under the food subsidy. The Committee, therefore, strongly recommend that further ways and means should be devised to reduce the establishment cost so that substantial amount of food subsidy which is basically meant for the poor section of the society, percolates down to legitimate beneficiaries only.

Action taken by the Government

3.4 The pay revision of executives, fringe benefits to Category I and II employees of the Corporation are arrears payments for which cannot be avoided. Such payments are to be released to the employees at the time of pay revision approximately once in 10 years. The revision of maximum gratuity ceiling from Rs.3.50 lakhs to Rs.10 lakhs w.e.f. 24th May, 2010 (for employees under CDA) and w.e.f. 1.1.2007 (for employees under IDA) and consequent payment of arrears is in accordance with the provisions of the Payment of Gratuity Act, 1972.

The Food Corporation of India has implemented instructions on economy measures and rationalization of expenditure issued by Department of Expenditure vide OM No.7 (1)/E.Coord/2009 dated 7th September, 2009.

The Sanctioned Strength of staff of the Corporation has been reduced from 55045 to 36515 (excluding Hindi and Watch and Ward posts) alongwith restructuring of FCI in January, 2010. The restructuring of FCI was carried out with a view to rationalize the number of sanctioned posts and to strengthen the functional areas like Quality Control and Accounts.

The establishment cost of FCI is not as high as compared to its level of operations. In 2009-10, the expenditure was only 2.12% of turnover (purchase +sales). All possible efforts are being made to keep the establishment cost under check. In fact, the handling cost of DPS and contract labour is much less than the handling cost in depots having departmental labour. The labour unions have been demanding that DPS labour should also be paid at par with departmental labour. Moreover, as per the ban imposed by the Government of India on recruitment from the years 1984 to 2001, the staff in position on 31.03.2011 was only 30656 against 60915 ten years back.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.26, Para No. 6.19)

3.5 The Committee note with concern that perspective plan drawn for the construction of the godowns during the financial year 2011-12 is devoid of N.E. States. The Committee are not convinced with the plea of the Government that since the storage capacity available with CWC in the N.E. Region is not fully utilized, CWC has no major plan for construction of additional capacity in the Region. The Committee note that in N.E. States, there is 93% utilization of the storage space and construction of additional storage capacity would definitely be profitable for CWC. The Committee had earlier made recommendations in DFG (2010-11) that separate funds i.e. 10% of the total plan funds be earmarked for construction of godowns in N.E. States and construction of godowns in N.E. Region be stepped up. The Committee, therefore, would again like to recommend that the CWC should explore the possibility of constructing additional storage capacity in N.E. Region so that the people of the area could fully avail the benefit of PDS.

Action taken by the Government

3.6 No plan for construction of additional godown in the North East States for the year 2011-12 could be drawn up in view of following reasons.

(i) Land is not available for construction of additional storage capacity except in Central Warehouse, Sorbhog (Assam) where land is available for construction of 4000 MT capacity only and Central Warehouse, Dhubri where 2000 MT capacity can be constructed.

(ii) CWC was operating 9 warehouses in NE Region with a total capacity of 1.01 lakh MT with an average utilisation of 92% during the year 2010-11. Occupancy of the Region as on 31.07.2011 also remained at 92%.

(iii) The average capacity utilisation of the Region during the years 2007-08, 2008-09, 2009-10 and 2010-11 was 75%, 79%, 93% and 92% respectively. Since the existing capacity could not even be fully utilized, and in the absence of any assured business, construction of additional capacity could not be considered.

(iv) In NE Region, besides CWC, the Assam and Meghalaya State Warehousing Corporations (SWCs) were operating a total capacity of 2.66 lakh MT with 50 warehouses. The utilization of both these SWCs was 75% and 79% respectively as on 31.07.2011. The existing capacity of these SWCs is also not even fully utilized. However, Meghalaya SWC has a plan to construct 6500 MT in the year 2011-12.

(v) However, considering the recommendations of the Hon'ble Committee, CWC would consider construction of additional storage capacity in the existing vacant lands at the following warehouses during 2012-13:

(i) CW, Sorbhog	:	4000 MT
(ii) CW, Dhubri	:	2000 MT
Total	:	6000 MT

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. Mo.G-20017/10/2011-AC dt. 4.11.2011]

Recommendation (Serial No.29, Para No. 7.7)

3.7 The Committee note that in order to mitigate the hardship of the sugarcane growers, the Government of India had created a buffer stock of 50 lakh tonnes of sugar for a period of one year in 2006-07, and 2007-08 sugar season when there was excess production of sugar. Subsequently, as the production of sugar declined, the Government did not consider it necessary to maintain the buffer stock of sugar. The plea of the Government that to build up the buffer stock of sugar, the Government have to bear carrying cost for the maintenance which would impose heavy burden on the Government exchequer is not acceptable to the Committee. The Committee, therefore, strongly recommend the Government to review its buffer stock policy with regard to sugar. The Committee are of the opinion that the buffer stock of sugar is very much essential not only to meet the requirement of PDS, but also to meet crisis situation in the years of deficit sugar production. The Committee desire that the Government should take appropriate measures to maintain a strategic stock of sugar.

Action taken by the Government

3.8 The concept of buffer stock of sugar is different from that of foodgrains. The Central Government creates buffer stock of sugar in years of excess production with a view to stabilise sugar price in the country and to ensure that excess production does not lead to high cane price arrears. The Central Government had created a buffer stock of 50 lakh tonnes for a period of one year (20 lakh from 01.05.2007 to 30.04.2008 and 30 lakh tonnes from 01.08.2007 to 31.07.2008) when there was excess production of sugar in 2006-2007 and 2007-08 sugar seasons. Sugar is a controlled commodity and supplies are made in the open market only against Release Orders. The Government thus has control over the stock position, maintained by the sugar mills. Adequate care is taken to ensure that a minimum required quantity of sugar is maintained within the country. Advance action is taken in years of deficit sugar production to ensure that supplies are maintained. Sugar being a perishable commodity, it may not be advisable to maintain stocks over a long period, which will affect its quality adversely. The recommendation of the Committee has been noted and the Government would ensure that stock of sugar is not allowed to fall below strategic levels.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

CHAPTER IV

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

Recommendation (Serial No.2, Para No. 4.7)

4.1 The Committee are constrained to note that even after more than 13 years of its inception, the DCP Scheme has been undertaken by only five States for wheat and nine States for rice which indicates the Government's inability to convince the remaining States about the advantages of the Scheme. The Committee also observe that success of DCP Scheme greatly depends upon the infrastructure and resources available with the respective State Governments; speedy release of funds to the DCP States and proper planning for distribution of foodgrains. In the opinion of the Committee, DCP Scheme is one of the most important Schemes being implemented with a view to lessening the burden on FCI and reducing the dependence on the Central Government. The Committee, therefore, urge the government to remove the anomalies in the Scheme so that States can contribute towards the central pool thereby enhancing the food security. The Committee, also recommend the Department to take concrete steps to convince the remaining States/UTs to adopt the DCP Scheme in the interest of the farmers and in making the States self sufficient in production, procurement and distribution of foodgrains.

Action taken by the Government

4.2 The Scheme of Decentralized Procurement (DCP) of foodgrains was introduced in 1997-98 with a view to enhance the efficiency of procurement and PDS and to encourage local procurement and reduce out go of food subsidy. In this method of procurement, the State undertakes the responsibility of procurement of foodgrains, its scientific storage and distribution through Targeted Public Distribution System (TPDS). 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 decision regarding adoption of DCP system lies with the State Government. The determining factor are infrastructure and resources available with the respective State Governments including manpower, storage and necessary logistics required for procurement and accordingly, State Government's readiness to undertake DCP procurement.

The major infrastructure required for procurement operation is the storage facilities for the foodgrains. To assist and encourage the State Government to create sufficient storage space, Government of India has launched the Scheme for construction of godowns for FCI – storage requirements through private entrepreneurs – 2008 on 28.07.2008.

This Department has also formulated and circulated on 08.04.2010 a similar scheme for creation of storage space in the DCP States. The State Government or any agency designated by it will assess the storage gap. The storage space to be created in the DCP States would be so as to meet maximum of its annual TPDS/OWS requirement.

At present, the States of West Bengal, Madhya Pradesh, Chhatisgarh, Uttrakhand, A&N Island, Orissa, Tamil Nadu, Karnataka and Kerala are procuring rice under Decentralized Procurement Scheme. Government of UP was adopting DCP method for procurement of rice upto KMS 2008-09. But the same has discontinued the procurement of rice under Decentralized procurement. The States of West Bengal, Madhya Pradesh, Chhatisgarh, Uttrakhand and Gujarat are procuring wheat under DCP Scheme. The number of States procuring rice and wheat under DCP Schemes is 10. All other State Governments have been requested to adopt DCP system for procuring foodgrains vide this Department's letter dated 10.01.2011.

In response to the above referred letter of this Department, Government of Andhra Pradesh, Delhi, Haryana and Sikkim have expressed their inability to adopt the method of procurement of foodgrains under reference. States have been again requested to adopt this DCP method of procurement of foodgrains.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/10/2011-AC dt. 4.11.2011]

Comments of the Committee

4.3 Please *see* Para No.1.8 of Chapter-I of the Report.

CHAPTER V

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

- NIL -

NEW DELHI
17 MAY, 2012
27 Vaisakha, 1934 (Saka)

VILAS MUTTEMWAR,
CHAIRMAN,
Standing Committee on Food,
Consumer Affairs and Public Distribution.

APPENDIX I

MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2011-12) HELD ON THURSDAY, THE 17TH MAY, 2012

The Committee sat from 1500 hrs. to 1545 hrs. in Room No. '115-A', Parliament House Annexe, New Delhi.

PRESENT

Shri Vilas Muttemwar - Chairman

MEMBERS

LOK SABHA

2. Shri Jaywant Gangaram Awale
3. Shri Arvind Kumar Chaudhary
4. Shri Sanjay Dhotre
5. Shri Lal Chand Kataria
6. Shri Marotrao Sainuji Kowase
7. Shri Gobinda Chandra Naskar
8. Shri Chandulal Sahu
9. Smt. Usha Verma

RAJYA SABHA

10. Smt. T. Ratna Bai
11. Shri Lalhming Liana
12. Shri Kaptan Singh Solanki

SECRETARIAT

1. Shri P. K. Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Khakhai Zou - Under Secretary

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee convened for consideration and adoption of the draft Reports on the Action Taken by the Government on the observations/recommendations contained in the (i) Tenth Report of the Committee (2009-10) on the subject 'Production, Consumption and Pricing of Sugar' and (ii) Twelfth Report of the Committee (2010-11) on DFG (2011-12) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution). In his opening remarks Hon'ble Chairman highlighted the important recommendations contained in both the draft Reports.

3. The Committee then took up for consideration both the above stated draft Reports. After due deliberation, the Committee unanimously adopted the draft Report on the subject 'Production, Consumption and Pricing of Sugar' without any amendments/modifications. However the draft Report on DFG (2011-12) was adopted with minor modifications.

4. The Committee then authorized the Chairman to finalize the aforesaid Reports and present the same to the Parliament.

The Committee then adjourned.

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APPENDIX II

(*Vide* Para No. 4 of Introduction of the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE TWELFTH REPORT OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2010-11)

(FIFTEENTH LOK SABHA)

(i) Total number of Recommendations: 33

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

Serial Nos.:- 1, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25, 27, 28, 30, 31, 32 and 33

Para Nos:- 3.3, 4.16, 4.22, 4.37, 4.40, 4.45, 4.51, 4.55, 4.58, 4.67, 4.77, 4.78, 4.79, 4.80, 4.82, 5.6, 5.14, 5.19, 5.25, 5.28, 6.5, 6.18, 6.21, 7.6, 7.11, 7.13, 8.8 and 8.11

(Chapter – II, Total - 28)

Percentage : 84.85%

(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government
Serial Nos. 5, 19, 26 and 29

(Para Nos. – 4.30, 5.10, 6.19 and 7.7)

(Chapter – III, Total - 4)

Percentage : 12.12%

(iv) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
Serial No. 2

(Para No. – 4.7)

(Chapter – IV, Total -1)

Percentage : 3.03%

(v) Observations/Recommendations in respect of which the interim replies of the Government have been received.
Serial No.:- Nil

(Para No. – Nil)

(Chapter – V, Total - 0)

Percentage : 00.00%