

FOURTEENTH REPORT  
STANDING COMMITTEE ON FOOD, CIVIL  
SUPPLIES AND PUBLIC DISTRIBUTION  
(2001)

(THIRTEENTH LOK SABHA)

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

*(Action taken by Government on the Recommendation contained in  
the Eleventh Report of the Committee on Food, Civil Supplies and  
Public Distribution on Demands for Grants (2001-2002) of the  
Ministry of Consumer Affairs, Food and Public Distribution  
(Department of Food and Public Distribution))*

Presented to Lok Sabha on.....19-12-2001  
Laid in Rajya Sabha on.....19-12-2001



LOK SABHA SECRETARIAT  
NEW DELHI

December, 2001/Agrahayana, 1923 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON FOOD,  
CIVIL SUPPLIES AND PUBLIC DISTRIBUTION  
(2001)

Shri Devendra Prasad Yadav — *Chairman*

**MEMBERS**

*Lok Sabha*

2. Shri A.P. Abdullakutty
3. Prof. S.P. Singh Baghel
4. \*Shri Shyamlal Bansiwai
5. Shri Ranen Barman
6. Shri Sujan Singh Bundela
7. Shri Namdeorao Harbaji Diwathe
8. Shri Rameshwar Dudi
9. Shri Abdul Hamid
10. Shri Jai Prakash
11. Shrimati Preveet Kaur
12. Shri Brijlal Khabri
13. Shri Shyam Bihari Mishra
14. Shri Yogi Aditya Nath
15. Shri Sisram Ola
16. Shri Mansinh Patel
17. Shri Laxmanrao Patil
18. Shri Bajji Ban Riyan
19. Shri Vishnu Dev Sai
20. Shri Abdul Rashid Shaheen
21. Shri Ram Naresh Tripathi
22. Shri Ram Chandra Veerappa
23. Shri Sahib Singh Verma
24. Shri Tejveer Singh
25. Shri Kishan Lal Diler

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\* Shri Shyamlal Bansiwai ceased to be a member of the Committee due to his demise w.e.f. 22.5.2001.

(iv)

26. Shri Ramshakal
27. Shri Rama Mohan Gadde
28. Shri P.D. Elangovan
- \*29. Shri Dalit Ezhilmalai
- \*\*30. Shri Ramsagar Rawat

*Rajya Sabha*

31. Shri W. Angou Singh
32. Shri Abdul Gaiyur Qureshi
33. Shri Lajpat Rai
34. Shri Dawa Lama
35. Shri M.A. Kadar
36. Shri Kaushok Thiksey
37. Shri D.P. Yadav
38. Shri Vijay Singh Yadav
39. Smt. Bimba Raikar
40. Dr. A.K. Patel
41. Shri Ghanshyam Chandra Kharwar
- \*\*\*42. Smt. Gurcharan Kaur
43. Vacant
44. Vacant
45. Vacant

SECRETARIAT

1. Shri John Joseph — *Additional Secretary*
2. Shri Ram Autar Ram — *Joint Secretary*
3. Shri A.S. Chera — *Deputy Secretary*
4. Shri R.S. Mishra — *Under Secretary*
5. Shri Santosh Kumar — *Committee Officer*

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\* Nominated to the Committee w.e.f. 7.8.2001 vide Lok Sabha Bulletin Part II (Para No. 2117 dated 7th August, 2001).

\*\* Nominated to the Committee w.e.f. 11.9.2001 in place of Shri Akhilesh Yadav, M.P. vide Lok Sabha Bulletin Part-II (Para No. 2236 dated 11 September, 2001).

\*\*\* Nominated to the Committee w.e.f. 3.8.2001 vide Rajya Sabha Bulletin Part II (Para No. 39049 dated 3rd August, 2001).

## INTRODUCTION

1. The Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (2001) having been authorized by the Committee to submit the Report on their behalf, present this Fourteenth Report on Action Taken by the Government on the recommendations/ observations contained in the Eleventh Report of the Committee (Thirteenth Lok Sabha) on "Demands for Grants" (2001-2002) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Eleventh Report was presented to Lok Sabha on 20th April, 2001. The Government furnished their replies indicating action taken on the recommendations contained in the Report on 27th July, 2001. The Draft Action Taken Report was considered and adopted by the Standing Committee on Food, Civil Supplies and Public Distribution (2001) at their sitting held on 14th December, 2001.

3. An analysis of the action taken by the Government of recommendations contained in the Eleventh Report of the Standing Committee (Thirteenth Lok Sabha) on "Demands for Grants" (2001-2002) is given in Appendix II.

NEW DELHI;  
14 December, 2001  
23 Agrahayana, 1923 (Saka)

DEVENDRA PRASAD YADAV,  
*Chairman,*  
*Standing Committee on Food,*  
*Civil Supplies and Public Distribution.*

## **CHAPTER I**

### **REPORT**

1.1 This Report of the Standing Committee on Food, Civil Supplies and Public Distribution deals with the Action Taken by the Government on the recommendations contained in the Eleventh Report (Thirteenth Lok Sabha) on Demands for Grants (2001-2002).

1.2 The Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on the 20th April, 2001. It contained 38 Recommendations/Observations.

1.3 Action Taken Notes in respect of all the 38 Observations/Recommendations contained in the Report have been received and categorised as follows:-

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

Para Nos. 1.12, 2.101, 2.102, 1.108, 2.110, 2.111, 2.111(a), 2.113, 2.116, 3.65, 3.66, 3.69, 3.70, 3.71, 3.72, and 4.2

(Chapter-II, Total-16)

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

Para Nos. 1.13, 2.104, 2.107, 2.117 and 3.73.

(Chapter-III, Total-5)

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

Para Nos. 2.98, 2.99, 2.103, 2.105, 2.109, 2.112, 2.115 and 4.40.

(Chapter-IV, Total-8)

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

Para Nos. 2.100, 2.106, 2.114, 3.67, 3.68, 4.39, 4.41, 4.43 and 4.44.

(Chapter V, Total-9)

1.4 The Committee desire that the final replies in respect of the recommendations for which only interim replies have been given by the Government should be furnished to the Committee expeditiously.

1.5 The Committee strongly emphasizes that utmost importance should be given to the implementation of 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.

1.6 The Committee will now deal with action Taken by the Government on some of the recommendations.

#### **Aberration in Procurement**

##### **Recommendation (Para No. 2.98)**

1.7. Expressing their grave concern over the wide-sale aberration in procurement of foodgrains by Government, the Committee had recommended.

The Committee note that there is wide-scale aberration in the procurement of foodgrains more particularly by FCI. Though the Government claim that farmers will given Minimum Support Price (MSP) of their produce the cases of distress sale of paddy and wheat have been reported from various parts of the country. There may be various reasons for non-procurement of foodgrains including lack of coordination between FCI and State Governments. Central Government cannot be absolved with this responsibility of providing MSP to farmers of the Country. The Committee also note that while the production of rice in Andhra Pradesh is around 104.89 lakh tonnes, the procurement is to the tune of about 40.69 lakh tonne. The production of rice in Haryana is around 25.94 lakh tonne, the procurement is about 14.16 lakh tonne. The production of rice in Karnataka of rice in Punjab is about 87.16 lakh tonne, procurement is 67 lakh tonne. The production of rice in Uttar Pradesh is about 129.12 lakh tonne, the procurement is only about 10 lakh tonne. The production of rice in Madhya Pradesh

is about 63.76 lakh tonnes, the procurement is 1.22 lakh tonne. The production of rice in Tamil Nadu is 72.25 lakh tonne, procurement is about 12 lakh tonne. Production of rice in Bihar is about 77.41 lakh tonne, the procurement is about 0.05 lakh tonne. Orissa with production of about 51 lakh tonne has, procurement of about 4 lakh tonne. Almost the same trend lies with production and procurement of wheat too. It seems that in the name of providing MSP, Government is taking care of interests of farmers of a few States like Punjab, Andhra Pradesh only. The reasons put forth by Government for less procurement in other States is that they do not get the infrastructure and facility as they get in Punjab. However, the Committee is of the opinion that a raw deal is being done with some of the States more particularly in cases of Bihar, Orissa, Maharashtra, Karnataka, etc. The Committee, therefore, strongly recommend that there should be no double standard and discrimination against farmers of other States. There should be uniform policy of procurement in the larger interest of farmer of the country. Infrastructure, if necessary, be created in other States too, as it was done in case of Punjab so that farmers in the country may not suffer for procurement of wheat in the coming Rabi Season (2001-2002) despite announcement of MSP. Otherwise announcement of MSP will have no substantial meaning for the farmers of many States.

1.8. The Ministry in their Action Taken Reply has stated as under:-

It is true that the procurement is now largely confined to a few States. In order to ensure, *inter alia*, that farmers in other States also get the benefit of minimum support price, the Central Government wants to decentralize procurement. However, the response from the State Governments has not been very encouraging. Only three States, viz., West Bengal, Madhya Pradesh and Uttar Pradesh, have adopted the scheme of decentralized procurement. Under the Scheme of decentralized procurement, a State is required to procure, store and, also, issue foodgrains as per allocations made by the Central Government under the Public Distribution Scheme. The difference between the Economic Cost of the State Government and the Central Issue Price is passed on to the State Government as subsidy.



It may also be pointed out the procurement in a State does not depend upon its production alone. It also depends upon its surplus. Per capita production of rice in the States mentioned in the above recommendation is indicated in the following Statement:

Statement showing per capita production of Rice

Sl.No.	State/UT	Production of rice (in lakh tonnes) (1999-2000)	Total Population as on 1.3.2001 (in lakh)	Per Capita Production of Rice (in kg. per annum)
1.	Andhra Pradesh	104.90	757.28	138.52
2.	Bihar	77.42	828.79	93.41
3.	Haryana	25.94	210.83	123.04
4.	Karnataka	36.35	527.34	68.93
5.	Madhya Pradesh	63.77	603.85	105.61
6.	Maharashtra	25.36	967.52	26.21
7.	Orissa	51.87	367.07	141.31
8.	Punjab	87.16	242.89	358.85
9.	Tamil Nadu	72.25	621.11	116.32
10.	Uttar Pradesh	129.12	1660.53	77.76
11.	West Bengal	139.51	802.21	173.91

As mentioned in the above statement, per capita production of rice in Punjab, where the staple diet of the people is wheat, is as high as 358.85 kg per annum as against 138.52 kg in Andhra Pradesh and 116.32 kg in Tamil Nadu. The staple diet of the people of Andhra Pradesh and Tamil Nadu is rice.

1.8 A. For Progressive Procurement of Kharif cereals during 2001-2002, the Ministry has further submitted the following information:

Position As on 03/12/2001

Agency wise Break up of Procurement of Rice and Paddy During 2001-2002 Marketing Season

State/U.T.	Figures in Tonnes														
	Rice							Paddy							
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	E.C.L.	St. Govt.	C.S.C.	Co-Op	Total	E.C.L.	St. Govt.	C.S.C.	Co-Op	S.W.C.	Agro ind.	Contd.	Total	Total in Terms of Rice	
<b>A. Contributing to Central Pool</b>															
Andhra Pradesh	161714	-	-	-	161714	5293	-	12737	-	-	-	-	18030	173734	
Bihar	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Chandigarh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Chhattisgarh	32818	-	-	-	32818	-	-	48026	202035	-	-	-	250061	199525	
Delhi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Haryana	126614	-	-	-	126614	193986	357883	-	568899	170540	139669	143340	1574117	1176025	
Himachal Pradesh	-	-	-	-	-	38	-	-	-	-	-	-	38	25	

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Karnataka	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Madhya Pradesh	1813	-	-	1813	3500	-	693	21167	-	-	-	25360	18720	-
Maharashtra	-	-	-	-	-	-	5351	11449	-	-	-	16800	11928	-
Orissa	27066	-	-	27066	-	-	-	-	-	-	-	-	27066	-
Pondicherry	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Punjab	489192	-	-	489192	2387255	1253567	1819283	1797461	1543372	630210	-	9431248	6776691	-
Rajasthan	-	-	-	-	-	16537	-	-	-	-	-	-	16537	11025
Uttar Pradesh	-	87108	-	87108	-	88018	-	54815	-	11715	-	154548	199140	-
Uttaranchal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
West Bengal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A)	839217	87108	-	926325	2606609	1704919	1880739	2655626	1713912	781594	143340	11486739	8588879	-
B. Net Contributing to Central Pool														
Tamil Nadu	-	-	-	-	-	-	-	213987	-	-	-	-	213987	145511
Total (A+B)	839217	87108	-	926325	2606609	1704919	2094726	2655626	1713912	781594	143340	11700726	8733390	-

Cropwise Procurement

Andhra Pradesh

Crop	Rice	Paddy	Total Rice
Kharif	161714	18030	179744
Rabi	—	—	—
<b>Total</b>	<b>161714</b>	<b>18030</b>	<b>179744</b>

Tamil Nadu

Crop	Rice	Paddy	Total Rice
Kuruvai	—	213987	145511
Samba	—	—	—
<b>Total</b>	<b>—</b>	<b>213987</b>	<b>145511</b>

Variety wise Kharif Coarse-grains procurement

State	Jawar	Bajra	Maize	Ragi	Total
Andhra Pradesh	—	—	7953	—	7953
Madhya Pradesh	2577	9447	18617	—	30641
Maharashtra	1902	497	1540	—	3939
Rajasthan	—	11420	—	—	11420
<b>Total</b>	<b>4479</b>	<b>21364</b>	<b>28110</b>	<b>—</b>	<b>53953</b>

## Cropwise Procurement

Andhra Pradesh					
Crop	Rice	Paddy	Total Rice		
Khariif	161714	18030	173734		
Rabi	—	—	—		
<b>Total</b>	<b>161714</b>	<b>18030</b>	<b>173734</b>		
Tamil Nadu					
Crop	Rice	Paddy	Total Rice		
Kuruvai	—	213987	145511		
Samba	—	—	—		
<b>Total</b>	<b>—</b>	<b>213987</b>	<b>145511</b>		
Variety wise Kharif Coarse-grains procurement					
State	Jawar	Bajra	Maize	Ragi	Total
Andhra Pradesh	—	—	7953	—	7953
Madhya Pradesh	2577	9447	18617	—	30641
Maharashtra	1902	497	1540	—	3939
Rajasthan	—	11420	—	—	11420
<b>Total</b>	<b>4479</b>	<b>21364</b>	<b>28110</b>	<b>—</b>	<b>53953</b>

1.9 The Committee are seriously concerned to note that though the Government has asserted that procurement of foodgrains is largely confined to a few States, nothing substantial seems to have been done by them to remove the aberration in procurement. This is also evident from the fact that during the current kharif procurement season 2001-2002, out of 117,00,726 tonnes of paddy procured till the end to November, 2001, as much as 94,31,248 tonnes have been procured from Punjab and 15,74,117 tonnes have been procured from Haryana. It seems that the Ministry has not taken the problem of regional imbalances being faced by the farmers of other States in regard to procurement seriously, as a result of which they are forced to opt for distress sale of their produce. The reply of the Government that they want to decentralize the procurement in order to extend the benefit of Minimum Support Price to other States, is also not very convincing. In the opinion of the Committee this will further aggravate the problems being faced by the farmers of other States. The Ministry, therefore, should evolve adequate mechanisms so that procurement of foodgrains should invariably be made in other States also. This is required in the present time when the country is coming under the pressure of WTO for substantial reduction of so-called trade distorting domestic support which is prejudicial to the interests of the farmers. The Committee while reiterating their earlier recommendation strongly urge the Government to stop the step-motherly treatment to the farmers of other States forthwith and device ways and means for procurement of their produce without further loss of time. For this the Government should ensure minimum contribution of farmers from all the States to Central Pool on the basis of their percentage of production *vis-a-vis* national production.

#### Procurement of Coarsegrains

##### Recommendation (Para No. 2.99)

1.10 Having noticed the large potential of procurement of coarse-grains in the country, the Committee had recommended:—

The Committee observe that FCI has engaged the State Government as sub-agents of FCI to procure coarse-grains in Karnataka, Maharashtra, Andhra Pradesh and Madhya Pradesh. There is also vast potential of procurement of Bajra in Rajasthan and Uttar Pradesh and procurement of Maize in Bihar, Uttar Pradesh and Rajasthan. Bihar is fourth in production of Maize. The Committee astonished that Maize was procured in other States but no arrangement was made for that purpose in Bihar. The Committee feel that the State has been overlooked. Such possibilities may be explored for other States too. The procurement of coarse-grains may prove fruitful in distributing the same for BPL people of the concerned States at affordable prices. The Committee, therefore, recommend that Government should extend its base for procurement of coarse-grain in other potential States too.

1.11 The Ministry their Action Taken Reply have stated as under:—

There is a little demand for coarse-grains under TPDS. The Coarse-grains procured in Karnataka, Andhra Pradesh, Maharashtra and Madhya Pradesh recently are being disposed of by FCI in the open market.

The market price of coarse-grains is generally higher than the MSP. The maximum procurement of coarse-grains in a year during the period 1995-96 to 1999-2000 was just 18,000 tonnes. The only exception in the recent past was the year 2000-2001 when the procurement of coarse-grains exceeded 6 lakh tonnes. There was no request for procurement of maize from the State Government of Bihar.

The Commission for Agriculture Costs and Prices, in their report on Price Policy for Kharif Crops 2001-2002 has recommended that procurement of coarse-grains should be undertaken by NAFED. Government is yet to take a view on this recommendation.

1.12 The Committee note that though there is a vast potential for procurement of coarse-grains in the country, only a negligible quantity is being procured which is quite clear from the fact that during 2000-2001, the procurement of coarse-grains has increased to 6 lakh tonnes from 18000 tonnes, a consolidated figure from 1995-96 to 1999-2000. It is clearly indicative of the fact that the Government has not given due attention in regard to procurement of coarse-grains which will involve only very little financial liability on Government but at the same, will help the poor consumers, who have very low purchasing capacity. In the opinion of the Committee, if coarse-grains with its vast potential of procurement is not procured, it will go against the spirit of the Food Management Policy of the Government. In case any difficulty is being faced by the Government in the distribution of coarse-grains, this can amicably be solved by taking up the matter with State Governments who may channelise the distribution among the poorest of the poor in these States. The Committee, therefore, while reiterating their earlier recommendation strongly urge the Government to take necessary steps for procurement of coarse-grains in all the States where there is a potential without further loss of time, which in turn will help the Government to avoid starvation deaths and also will help the foodgrains growers financially.

## Provision of Subsidized Foodgrains for APL

### Recommendation (Para No. 2.103)

1.13 Expressing concern over very negligible offtake of foodgrains among APL people due to upward revision of Central Issue Price (CIP), the Committee had recommended:—

Though the Government is willing to cut subsidy on foodgrains they are unable to find ways and means so as to minimise the subsidy at one hand and to provide the foodgrains at affordable prices on the other. The Government has made a drastic move to cut subsidy in BE (2000-2001) to a level of Rs. 8210 crore from the level of Rs. 9200 crore of RE (1999-2000) but the efforts in the exercise has provided futile. Instead of Government did not take note of the alarming stock of foodgrains even on 1.12.2000 which was at the level of 313.50 lakh tonnes (171.70 lakh tonnes of wheat and 141.18 lakh tonne of rice). The Government has also not taken into account the purchasing power of the poor people. It seems that the Government has not taken into account that besides 35.79% of BPL population, there is 21.58% of population in the income group of Rs. 11400 to Rs. 20,000 and 25.86% of population is in the income group of Rs. 20000 to Rs. 40000. Even if Rs. 40,000 for the family of five is taken, the income per member per day comes to about Rs. 21. It seems that the Government had not taken this fact into mind while cutting subsidy which is the main reason for decrease in the off-take under APL. The Committee, therefore, strongly recommend that Government should devise such ways and means so that lowest and lower strata of APL and total BPL people can get advantage of public distribution system and Targetted Public Distribution system.

1.14 The Ministry in their Action Taken reply have stated as below:—

The increase in APL issue prices was to target the food subsidy entirely to the BPL population while containing the fiscal outgo. However, while the consumer subsidy to the APL population has been done away with by pricing the APL supply at economic cost, this has actually led to reduction in offtake, higher stock accumulation and thus increased the fiscal outgo. The High Level Committee on Long Term Grain Policy has examined this issue in its Interim Report submitted on 3.5.2001 and has, *inter-alia*, made the following recommendations:—

- (i) In order to revive the offtake from PDS, the APL population needs to be brought into the net by reducing the APL price to 80% of the economic cost, excluding statutory levies or about 75% of the present economic cost including levies. The BPL price should be 50% of the economic cost, excluding the statutory levies. This would help improve the viability of the distribution network and thus improve BPL offtake as well.



- (ii) For the BPL families, the quota should depend on the number of members in a family. The Committee recommends that each BPL family be permitted to purchase upto 5 kg. per person at the announced BPL price per month or an allocation of 20 kg. per family, whichever is higher. Any additional requirement may be provided at the APL price.
- (iii) For the areas covered earlier under the Revamped PDS (1775 blocks), and areas currently drought affected or ravaged by other natural calamities like floods, cyclone, earthquakes, etc. a universal PDS be introduced at BPL prices and quota.
- (iv) Government may examine ways of expanding programmes of employment generation to create an effective demands for foodgrains. Ideally, a massive food for work type programs should be launched. The existing restriction on employment in the Employment Assurance Scheme (EAS) to BPL cardholders alone should be removed immediately. The facilitate speedier implementation of food for work schemes, an interim allocation of 2 to 3 million tonnes of foodgrains may be made available to the States at discounted price. The main objective should be to supplement/amplify schemes currently undertaken by the States, such as PM's Sadak Rozgar Yojana.

These recommendations are under examination.

The CIP of wheat and rice in respect of APL families has been reduced with effect from 12th July, 2001. Prior to that, the CIP in respect of this category was 100% of the economic cost or Open Market Sale Price (Domestic), whichever was lower. The revised CIP for APL category effective from 12th July, 2001 is Rs. 610 per quintal for wheat and Rs. 830 per quintal for rice. This works out to about 70% of the present economic cost, which is Rs. 872 per quintal for wheat and Rs. 1174 per quintal for rice.

With effect from 12th July, 2001, the allocation for BPL category has been increased from 20 kg of foodgrains per family per month to 25 kg of foodgrains per family per month. The CIP of wheat and rice continues to be the same as fixed in July 2000. This is about 48% of the present economic cost of wheat and rice.

The above measures should help both APL and BPL families.

<sup>enhance</sup> 1.15 The Committee note that Government has taken some steps to the offtake of foodgrains among APL population. The measures taken by the Government are still insufficient to enhance the offtake. The Government itself has accepted that doing away with the consumer subsidy to APL had led to reduction in offtake, higher accumulation of stock and increased buffer carrying subsidy. The Committee feel that it would be better to provide subsidy to APL consumers than incurring expenditure on surplus foodgrains carrying due to higher accumulation of stocks of foodgrains and their further deterioration. There are lowest and lower strata of APL category who are in dire need of consumer subsidy as their purchasing power is very low. The Committee, therefore, while reiterating their earlier recommendation desire that some concrete steps should also be taken by the Government to provide subsidized foodgrains to the lowest and lower strata of APL people.

#### Offtake of Foodgrains

##### Recommendation (Para No. 2.105)

1.16 Expressing their serious concern over negligible offtake of foodgrains and accumulation of formidable stock of foodgrains thereby, the Committee had recommended:—

The Government has furnished that offtake for BPL wheat has increased from 28.77 lakh tonnes in 1999-2000 to 31.62 lakh tonne in 2000-2001 and has claimed that the offtake of wheat has increased over 1999-2000. The Committee are not satisfied with the trend of offtake throughout 2000-2001. Offtake of wheat during 2000-2001 for BPL for Andhra Pradesh, Assam, Kerala, Manipur, Mizoram, Sikkim, Tamil Nadu, Tripura, Chandigarh, Lakshadweep and Pondicherry has been nil. Similarly the offtake of wheat for Arunachal Pradesh, Meghalaya is also very negligible. If 4.09 lakh tonne off-take of wheat under welfare schemes and 42.1 lakh tonne off-take of wheat under calamity relief is deducted, the off-take figure of 31.62 lakh tonne will be reduced substantially. It seems that off-take of BPL is not encouraging despite increased allocation of foodgrains from 10 kg to 20 kg w.e.f. 1.4.2000. Comparing the figure on *pro-rata* basis, the off-take for BPL of 28.77 lakh tonne of wheat in 1999-2000 should have been doubled in 2000-2001 in view of increased allocation as the poor people are in constant need of subsidized foodgrains. The Committee are of the opinion that there is some

grave lacuna in interpretation and implementation of Government policy on Food Security. The offtake of wheat for APL has decreased from 26.97 lakh tonne in 1999-2000. The efforts of the Government to dispose the wheat by open sale has also not yielded any fruitful result. Upto February, 2001, only, 5.30 lakh MT of wheat has been disposed. The open sale has not yielded desired results of disposal of rice, too. The Committee, therefore, recommend that all out efforts should be made to increase offtake of foodgrains even by revising policy and down-grading Central issue price, otherwise the claim of Government for food security will turn into food insecurity despite availability of surplus stock.

1.17 The Ministry in their Action Taken reply have stated as under:—

The existing policy has been reviewed. With effect from 12th July, 2001, the allocation for BPL category has been increased from 20 kg of foodgrains per family per month to 25 kg of foodgrains per family per month. The CIP of wheat and rice continues to be the same as fixed in July, 2000. This is about 48% of the present economic cost of wheat and rice.

With effect from 12th July, 2001 the Government has also reduced the CIP of wheat and rice for APL category. The revised CIP works out to about 70% of the present economic cost of wheat and rice.

The above measures should help improve the offtake.

The present CIP for BPL and APL categories are indicated below:—

Category	(Rs./Quintal)	
	Wheat	Rice
BPL	415	565
APL	610	830

1.18 The Committee note that no concrete effort has been made by the Government to increase offtake of foodgrains. Though the allocation of foodgrains was increased from 10 Kg to 20 Kg per month from 1st April, 2000 and further to a level of 25 kg per month from 12th July, 2001 for BPL category, the trend of offtake has not been very encouraging. The Committee feel that low offtake of foodgrains is because the poor has no purchasing capacity to buy the foodgrains. The Committee also note that there is lack of contingency/crisis management in Food Management Policy of Government which is pushing food security of country towards

danger. It is high time that Government withstood extraneous pressure, if any, and evolved a new mechanism to come out the situation. The Committee have also noticed that during the previous years the Central Issue Prices (CIP) of foodgrains were increased in an unrealistic manner even above market price with a view to minimizing food subsidy and the stocks of foodgrains were allowed to overflow. Consequently the buffer subsidy increased to Rs. 4233 crore for 2000-2001 and for the current year it may exceed Rs. 7000 crore. The Government did reduce CIP in July 2000 but this did not yield any tangible result. In July 2001, after a gap of one year, the Government again downgraded CIP, but no effect on offtake is being noticed. The Committee feel that no sincere effort was made by the Government during the last one year and a half to increase offtake of foodgrains despite the information that the offtake during the period has not at all been satisfactory. The Committee, therefore, while reiterating their earlier recommendation desire that some long term methods for increasing offtake of foodgrains be chalked out.

#### **Non-Issuable Stock of Foodgrains**

##### **Recommendation (Para No. 2.109)**

1.19 Having found sizeable stock of non-issuable foodgrains and the unsatisfactory steps taken by the Government to dispose the same, the Committee had recommended:—

The Committee note that about 11849 MTs of non-issuable stock of foodgrains are lying in various godowns of FCI. Out of this, 3921 MTs have been categorised as industrial use, 4995 MTs have been categorised as manure use and 1933 MTs for dumping. The Committee observe that sincere efforts have not been made to dispose of these foodgrains. The Committee also note that storage cost of about Rs. 8 lakhs per year is being incurred for storing 1933 MTs of foodgrains categorised as dumping. The Committee fail to understand the reasons behind storing the completely destroyed foodgrains and paying Rs. 8 lakhs per year for its storage. In the opinion of the Committee, this is a clearcut example of careless approach of the officers of FCI towards storage policy. The Committee, therefore, recommend that these non-issuable stock of foodgrains be disposed of without further delay. Also, responsibility should be fixed on officials who are responsible for delay in disposal of such foodgrains. Laid down principles of FIFO should regularly and strictly be followed.

1.20 The Ministry in their Action Taken Reply have stated as under:—

1564 MTs out of 1933 MTs of damaged foodgrains categorised as fit for dumping have already been dumped (up to 30.6.2001). Concerned Senior Regional Managers have been asked to expedite the dumping of the remaining quantity of such foodgrains, 369 MTs. FCI has been asked to look into the delay in the disposal of these stocks and take appropriate action against the erring officials.

In order to dispose of non-issueable stocks of foodgrains, FCI was instructed, on 16.1.2001, to release feed category foodgrains, free of cost, to the drought affected States of Chhattisgrh, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Orissa, Rajasthan and Uttaranchal. On 28.2.2001, the Government of Gujarat was informed that the said category of feed category foodgrains could also be utilised for the earthquake affected areas in the State. Up to 31.5.2001, 28,890 MTs of feed category foodgrains had been released to various drought affected States and the Animal Welfare Board of India for distribution.

The existing procedure for disposal of feed category foodgrains has also been relaxed, with effect from 26.7.2001, in order to expedite disposal of feed category foodgrains.

FCI has been advised to have disposal of non-issueable stocks as a regular item on the agenda for the meeting of its Board of Directors.

FCI has again been directed to follow FIFO (first-in-first-out) strictly and to carry out surprise physical verification of stores. However, at times, deviations have to be made due to the preference of local consumers, as the State Governments do not accept/lift the old stocks of foodgrains under the Public Distribution System (PDS) and various other schemes of the Government of India.

1.21 The Committee have been informed that as on 31.8.2001 about 2,29,750 tonnes of non-issueable stock of foodgrains is lying in different godowns of FCI under the categories Feed I, Feed II, Feed III, manure use, industrial use and dumping. The Committee find that the foodgrains have been damaged as a result of non-implementation of the First-in-First-Out (FIFO) principle. When the FCI is in great need of storage space and requesting other agencies to provide the same, the accumulation of this stock is totally undesirable. Further, the

Ministry is also silent on the recommendation of the Committee about fixing responsibility on the persons not observing the principle of FIFO and delaying disposal of damaged foodgrains. The Committee, therefore, while reiterating their earlier recommendation desire that non-issueable stock of foodgrains be disposed of without further delay and that responsibility fixed and action taken against the authorities not observing FIFO and delaying disposal of damaged foodgrains. The Committee would also like to be informed whether the situation has improved by keeping the subject on regulate agenda of BOD.

### Storage and Transit Loss

#### Recommendation (Para No. 2.112)

1.22 Finding higher level of storage and transit loss, the Committee had recommended:—

The Committee note that Transit Shortages have increased from 198 crore in 1998 to Rs. 244 crore in 1999-2000 and the storage has increased from Rs. 130 crores in 1998-99 to Rs. 150 crores in 1999-2000. In the opinion of the Committee, these losses can be avoided or minimised to the maximum extent by maintaining strict coordination among FCI, Railways, DGS&D and other allied agencies. Also, storage losses can be minimised by proper upkeep of stocks in godowns, good quality storage bag, chemical disinfestation etc. The steps taken by FCI till date are not sufficient. The Committee therefore, recommend that transit losses be minimised by augmenting immediate action by sending and receiving stations and taking up the matter with various agencies like Railways, DGS&D etc. The storage losses should also be minimised by augmenting storage inspection and follow up action thereon. Further, cases of transit and shortage losses should be investigated thoroughly in time and officers held responsible for the losses should be penalized severely. Details of steps taken in this regard should be communicated to the Committee.

1.23 The Ministry in their Action Taken Reply have started as under:—

Though there has been a slight increase in transit and storage shortage volumewise in 1999-2000, in percentage terms, there is, in fact, a slight decline.

Transit Shortage %	Year	Storage Shortage%	Total Shortage
1.17%	1998-99	0.40%	1.00
1.13%	1999-2000	0.32%	0.90

A slight increase in quantitative terms occurred in 1999-2000 because of larger quantities handled that year as compared to 1998-99.

2. Efforts are made to avoid and minimise these losses to the maximum extent. Coordination with the Railways is facilitated with the help of Executive Director (Traffic), FCI, who is taken on deputation from the Railways. The policy issues regarding pursuit of claims with the Railways on transit losses, demurrages & diversions are dealt with by Movement Division of the Ministry manned by officers who are also from the Railway Traffic Service to effectively interact with their counterparts in the Railways.

3. Regarding sustained quality checks of gunnies supplied by various jute mills, it may be pointed out that there exists an inspection machinery under the supervision of the Directorate General of Supply and Disposal (DGS&D) and such issues are co-ordinated by Purchase Division of the FCI Headquarters through the FCI Zonal Office at Calcutta. Monthly meetings to ensure both quality and regular supply of gunnies are convened by the Ministry.

At the FCI Headquarters, there is a Section (MOOISS-Orgn. Method Inspection & Staff Sanction) under the overall charge of the Executive Director (Personnel) which monitors the frequency of the Inspection of depots and other field units. This issue is also addressed in the Monthly review meetings of the Corporation. The existing procures for regularisation of storage & transit losses are also reviewed periodically in order to ensure disciplinary action against erring officials.

4. The aspect of fixation of responsibility and consequent recovery is constantly reviewed by Vigilance Wing of the FCI headed by an Executive Director (Vigilance) who is appointed by Government with the approval of the Central Vigilance Commission. The system review of the steps taken by the Vigilance Wing in respect of cases reported on the issue of high transit/storage losses has already been undertaken, and steps initiated to plug the leakages in the system and also to ensure monitoring of the implementation thereof.

5. Storage losses due to inadequate chemical disinfection measures are monitored by the Quality Control Division of the FCI. Wherever considerable quantities are reported as down-graded in any unit same is thoroughly examined & investigated. Steps are initiated to upgrade/salvage these foodgrains apart from fixation of responsibility for such downgradation.

1.24 The Committee note that though the Government has been trying to reduce storage and transit losses, more efforts still required to be taken while the storage and transit losses as a whole appear to be coming down, substantial regional variations are noticed in the achievement. In the opinion of the Committee, no substantial step seems to have been taken to minimize storage losses and transit losses in all the regions of the country, more particularly in north-eastern/eastern states where the transit and storage losses are much higher and are continuously increasing. The Committee, therefore, while reiterating their earlier recommendation desire that all efforts should be made to minimize storage and transit losses and also furnish the details of action taken against the officers responsible for these losses without further delay.

#### **Reduction in Establishment Cost of CWC**

##### **Recommendation (Para No. 2.115)**

1.25 Observing the higher amount of administrative/establishment cost in CWC, the Committee had recommended:—

The Committee note that all appointments in CWC made from January 1, 1989 were to be governed on IDA pay scales as per DPE OM dated June 12, 1990 issued in the light of the Supreme Court Judgment dated May 3, 1990. However, the employees appointed during January 1, 1989 to June 12, 1990 could not be brought to IDA pattern and are continuing on CDA pattern. The matter was also referred to DPE which directed that their orders be followed. The Committee are of the opinion that by such measures CWC is losing money against the established norms of austerity measure. The Committee, therefore, strongly recommend that the matter may be reviewed afresh in the light of DPE OM dated 12.6.1990. CWC should try all measures to reduce its establishment/administrative expenditure. Steps taken progress achieved should be communicated to the Committee.



1.26 The Ministry in their Action Taken Reply have stated as under—

The matter has been reviewed. However, it is observed that some appointments on CDA pattern had been made by the CWC before the issue of the DPE' O.M. dated June 12, 1990. It was not possible to amend the terms & conditions of their appointment without their consent so as to ensure that all appointments after January 1, 1989 came under the IDA pattern. Therefore, the appointments between January 1, 1989 and June 12, 1990 continue to be under the CDA pattern. All appointments made after June 12, 1990 were made on IDA pattern. The said issue was also raised by Government Auditors as well as statutory auditors. The position was explained to the Auditors. They were convinced and the audit objection was dropped.

To reduce the establishment cost, the CWC has proposed to introduce voluntary retirement scheme. The Corporation has not been making any recruitment and, hence, as per the Revised Estimates for the year 2000-01, the establishment cost *vis-a-vis* income and expenditure has shown a decline, as would be evident from the following Table:—

Year	Percentage establishment cost <i>vis-a-vis</i> income	Percentage cost Establishment <i>vis-a-vis</i> expenditure
1999-2000 (Actual)	53%	64.3%
2000-01 (RE)	50.7%	61.7%

1.27 The Committee note that though CWC is trying to reduce its establishment cost, it is still on the high side. Presently, the percentage of establishment cost is 61.7% of total expenditure and 50.7% of its income whereas the ideal limit is 40% only. The Committee feel that CWC has not yet evolved a way of optimal realization by way of minimal investment of resources and is also not implementing austerity measures strictly. Further to minimize the establishment cost, CWC has not yet introduced special VRS too. The Committee, therefore, while reiterating their earlier recommendation desire that all steps should be taken to reduce the establishment cost to the ideal level.

### Production of Oil

#### Recommendation (Para No. 4.39)

1.28 Expressing concern over reduction in production of Edible Oil in the country, the Committee had recommended:—

The Committee noted that out of 2454 samples of vanaspati, vegetable oils, margarine drawn from manufacturing units in the country during 2000-2001, 78 samples were not found conforming to the standards of quality. The samples failed in respect of melting point baudouin test, BR Reading Free Fatty Acid and vitamin A. The Ministry has further informed that show cause notice were issued to the concerned Vanaspati units but action is being taken in one case only where the unit was a major defaulter. In this regard, the Committee refer to a study undertaken by National Nutritional Monitoring Bureau—NCAER wherein it has been stated that Vitamin-A deficiency is a public health problem in all the States of the country as its prevalence among pre-school children was more than WHO cut off level of 0.5%. Keeping in view the text of the report the Committee failed to understand as to why the samples found deficient in Vitamin-A were laid scot free. The Committee view the situation seriously and, therefore, recommend that all these detected cases should be reviewed afresh and guilty should be punished. The Committee further recommended that the Ministry should devise ways and means to test more number of samples in all the States of the country. For this, matter should be taken up at appropriate level with State Governments as well as with Ministry of Health by establishing coordination for positive solution.

1.29 The Ministry in their Action Taken Reply have stated as under:—

1. All the 78 cases where the samples were found not conforming to standards have been reviewed and the position is indicated below.

1.1 Details of the action taken/proposed to be taken against the defaulting units are as under:—

S.No.	No. of samples	No. of Units concerned	Action taken/ Proposed to be taken
1	2	3	4
1.	41	6	Referred to the concerned State Governments for prosecution.

1	2	3	4
2.	28	15	Warning issued to the units concerned to be careful in future.
3.	3	1	Samples of new applicant collected for analysis from trial production and accordingly advised to take corrective measures.
4.	6	1	Based on the reply from the unit, detailed report has been sought from the officer concerned.
Total	78	23	

2. The possibility of optimizing drawal of more samples from the manufacturing units and analyzing the same in a time bound frame in the laboratory of the Directorate by tapping optimum potential of the chemists and other qualified staff in the laboratory of the Directorate is under consideration.

Attention of the Ministry of Health (DGHS) has been drawn to this recommendation/observation of the Standing Committee with a request to take appropriate action in the matter.

1.30 The Committee note that no concrete steps have been taken to make the country sufficient in production of oil. Instead, our dependence on imported oil is increasing day by day. The Committee have come to know that there is vast potential for cultivation of Red Palm Oil in Kerala, Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra and Andaman and Nicobar Islands in the country. The R.D. Kapur Committee has long back recommended for potentiality of Red Palm cultivation in about 69000 hectares in Andaman and Nicobar Islands, but no action has been taken by the Government as yet. During the tour of the Committee to Port-Blair, it was informed that instead of co-ordinating and co-operating with the efforts of Andaman and Nicobar Forest and Plantation Development Corporation and Central Agricultural Research Institute, the representatives of Ministry of Environment and Forests are objecting to such cultivation in the name of ecological imbalance. The Committee feel that this is a retrograde step and should be given up for making the country self-sufficient in oil production and saving valuable foreign exchange. The Committee, therefore, while reiterating their earlier recommendation desire that all efforts should be made to make the country self-sufficient in oil production.

## CHAPTER II

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

#### Recommendation (Paragraph No. 1.12)

The Committee note that Budget allocation (2000-2001) could not be utilized fully. For Technical studies and consultancies, out of allocated fund of Rs. 10 lakh, only 1 lakh could be utilized by 18.3.2001 which amounts to 10% only. Similarly for IGMRI, out of allocated fund of Rs. 1.69 crores, only Rs. 67 lakhs could be spent till 15.3.2001, which is only 39.64%. In the Research and development work also the percentage utilization of fund is only 28.57%. In training research and monitoring, construction of godowns by FCI and under centrally sponsored scheme in North Eastern States the percentage utilization is 20%, 37.5% and 32.31% respectively which is quite deplorable. Since spillover of one scheme has its bearing on another alongwith cost escalation and discontinuation/non-taking up of another new scheme, the Committee, therefore, recommend that all efforts should be made by the Government to utilize fund fully within the financial year and actual expenditure incurred during (2000-2001) be intimated to the Committee for all its plan and non-plan schemes. The Committee would also like to know the steps taken by the Govt. to utilize the funds earmarked under plan and non-plan schemes in the BE for the year (2001-2002) in an even manner.

#### Reply of the Government

During 2000-2001, the expenditure on Plan schemes was Rs. 36.91 crores against the allocation (RE) of Rs. 45.43 crores. Scheme-wise details of the Budget allocation (RE) and the actual expenditure up to the 31st March, 2001 are given below:

(Rs. in Crores)

Sl.No.	Name of Schemes	Plan Outlay (2000-2001) RE	Actual Expenditure Upto 31.3.2001
1	2	3	4
1.	Construction of godowns and railway sidings by FCI	20.00	20.00

1	2	3	4
2.	<b>Post Harvest Operations</b>		
	(i) SGC	1.34	1.30
	(ii) IGMRI	1.69	1.33
	(iii) CGL	0.10	0.14
3.	<b>Strengthening of PDS</b>		
	(i) Construction of Godowns	12.50	8.00
	(ii) Purchase of Vans	0.30	0.23
	(iii) Trg. Research & Monitoring	0.50	0.16
4.	<b>Information Technology</b>	1.00	1.00
5.	<b>Schemes in VVO&amp;F</b>		
	(i) Strengthening of VVO&F	0.00	0.00
	(ii) Modernisation of Labs	0.05	0.00
	(iii) R&D Schemes	0.35	0.34
6.	<b>NSI, Kanur</b>	0.50	0.01
7.	<b>NISST, Mau</b>	2.00	0.41
8.	<b>Technical Studies &amp; Consultancies</b>	0.10	0.01
9.	<b>Allocation for North-East including Sikkim</b>		
	(i) Construction of godowns by FCI	2.40	3.19
	(ii) CSS for strengthening of PDS	2.60	0.79
	<b>Total</b>	<b>45.43</b>	<b>36.91</b>

It is a fact that in the scheme of Technical Studies and Consultancies only Rs. 1.00 lakh could be utilized against the budget allocation of Rs. 10.00 lakhs. Under this scheme it was proposed to entrust a study to RITES on "Development of optimum computerized transportation model for distribution of levy sugar". However, in the month of January, 2001 it was decided to decontrol the sugar industry in a phased manner. Consequent on the decision of the Government the study was dropped and the balance amount meant for the proposed study could not be utilized.

In case of IGMRI, against the RE of Rs. 1.69 crores the actual expenditure upto 31.3.2001 was Rs. 1.33 crores. The remaining amount under the scheme could not be spent on account of non-availability of imported machinery and imposition of ban by the Ministry of Finance on purchase of vehicles.

Under the R&D Schemes for the Development of Vegetable Oils, against the RE of Rs. 35.00 lakhs the actual expenditure up to the 31st March, 2001 was Rs. 34.75 lakhs.

Under the scheme of training, research and monitoring an amount of Rs. 0.17 crores was utilized against the RE of Rs. 0.50 crores.

The expenditure under the scheme of construction of godown by the FCI was Rs. 20.00 crores against the RE of Rs. 20.00 crore. The expenditure in the North Eastern region for construction of godowns by the FCI was, however, Rs. 3.19 crores against the allocation of Rs. 2.40 crores.

The expenditure under the non-plan schemes is being reconciled with the expenditure booked by the RBI and will be intimated separately.

During 2001-2002, the Budget allocation (BE) for the Plan schemes is Rs. 49.79 crores. The Non-Plan Budget allocation (BE) is Rs. 14173.13 crores, of which Rs. 13676.00 crores is for food subsidy and the balance amount Rs. 497.13 crores is for salaries, wages, TA, DA, loans and advances, office expenses, maintenance & minor works, etc. The progress of expenditure is being monitored on a quarterly basis under the Plan and Non-Plan Schemes.

During the current year, *i.e.*, 2001-2002, it is expected that the funds allocated for Plan & Non-Plan Schemes would be utilized.

#### **Recommendation (Paragraph No. 2.101)**

The Committee note that authorised capital of Food Corporation of India (FCI) is fully subscribed by Government of India as on 31.3.2000 was Rs. 22,500 crores. The paid up capital of FCI upto 30.11.2002 was Rs. 2278.60 crore. The working capital of Corporation

the amount provided by Govt. is fully financed by the Banking Sector and credit facility is allowed by the State Bank of India along with consortium of nationalized and other banks to ten times of its paid up capital. The Bank overdraft of FCI has increased from Rs. 15,985 crore in 1999-2000 to Rs. 25,167 crore in RE (2000-2001) and is estimated to enhance to Rs. 30,200 crore in 2001-2002. The interest on cash credit availed from bank by FCI has increased from Rs. 1,299 crore in 1996-97 to Rs. 2,290 crores in BE (2000-2001) which is expected to increase in the coming years. The Committee is of the opinion that FCI is running towards resource crunch mainly due to surplus stock of foodgrains held by them. The interest per day comes out to about Rs. 6 crore 27 lakh. There is also a proposal under consideration of Government to remove cap on borrowing by FCI. The Committee, therefore, recommend that Govt. should evolve such ways and means which will reduce the borrowing of FCI and hence interest being incurred therefrom. All caution should be taken in removing cap on borrowing so that it does not result in financial indiscipline.

#### Reply of the Government

Bank borrowings from FCI are largely commensure with the levels of procurement. Increased procurement operations necessitate greater bank borrowings.

2. In so far as financial discipline is concerned, there exists a system of in-built checks and balances. The funds borrowed from banks are against necessary collaterals, i.e., hypothecation of proportionate food stocks available with FCI. Further, as per clause 8 of the Cash Credit Hypothecation Agreement of FCI with the consortium of banks headed by the State Bank of India, FCI is required to furnish to the Banks guarantee from the President of India in substitution for the Cash margin 25% of the Cash Credit Limit. The guarantee is executed only after due approval of the Internal Finance wing of this Ministry headed by its Financial Adviser. Removal of cap on borrowings will not, therefore, affect financial discipline.

3. It is clarified that the authorized capital of FCI as on 31-3-2000 was Rs. 2500 crore, and not Rs. 22,500 crore.

### Recommendation (Paragraph No. 2.102)

The Committee note that out of subsidy of Rs. 8,120 crore in BE (2000-2001) Rs. 2,885 crore was earmarked for 63.00 lakh tonnes of wheat and Rs. 4,656 crore was earmarked for 78.92 lakh tonnes of rice for BPL. In RE (2000-2001) the food subsidy was increased to Rs. 12,125 crore, however the offtake the wheat for BPL could only be 31.62 lakh tonnes incurring a subsidy of Rs. 1,276 crore and offtake of rice for BPL could only be 60 lakh tonnes incurring a subsidy of Rs. 3445 crore. The subsidy for wheat and rice for BPL (States) was Rs. 534 crore. Thus it is clear that Government could not achieve its target for offtake of wheat and rice earmarked for BPL and thus could not utilise a subsidy of Rs. 2,259 crore which was further utilised for maintaining buffer stock. The Committee further note that Government has proposed a target of 43.74 lakh tonne offtake of wheat in all the scheme under BPL during 2001-2002 incurring a total subsidy of Rs. 2,046 crore, which is less than BE (2000-2001) of Rs. 2,885 crore. The Committee, therefore, recommend that Government should not retreat from their committed liability of providing foodgrains at subsidised rates to BPL people and should allocate more subsidy for them with the increased annual allocation. Also the Government should ensure that the benefit is delivered to needy beneficiaries.

### Reply of the Government

The Government has not retreated from the commitment to provide foodgrains at subsidised rates to BPL population. In fact, the allocation of foodgrains for BPL families has been increased *w.e.f.* 1.12.2000 by shifting the base to the population projections of the Registrar General as on 1.3.2000 instead of the earlier base of 1995. With a view to reaching out to the poor and needy sections of the population who are not covered under the TPDS, *e.g.*, destitutes living in welfare institutions, beggar homes, orphanages, etc., it has been decided to allot foodgrains at BPL rates to the State Governments @ 5 kg. per head per month. It has further been decided that foodgrains at rates applicable for BPL families will be allotted for all welfare schemes implemented by the Ministries/Departments of the Government of India. Foodgrains at BPL rates are also available to State Governments for undertaking 'food for work' programmes and also for development schemes, implemented by NGO's sponsored by the State Governments/ Government of India/International Organisations where the beneficiaries belong to the BPL category. It has also been decided that foodgrains will be allocated under the Annapurna scheme to indigent old persons even in case of those receiving old age pension from the State Government.



With a view to more closely target the poorest of the poor, Antoyodaya Anna Yojana (AAY) has been launched with the aim of reducing hunger among the poorest segments of population living below poverty line. The PDS benefits for the AAY families are more substantial in terms of larger quantity of subsidised foodgrains, i.e. 25 kgs of foodgrains being provided per family per month at Rs. 2/- per kg. for wheat and Rs. 3/- per kg. for rice. The estimated annual allocation of foodgrains for Antoyodaya families would be 30 lakh tonnes involving a subsidy of Rs. 2314 crores.

#### Recommendation (Paragraph No. 2.108)

The Committee are of the view that a huge amount of foodgrains are damaged due to lack of strict monitoring by quality controlling authorities. As on 1.1.2001, 1.71 lakh tones of 'D' category of foodgrains were available with Food Corporation of India (FCI). The Ministry has furnished that action has been initiated against delinquent FCI officers. In cases where samples were found beyond PFA norms, type sealed samples were not found, complaint registers were not maintained, during the visit, the Government have taken up the matter with the State Govts. The Committee, therefore, recommend that activities of quality control be augmented and where necessary the matter be taken up promptly with the concerned State Govts., so that consumers may get good quality of foodgrains. Also action taken against the FCI employees held responsible for the lapse should be communicated to the Committee.

#### Reply of the Government

In order to strengthen the monitoring of quality of foodgrains during procurement, storage and distribution, the physical targets in respect of inspection of Food Storage depots, Fair Price Shops, Procurement Centres, Rail Heads and Rice Mills were substantially increased during 2000-2001 as below:

Inspection carried out by Quality Control Cell of the Ministry of Consumer Affairs, Food & Public Distribution.

Sl.No.	Activity	Physical Targets	
		1999-2000	2000-2001
1.	Inspection of Food Storage Depots	480	720
2.	Inspection of Procurement Centres	168	250
3.	Inspection of Rail Head	120	180
4.	Inspection of Fair Price Shops	480	720
5.	Inspection of Rice Mills	240	360

In order to achieve these targets and to expand the quality control activities, all the available officers of Storage & Research Division, including field officers of Save Grain Campaign, were pressed into inspection activities. Deficiencies noticed have been brought to the notice of the FCI/State Governments at appropriate level for taking immediate remedial measures.

Action taken against some of the employees of FCI held responsible for procurement/supply of Beyond Rejection Limit (BRL) foodgrain stocks during the last three years are as under:-

Sl.No.	Case	Action Taken
1	2	3
1.	Despatch of inferior quality rice from Punjab to West Bengal.	Penalty of "recovery" imposed on three Technical Assistants Grade-I.
2.	Acceptance of BRL rice stock by FCI staff, Dhuri (Punjab) during September, 1996.	Penalty imposed on two category II and seven category III officials as under: (i) One Assistant Manager (QC), one Technical Assistant Grade-I & one Assistance Grade-I were censured. (ii) One Assistant Manager (QC) was penalised by with holding two increments without cumulative effect. (iii) One Technical Assistant Grade-I & four Technical Assistant Grade-II were penalised by stopping one increment without cumulative effect.

1	2	3
3.	Acceptance of BRL rice by FCI staff at Barnala in Punjab.	<p>Penalty imposed on three category III officials as follows:</p> <ul style="list-style-type: none"> <li>(i) One Technical Assistant Grade-I was penalised by reducing pay by four stages for a period of three years.</li> <li>(ii) One Technical Assistant Grade-I was penalised by demoting to the rank of Technical Assistant Grade-II for a period of three years.</li> <li>(iii) One Technical Assistant Grade-II was penalised by demoting to the rank of Technical Assistant Grade-III for a period of three years.</li> </ul>
4.	Procurement of BRL rice stocks in various depots of Haryana.	<ul style="list-style-type: none"> <li>(i) Recovery of Rs. 26,971.36 equivalent to 1/3 of the loss was made from one Assistant Manager (QC) and two Technical Assistant Grade-I &amp; three Technical Assistants Grade-II found responsible for the lapses.</li> <li>(ii) One Assistant Manager (QC) was penalised by reduction in one stage in time scale for one year.</li> <li>(iii) Recovery of Rs. 30067.17 equivalent to 1/2 of the loss was made alongwith stoppage of one increment of one Technical Assistant Grade-II.</li> <li>(iv) One Assistant Manager (QC) &amp; three Technical Assistants Grade-II were imposed penalty of recovery of loss in equal proportions in ten installments.</li> </ul>

1	2	3
5.	Corruption by District Managers of FCI district Ferozpur, Faridkot and Amritsar (Punjab) during procurement of BRL rice stock.	<p>(i) One District Manager was penalised by demotion to the rank of Assistant Manager (G) at the lowest stage of grade along with period of suspension not to be treated as period not on duty.</p> <p>(ii) One Deputy Manager (QC) was penalised by demotion to the rank of Assistant Manager (QC) at the lowest scale of pay.</p> <p>(iii) One Deputy Manager (G) was censured.</p> <p>(iv) Disciplinary proceedings have been initiated against ten category II and twenty eight category III officials.</p>
6.	Acceptance of BRL rice in FCI depots of FCI district Patiala (Punjab)	<p>One Deputy Manager (G), One Deputy Manager (QC), Four AM (QC), One Assistant Manager (G), four Assistants Grade-I, one Assistant Grade-II, two Assistants Grade III, three Technical Assistant-I and one Technical Assistant-II were penalised. The details are as under:</p> <p>(i) One Deputy Manager (G) &amp; one Deputy Manager (QC) were penalised by reduction by two stages in the time scale of pay.</p> <p>(ii) One Assistant Manager (QC) penalised by reduction in pay by three stages in time scale of pay for three years.</p>

1	2	3
		<ul style="list-style-type: none"> <li>(iii) One Assistant Manager (QC) was penalised by stoppage of increment.</li> <li>(iv) One Assistant Manager (QC) was censured.</li> <li>(v) Four Assistant-Grade AG-I, one AG-II and two AG-III were penalised by withholding two increments with cumulative effect.</li> <li>(vi) Three Technical Assistants-I and one Technical Assistant-II were penalised by withholding of one increment.</li> </ul>
7.	Acceptance of BRL rice stock in Persakhera depot in FCI district Bareilly.	Major Penalty proceedings have been initiated against one category II and two category III officers/officials.
8.	Despatch of poor quality of rice for PDS in Orissa from Talwandi Punjab during September, 1999.	Disciplinary proceedings have been initiated against two category I, ten category II and twenty three category III officials of FCI.
9.	Acceptance of BRL rice-stock by FCI staff in MARKBED godown in Jalandhar Punjab.	Major penalty proceedings have been initiated against two one category II and category III officers of the FCI responsible for the lapses.
10.	Poor maintenance of wheat stocks stored in CAP Complexes of Gola Mohammadi in FCI district Sitapur (UP).	The officers of Ministry had investigated the matter and found serious deficiencies in maintenance of wheat stock in these complexes. District Manager and Deputy Manager (QC) have been charge sheeted for major penalty.

1	2	3
11.	Complaint regarding procurement of BRL rice stock in CWC and FSD. Etawah.	Two category II and nine category III officials of FCI have been charge sheeted for major penalty.
12.	Procurement of BRL rice stocks by FCI staff in FCI district Haldwani (UP).	One Assistant Manager (QC) and two Technical Assistants Grade-I were penalised by stoppage of one increment with cumulative effect. Two Assistant Manager (QC) & four Technical Assistants-I were censured.  Recovery of Rs. 29,656.63 was made from two Technical Assistants Grade-I & three Technical Assistants Grade-II.
13.	Procurement of BRL rice stock by FCI staff during 1998-99 in depots of FCI district Faridkot, Bhatinda and Sangrur of Punjab.	Two Deputy Managers (G) & one Deputy Manager (QC) were penalised by stoppage of three increments without cumulative effect.  Zonal Manager (North) has been asked to initiate disciplinary proceedings against category II and category III officials responsible for the lapses.

#### Recommendation (Paragraph No. 2.110)

Though the Government has resolved some measures to decrease administrative cost, distribution cost, still a lot is required to be done. The Committee, therefore, recommend that the Government should make constant and continuous efforts to decrease further non-statutory charges. If necessary, the State Governments may also be persuaded to reduce statutory charges like Mandi charges, Purchase tax etc. The Committee may also be apprised of the study report of the Administrative Staff College of India (ASCI), Hyderabad in this regard.

### Reply of the Government

The cost of the grain (MSP) itself constitutes 68% of the economic cost of the FCI. The statutory charges work out 7% of the economic cost (11% of the MSP). Thus the MSP and statutory charges together account for 75% of the economic cost. The other important constituents of the economic cost are jute gunny (4%), interest (3%), transportation (4%) and storage (3%). There is very little scope for reducing costs in these activities.

The Corporation had a storage capacity of 314.45 lakh tonnes as on 31.3.2001. Its capacity utilization was of the order of 87%. Considering the fact that the procurement is made in a short period of 45 days, and issues take place throughout the year, a level of 75% capacity utilization was considered a reasonable norm. Against this, the present capacity utilization is far above the norms.

The staff strength of the Corporation has been dwindling. The annual wastage through retirement, etc. is around 800. The staff are paid salary either as per Central Dearness Allowance (CDA) or Industrial Dearness Allowance (IDA) pattern duly approved by the Government. Though almost 88% of cost is beyond the control of the Corporation, certain measures have been taken by the Corporation to reduce costs, viz., reduction in incurrence of shortages, demurrage, better utilization of storage space etc. Some of the steps taken to reduce the expenditure on this account are as follows:

- (i) Reduction of the level of shortages. (A saving of Rs. 100 crores is expected).
- (ii) Reduction in administrative costs like Over Time, Medical, T.A., General office expenses has been attempted. (A saving of Rs. 35 crores is expected);
- (iii) FCI is not filling up the resultant entry level posts/vacancies except in exceptional circumstances. (A saving of Rs. 118 crores is expected).
- (iv) The storage capacity utilization has been increased. (A saving of Rs. 10 crores is expected).
- (v) Monitoring and early release of wagons. (A saving of Rs. 16 crores is expected).

Since statutory charges like Mandi Tax, Purchase Tax, Cess, etc. are State subjects, it is not possible to do away with these taxes unilaterally. However, a proposal to fix a procurement price inclusive of taxes is under examination in the Ministry.

In order to arrive at ways and means for reducing the economic cost comprising acquisition and distribution cost of foodgrains by the Food Corporation of India, the Administrative Staff College of India (ASCI), Hyderabad was engaged to undertake a study. ASCI has furnished its Study Report. The report is being examined. A copy of the Report is being sent separately.

#### **Recommendation (Paragraph No. 2.111)**

The Committee is concerned about storage of foodgrains in the coming Rabi season 2001-2002. The Government has stated that they propose to procure 112 lakh tonnes of wheat and 163.67 lakh tonnes of rice. For this the total storage capacity will be required to the tune of about 275 lakh tonnes. The Government has also furnished that about 30-40 lakh tonnes capacity will be available by the next Kharif season. The Committee, therefore, recommend that Government should make all out efforts to make available sufficient storage space so that there should be no problem in coming Rabi season.

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

The procurement of Rabi season is almost over. The total stock in the Central Pool as on 1.6.2001 was 607.01 lakh MTs. Of this the FCI had a stock of 326.79 lakh MTs as against the storage capacity of 343.60 lakh MTs. The remaining stock was with the State agencies and the rice millers. The storage problem had been effectively managed during the Rabi season.

2. For the next Kharif season the Government has advised the FCI as well as the State Governments to create additional storage capacities. Steps have been initiated to create additional capacities of about 50 lakh MTs in Punjab, Haryana, Andhra Pradesh and Uttar Pradesh through the State Governments, SWCs, CWC, etc. for storage of rice. The FCI will give seven years' guarantee for such constructions. FCI will hire space as and where required. FCI has also advertised 78 locations involving 5.88 lakh MT in 14 States for creation of conventional godowns on 'BOO' basis through private sector participation.



3. Government's recent decisions to raise the allocation for BPL families from 20 kg to 25 kg per family per month and to reduce the Central Issue Prices for APL families are expected to improve off-take under the PDS thereby making additional storage space available for procurement.

**Recommendation [Paragraph No. 2.111 (a)]**

The national policy on handling, storage and transportation of foodgrains has been announced on 20.6.2000. One of the objective of the policy is to harness efforts and resources of public and private sector both domestic and foreign, to build and operate infrastructure for introduction of bulk handling, storage and transportation of foodgrains. The Committee envisage that private big multinational companies dealing in food grains etc. may enter into the trade and may make monopoly over the business and may utilize the opportunities in their favour at the cost of Indian counter parts, farmers and the Government. The Committee, therefore, desire that no such situation be allowed to develop where MNC have monopoly over handling, storage and transportation of food grains.

**Reply of the Government**

The National Storage Policy envisages that for storage of food grains procured by the FCI, integrated bulk handling facilities with silos of large capacity for wheat along with testing facilities for quality control would be created at identified central locations in producing and consuming areas as well as a few port towns. These facilities, including the infrastructure for bulk transportation to these centers, would be created and maintained in the private sector under the overall coordination of the FCI. The design of special top filling and bottom discharge wagons would be decided with the approval of the Ministry of Railways.

2. International competitive bids would be invited for selection of Developer-cum-Operators who would be responsible for (i) system design and engineering of storage and handling system. (ii) design, selection and provision of bulk wagons compatible with operations in Indian Railways System, and (iii) transportation logistics from procurement to distribution storages.

3. The selection of parties would be done in two stages. In the first stage, parties would be shortlisted based on (a) technical capability (owning and operating similar facilities) and (b) financial capability (networth, net cash flow for past years and profitability). In the second stage, the shortlisted parties would be asked to submit detailed proposals in two parts viz. technical and financial.

4. It would appear from the above that a transparent process for identification of Developer-cum-Operator(s) would be adopted by the Ministry/FCI. Moreover, the function relating to procurement food-grains under the Minimum Support Price operations and distribution of food grains under the Public Distribution System (PDS) and other schemes would continue to be those of the Government and the FCI. Therefore, the monopolistic position of the MNCs in the field of handling, storage and transportation of food grains is not likely to arise. However, the observations of the Standing Committee would be kept in view while implementing the policy.

#### **Recommendation (Paragraph No. 2.113)**

The Committee note that the profit of CWC in 1996-97 was Rs. 84.95 crore which declined to a level of Rs. 67.73 crore in 1997-98 and further slumped at Rs. 41.50 crore. Though the corporation has tried to increase its profit to a level of 48.30 crore in 1999-2000, still a lot requires to be done. The Committee, therefore, desire that CWC should adopt ways and means to achieve gross profit target of 1996-97. Steps taken and progress achieved should be communicated to the Committee.

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

The CWC has taken a number of measures to increase its profitability. Details in this regard are given below:

#### **Measures Taken by the CWC to Increase its Profitability**

1. In order to improve profitability, the CWC has been increasing its storage capacity as also the utilization of the available storage capacity. During the year 2000-01, 9.12 lakh MT storage capacity was constructed/hired by the CWC. The capacity utilization during 2000-01 was 85% as against 77% during the preceding year.

2. During 2000-01, the CWC constructed CAP storage of 4.09 lakh tonnes at 18 centres in the country for storage of FCI foodgrains on guaranteed utilization basis. The CWC has also initiated action to increase the CAP capacity in Maharashtra at Nasik, Nagpur, Akola and Gondia.
3. A Cargo Warehouse at Palam was opened on January, 24, 2001.
4. The CWC has taken up the consignment agency work on behalf of the Steel Authority of India Ltd. (SAIL) at Baroda from March 22, 2000 and at Jaipur from June 15, 2001 for 4½ years.
5. The CWC has opened new CFSs at Rajkot, Bangalore, Tuticorin, Verna (Goa). Efforts are being made to start the new buffer yard at Dronagiri Node, Navi Mumbai and CFS at Vapi.
6. The CWC has plans to start the Tank Terminal Facility at the Pipavav Port, which would add to the income of the Corporation on a medium/long term basis.
7. With a view to controlling the establishment cost, no fresh recruitment is being undertaken by the Corporation.
8. the Corporation has proposed to introduced Special Voluntary Retirement Scheme with the aim of reducing the establishment cost.

The profit in the year 2000-01 is expected to be around Rs. 58 crores as against Rs. 48.30 crores in 1999-2000 and Rs. 41.50 in 1998-99.

#### **Recommendation (Paragraph No. 2.116)**

The Farmers are given 30% discount in the tariff by CWC for the stock stored by them. During 1998-99 and 1999-2000 the foodgrains stored by farmers was 1.40 lakh tonne and 1.31 lakh tonne. In 2000-2001 upto February 2001, the total stock held was 1.66 lakh tonne. However a lot is desired to be done. The Committee, therefore, recommend that more and more farmers be encouraged to store their stock in CWC godowns.

### **Rely of the Government**

The CWC tries to encourage the farmers. Apart from giving 30% rebate on storage, the CWC has launched a scheme called "Farmers Extension Service Scheme". The technical and expert staff posted in the nominated warehouses visit villages and educate the farmers about benefits of scientific storage in preservation of foodgrain by distributing pamphlets and in the process they also give free demonstration on spraying and fumigation techniques. The scheme is primarily promotional in nature and intended to minimize post-harvest losses at farm level. At present, the scheme is being operated at 210 warehouses in the country.

### **Recommendation (Paragraph No. 3.65)**

The Committee note that the number of samples of sugar failed from 1998-99 to 1999-2000 has increased from 121 to 124 though the number of samples decreased from 843 to 518 during the year. The number of sugar factories which were issued warning letters have also decreased from 33 in 1998-99 to 24 in 1999-2000. The Committee feel that the Government is not giving adequate weightage to quality control of sugar. In the opinion of the Committee, if the quality of sugar is not maintained, Indian sugar will not compete in the international market and thus have an impact on export scenario. The Committee, therefore, recommend that the quality of sugar should be strictly maintained.

### **Reply of the Government**

Government agrees with the Committee's recommendation that the quality of sugar should be strictly maintained. Government shares the Committee's views that, if the quality of sugar is not maintained, the Indian sugar can not compete in the international market and the export from India will be adversely affected. It is also necessary to maintain the quality of sugar in the interest of domestic consumers.

2. It is clarified that the samples of sugar had been drawn to determine the exact grade of sugar in terms of grain size (small, medium and large) and colour (based on three colour series, i.e., 29, 30 & 31). The samples that failed were in respect of colour only.

3. It may be pointed out further that there was an increase in the number of samples drawn in the year 2000-01. As many as 1104 samples were drawn in that year as against 518 samples drawn during the preceding year, i.e., 1999-2000. The number of samples that failed during the year 2000-01 was 117. The number of failed samples works out to 10.60% as against 23.95% during the preceding year. The decline in the percentage of failed samples could be an indication of improvement in quality standards.

4. As per the existing parameters, if the colour sugar marked on the bag from which the sample is drawn is found to be of a lower grade as compared to the standard fixed under the Sugar (Control) Order, 1966 for that sugar season, the Directorate of Sugar is required to issue warning letters for the first offence. For the subsequent offence the factory may be prosecuted. As the samples had failed in respect of colour only as compared to the standard fixed for the particular sugar season, the concerned sugar factories were issued warning letters for the first offence.

5. A number of sugar factories have adopted new technologies, namely (a) Filtrate clarification, (b) Syrup clarification and (c) Melt clarification. The major contribution of these new technologies is the improvement in quality of sugar, particularly, in respect of colour, lower sulphur dioxide, lower ash, lower turbidity. These new technologies not only contribute in enhancing the quality of sugar but also in enhancing the recovery percent cane.

6. The Government has also taken the following measures for improving the quality of Sugar:—

- (i) A Sub-Committee under the Chairmanship of Chief Director (Sugar) has been constituted to study various clarification processes adopted by Indian sugar factories and consider the feasibility of introducing any other process with a view to producing better quality sugar equivalent to refined sugar. The report of the sub-Committee is expected to be received by December 2001.
- (ii) Loans from the Sugar Development Fund are being given to sugar factories for modernization/up-gradation of technology involving process change for producing quality sugar.

**Recommendation (Paragraph No. 3.66)**

The Committee note that during 2000-01, disbursement of modernization/rehabilitation loan was also held up due to Levy Sugar Price Equalization Fund dues. Also during 1999-2000 and 2000-01, the disposal of applications for modernization/rehabilitation is also not encouraging due to which the whole sum of Rs. 200 crore for modernization/rehabilitation could not be utilized and the amount had to be reduced to 150 crore at RE (2000-01) stage. The Committee, therefore, recommend that all technical snags in disbursement of loan for modernization/rehabilitation be removed and all out efforts should be made to utilize the sum earmarked in a financial year fully.

**Reply of the Government**

The Government accepts the Committee's recommendation that all technical snags in disbursement of loan for modernization/rehabilitation be removed and all out efforts should be made to utilize the sum earmarked in a financial year fully.

The Government had amended the SDF Rules, 1983 vide Notification No. GSR 91 E dated 12.2.2001. The amendments provide as follows:

- (i) A sugar undertaking that has availed of a loan each for modernization/rehabilitation and sugarcane development shall be eligible for loan in each category (modernization/rehabilitation and sugarcane development) only on one occasion during the period in which the previous loan along-with interest has not been fully repaid.
- (ii) The Central Government shall authorize payment of SDF loan to such sugar undertakings which have repaid all the sums which have become due in respect of Sugar Development Fund (SDF) and the Levy Sugar Price Equalization Fund (LSPEF).

The two amendments remove the technical snag relating to (a) the number of times SDF loan can be sanctioned to a sugar undertaking for modernization/rehabilitation and sugarcane development when the previous SDF loans have not been fully repaid, and (b) interpretation of the outstanding SDF & LSPEF dues.

After the amendments, three meetings of the Standing Committee of the SDF have been held on 20.2.2001, 21.3.2001 and 23.5.2001. The Standing Committee, in these three meetings, has recommended sanction of loan in 13 cases for modernization/rehabilitation totalling an amount of Rs. 10785.41 lakhs, and in 7 cases for cane development totaling an amount of Rs. 1929.39 lakhs.

However, the sugar undertakings are required to execute a tripartite agreement between the Central Government, the Financial Institution (in case of modernization/rehabilitation project)/State Government (in case of sugarcane development) and the sugar undertaking, before disbursement of loan, subject to the sugar undertaking completing the execution of the tripartite agreement, this Ministry will make all out efforts to utilize the budget provision fully.

#### **Recommendation (Paragraph No. 3.69)**

The Committee note that internal consumption of sugar during 1999-2000 was 155.36 lakh tonne. The closing stock of sugar was about 92.97 lakh tonne at the end of sugar season 1999-2000. India has become the largest producer of sugar in the world with production of 181.41 lakh tonnes in 1999-2000. However, as per information of DGCI&S, Calcutta, a quantity of about 1.84 lakh tonne only has been exported during 2000-2001 up to December 2000. The Committee feel that there is great need to augment export to sugar in the interest of sugar industry, otherwise sugar mills will not be able to sell sugar in the domestic market in time. The Committee, therefore, strongly recommend to device ways and means for export of sugar, which is in excess of domestic consumption.

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

As per the latest available data published by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), Kolkata, during the financial year 2000-2001 (upto February, 2001), a quantity of 2.82 lakh tonnes (Provisional) of sugar has been physically exported. However, as per information collected from trade circles, a quantity of about 6.40 lakh tonnes (Provisional) has been physically exported, from October, 2000 and to the end of June, 2001.

In order to boost the export of sugar, the Government has taken the following measures:—

- (i) The sugar factories have been given exemption from levy on the quantity of sugar exported. This exemption was first given for six months with effect from 1st July 2000. Subsequently, this exemption has been extended twice, first up to 31.3.2001 and again up to 30.9.2001 or till further orders, whichever is later.
- (ii) The quantity of sugar meant for commercial export has been treated as advance free sale release and to be adjusted after a period of 12 months from the date of release.
- (iii) The levy exemption on the quantity of sugar meant for commercial exports, if it cannot be availed by the sugar factory out of 1999-2000 season's production due to the completion of its levy obligation, may be availed by the concerned sugar factory from the production of the 2000-2001 sugar season.
- (iv) DEPB at the rate of 5% of the F.O.B. value of exports of sugar has been allowed since November 2000.
- (v) Quantitative ceiling on export of sugar has been removed. Further, the requirement of issue of Registration-Cum-Allocation Certificate for export from Agricultural and Processed Food Export Development Authority (APEDA) has been dispensed with, w.e.f. 14.2.2001.

**Recommendation (Paragraph No. 3.70)**

About 23000 tonne of sugar has been imported upto November 2000. The landed cost of imported sugar comes to Rs. 9.25/kg approximately which is cheaper than domestic sugar. The Government has stated that such imported sugar is for pharmaceutical purposes. The Committee feel that when there is already excess of sugar in the country, the import of sugar is not justified. The Committee, therefore, recommend that the import of sugar be substantially minimized and for need of pharmaceutical industries, R&D work be augmented in sugar institutes and laboratories.



### **Reply of the Government**

During the financial year 2000-2001, DGCI&S Kolkata has reported import of 30,604.0 MTs (Provisional) of sugar upto February, 2000 as against the import of 10,83,367.0 MTs of (Provisional) of sugar, during the corresponding period in financial year 1999-2000. Thus there is a substantial decline in sugar imports during the financial year 2000-2001.

The production of pharmaceutical grade of sugar has commenced in India also and as such sourcing of pharmaceutical grade sugar from within the country, is likely to reduce the import of sugar for pharmaceutical purposes.

### **Recommendation (Paragraph No. 3.71)**

As on 30.9.2000, the total cane price arrears of 1999-2000 sugar season and of earlier sugar season were Rs. 799 crores. As on 31.1.2001, for current sugar season (2000-2001) the cane price arrears are Rs. 1,25,475.43 lakh which accounts to about 32% of total cane price. The Committee appreciate that Government have amended the Sugarcane (Control) Order, 1966 to enable the Central Governments/State Governments to recover cane price arrears as arrears of land revenue. The Committee, therefore, strongly recommend to invoke the Sugarcane (Control) Order, 1966 strictly so that all the cane price arrears are paid to sugarcane farmers in time.

### **Reply of the Government**

1. The recommendation of the Committee has been forwarded to the State Governments (Annexure-III)

2. The total cane price arrears for 1999-2000 and earlier sugar seasons which, as on 30th September, were Rs. 799 crores have been reduced to RS. 76.02 crores as on 30.4.2001.

3. The position of cane price payable amount, cane price paid amount and the cane price arrears for the 2000-2001 sugar season, as on 31.1.2001 was as follows:

	Rupees in crores
Cane price payable amount	5,142.71
Cane price paid amount	3,887.96
Cane price arrears	1,254.75
Percentage of cane price arrears	24.40

3.1 As on 30.4.2001, the position was as follows:

	Rupees in crores
Cane price payable amount	10,904.61
Cane price paid amount	9,033.02
Cane price arrears	1,871.59
Percentage of cane price arrears	17.16

Thus, the percentage of cane price arrears has declined from 24.40 (and not 32 as mentioned in the recommendation) as on 31.1.2001 to 17.16.

4. The Sugarcane (Control) Order, 1966 has been amended on 29.11.2000 empowering the Central Government/State Governments to recover cane price as arrears of land revenue.

4.1 A copy of the amendment Order is at *Annexure-IV*. The Minister, Consumer Affairs, Food & Public Distribution had written on 7.12.2000 to the Chief Ministers of the sugar producing States for enforcing the provisions made in the said amendment Order. Besides, Chief Secretaries of the sugar producing States were also requested on 6.12.2000 to enforce the provisions of the said amendment Order.

4.2 The Central Government in pursuance to the said amendment Order has authorized the Chief Director, Directorate of Sugar to exercise the powers under clause 9 (aa) of the amendment Order (*Annexure - V*) i.e. direct any producer of sugar or his agent to maintain and furnish within 7 days of the close of each fortnight to the Directorate of Sugar the details of cane purchased, cane price due, cane price paid, cane price arrears for each fortnight in the prescribed format. This has been brought to the notice of the State Governments, the apex bodies of the sugar industry and the sugar factories.

### Recommendation (Paragraph No. 3.72)

The Committee have been informed that 39 private/public sugar industries are reported sick to BIFR. About 92 sugar cooperative sugar mills have also their negative net worth. The Committee note that about 25% of sugar industries are either sick or with negative net worth. The Committee, therefore, recommend that positive efforts be made to open/revive closed/sick sugar mills even by privatizing them for which the matter may be taken up at the appropriate level with the State Governments immediately. Further, funds should be given out of SDF for modernization/rehabilitation of sick sugar industry. Excise duty levy and other tax exemption be considered on production of sugar and their by-products like molasses etc. Research should be also be conducted for by-product utilization of sugar so that ancillary units may be established and sick sugar units should be capable of utilizing revenue obtained from by-products to strengthen themselves.

### Reply of the Government

The sick sugar companies belonging to Private and Public Sectors are covered under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Such sick sugar companies are required to make a reference to the Board for Industrial and Financial Reconstruction (BIFR). The BIFR formulates a revival scheme, wherever feasible, and, if any reliefs or concessions relate to this Ministry are included in the revival package, the same are considered by this Ministry to make the revival scheme successful.

The cooperative sugar mills are not covered by the SICA. They fall under the Companies Societies Act of respective States. The State Governments are expected to prepare suitable rehabilitation scheme for the revival of sick cooperative sugar mills, with or without the participation of the financial institutions, including the National Cooperative Development Corporation (NCDC).

A Committee has been constituted by the Government under the Chairmanship of Secretary (F& PD) to examine the cases of sick cooperative sugar mills and to recommend revival packages of potentially viable units. The Sugar Development Fund Rules, 1983 are being amended so as to assist the sick sugar mills in their revival/rehabilitation. The amount of loan from the Sugar Development Fund (SDF) may be up to 60% of the cost of the rehabilitation scheme/package with 6% interest per annum. Loan from the SDF are presently available, *inter alia*, for modernization of sugar mills and cane development at 9% interest for meeting up to 40% of the cost of the project. The Government of India will also be giving concession in levy percentage to mills which will be rehabilitated with financial assistance from the Centre.

The recommendation that the revival of the closed/sick sugar mills may be done even by privatizing them has been forwarded to the State Governments.

The recommendations that excise duty exemption on sugar and molasses may be considered for revival of the closed/sick sugar mills has been forward to the Ministry of Finance for consideration.

The molasses and bagasse are main by-products of the sugar industry. The value addition to by-product, is an important route for improving the economy of the sugar industry. The Research and Development work in respect of sugar, including its by-products, is being carried out mainly by the following two Research Institutes:—

- (i) National Sugar Institute, Kanpur
- (ii) Vasantdada Sugar Institute, Pune

The recommendation of the Committee for conducting research on by-products of sugar industry has been forwarded to the above Institutes for necessary implementation. However, it is stated that bagasse is normally used as a fuel in the boilers for the purpose of steam generation required for process operations & generation of electricity needed for captive consumption. With the availability of modern technology and equipments, its has been possible to generate surplus power, which can be supplied to the State Electricity Boards. Some sugar factories have already started exporting surplus power to the State Electricity Boards which has enabled them to improve their viability. The molasses is generally used for production of alcohol. In order to reduce pollution, there has been demand for blending of alcohol with petrol. The Government of India has already approved 3 pilot projects for blending of akohol with petrol. The two projects are being set up in the State of Maharashtra and one in the State of UP.

#### **Recommendation (Paragraph No. 4.42)**

The Government has notified order No. 1-VP (13)/2001 dated 16th March, 2001 in the light of notification No. 17-1/2000-Custom dated 1st March, 2001 to fulfill the Budget proposal of Finance Minister for revival of sick vanaspati units. The order specifies that only those sick vanaspati units will be entitled for concessional duty of 55% who have been referred to BIFR as on 28.2.2001. This debars the other sick vanaspati units which are not referred on that date. Besides, the

notification has so much complicated provisions namely V, VI, VII and VIII resulting from basic provision III and IV which is ultra vires to the spirit of SICA Act, 1985. The committee, therefore, feel that this notification will debar the sick vanaspati units more than it will help them. The Committee have, however, been informed by the Ministry that the matter is being reviewed in order to make them more sick vanaspati units friendly. The Committee, therefore, strongly recommend that final decision for withdrawal of notification/order in question should arrived at with immediate effect so that more number of sick vanaspati units may avail the concession for making themselves viable.

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

The question whether some of the guidelines framed by this Department for sick vanaspati units to avail of the concessional rate of import duty on CPO were ultra vires of the provisions of the SICA was referred to the Ministry of Law. However, *vide* Notification No. 44/2001-Customs dated 26.4.2001 issued by the Department of Revenue, Ministry of Finance, entries relating to concessional rate of custom duty @ 55% on CPO for sick vanaspati units were omitted. As such, further action in pursuance of the recommendation of the Committee could not be taken. Now, there is a uniform rate of duty of 75% on CPO for all the vanaspati units, whether sick or otherwise.

### CHAPTER III

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

##### Recommendation (Paragraph No. 1.13)

The Committee note that in many cases budget allocation could not be utilised due to slow progress by CPWD. For Indian Grains Storage Management and Research Institute (IGMRI) only Rs. 5 lakh could be utilised out of Rs. 90 lakh during 1999-2000. Also during 2000-2001, only 67 lakh could be utilised out of Rs. 169 lakh earmarked under the head. The Government has informed the Committee that according to General Financial Rules, all civil works of Central Government are required to be executed through CPWD and if CPWD gives no objection, civil works can be entrusted to other Organisations. The Committee are of the opinion that if monitoring would have been strengthened by the Ministry, the delay in execution of works by CPWD could have been avoided. The committee, therefore, strongly recommend that review meetings and monitoring be augmented adequately and if no breakthrough is achieved, the work should be awarded to other organization for its completion within the stipulated time.

##### Reply of the Government

It may be clarified that out of total budgetary allocation of Rs. 168.90 lakh for the Indian grain Storage Management and Research Institute (IGMRI) during 2000-2001, an amount of Rs. 50 lakhs only was earmarked for major works i.e., construction of hostel buildings at the IGMRI, Jabalpur and Udaipur. The progress of construction was closely monitored. The entire allocated amount of Rs. 50 Lakh was utilised by the CPWD during the year 2000-2001.

2. The amount allocated for construction of IGMRI buildings at Jabalpur and Udaipur during 2001-2002 is Rs. 64.40 Lakh. The entire amount has been placed at the disposal of the CPWD. The progress of construction will be closely monitored to ensure the utilisation of the entire amount. The CPWD has also been informed of the concern expressed by the Standing Committee while examining the Demands for Grants for 2001-2002.

### Recommendation (Paragraph No. 2.104)

The Committee note that the stock of foodgrains with FCI as on 31.1.2001 was 465.15 lakh tonnes as against Buffer stocking norm of 168.00 lakh tonnes. The surplus stock of foodgrains on 31st January, 2001 was 297.15 lakh tonne for which FCI was incurring per day carrying cost of Rs. 18 crore. If this trend continues the total Buffer subsidy for the year will come out to about Rs. 6500 crore. The Committee also note that subsidy towards carrying cost of foodgrains has also increased from Rs. 1385 crore in BE (2000-2001) to Rs. 5262 crore in RE (2000-2001) which is about 400% increase. The Committee are of the opinion that out of subsidy of Rs. 8210 crore BE (2000-2001), Rs. 5262 crore went for buffer carrying cost and about Rs. 2948 crore towards consumer subsidy which is about half of buffer carrying cost. Thus the Govt. have not been able to deliver the subsidy to targeted consumer as envisaged in the budget. The Committee, therefore, strongly recommend that all efforts should be made to minimize the buffer carrying cost so that subsidy is utilized for targeted people.

### Reply of the Government

The food subsidy during the year 2000-01 was Rs. 12042 crore out of which buffer subsidy was Rs. 4233 crore. The buffer subsidy during the current financial year is expected to be Rs. 5680 crore.

In order to reduce the excess stocks, Government has taken various measures as mentioned below:

- (1) The allocation of foodgrains for BPL category was increased from 10 kg per family per month to 20 kg per family per month with effect from April, 2000. The allocation has been further increased to 25 kg per family per month with effect from July, 2001. Further, more BPL families have been brought within the purview of the TPDS by shifting the population base from 1995 to 1.3.2000 with effect from December, 2000.
- (2) The Central Issue Price of wheat and rice has been reduced for APL population with effect from July, 2001. The CIP of wheat and rice is now Rs. 610 per quintal and Rs. 830 per quintal respectively. This works out to about 70% of the FCI's economic cost of wheat and rice. The CIP of wheat and rice in respect of BPL category is now about 48% of the economic cost of the FCI.

- (3) Foodgrains are made available at BPL rates for allotment to State Governments @ 5 kg. per head per month for covering categories of indigent people living in welfare institutions such as orphanages, beggar homes, Nari Niketans etc. sponsored by the State Governments and the concerned administrative Ministry of the Government of India.
- (4) Foodgrains at CIP applicable for BPL families are being allocated for all the welfare schemes including SC/ST/OBC Hostels scheme, implemented by the various Ministries of the Government of India.
- (5) Foodgrains can be allocated at BPL rates for development schemes (where the beneficiaries belong to the BPL category) implemented by NGOs sponsored by the State Governments and endorsed by the administrative Ministry in the Government of India, as also by international organizations like the World Food Programme.
- (6) Government has allotted 15.88 lakh tonnes of foodgrains, including 2.98 lakh tonnes paddy allotted to Government of Chhattisgarh, free of cost for undertaking Food for Work Programmes in the drought affected areas of Chhattisgarh, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Orissa and Rajasthan. Besides, Government has also allotted one lakh tonnes of foodgrains for distribution in the earth quake affected areas of Gujarat.
- (7) Foodgrains at CIP applicable for BPL families can be allotted to the State Governments for undertakings "Food for Work" programmes in the States, as also for "Greening India Campaign".
- (8) It has also been decided to give additional of foodgrains at BPL rates to the drought affected States for distribution to all the drought affected families (BPL & APL) @ 20 kg. per family per month for a period of three months. Govts. of Gujarat, Rajasthan and Maharashtra have already been allotted the quantities demanded by them.
- (9) FCI has been permitted to offer wheat and rice from the Central Pool for the purpose of export. Since December, 2000, about 30 lakh tonnes of foodgrains have been exported.



### Recommendation (Paragraph No. 2.107)

The Committee is concerned about the plight of farmers due to removal of quantitative restriction *w.e.f.* April 1st 2001. The sudden and large fluctuations in world prices may pose a threat to agro producers in India. The Committee are of the opinion that farmers will not be able to compete with the import of agro-items, which will be much cheaper than the present rates prevalent for the domestic produce in the market. The Government has fixed the MSP of wheat at Rs. 610 for (2001-2002) Rabi marketing season. But the wheat price in international market is between Rs. 400 to Rs. 450 per quintal due to high subsidies provided by the foreign countries on their produce. In view of the above, large scale import of foodgrains is bound to occur and small and marginal farmers particularly may lose their livelihood who constitute 70% of the population of the country. In the opinion of the Committee, the Government should not forget suicide incidents of commercial/cash crops; farmers in the State of Andhra Pradesh, Maharashtra and Karnataka and take a lesson from the incident so that the same situation does not occur among producers of foodgrains. The Committee feel that some strict steps should be initiated as safeguard measures against WTO conditions for traditional farming in interest of farmers. The Committee, therefore, strongly recommend that the Govt. should impose anti-dumping duties on import of foodgrains without loss of time and ensure remunerative prices to Indian farmers.

### Reply of the Government

Government is making all out efforts to protect the interests of domestic farmers in the context of the removal of quantitative restrictions on the import of agricultural commodities. Government is closely monitoring the imports of agricultural commodities and wherever surge in the import of any commodity is noticed, immediate steps are taken to raise the import tariff thereon within the bound rates.

The WTO Agreement on Agriculture also provides for taking other measures such as anti-dumping action, safeguard action and imposition of countervailing duties in order to provide the protection to the farmers under certain specified circumstances. So far as import of foodgrains is concerned, customs duty on husked rice (paddy or rough) husked (brown) rice, broken rice has been increased *w.e.f.* 5-4-2000 from nil to 80%, while customs duty on semi-milled or wholly milled rice, whether or not polished or glazed, has been increased from nil to 70%. Import duty on Maize (corn) has been increased from nil to 50%.

So far as ensuring remunerative prices to the farmers for their produce is concerned, Government has been implementing the scheme of the Minimum Price Support for various agricultural commodities.

As regards imposition of anti-dumping duty, it is submitted that the Designated Authority appointed by the Government conducts Anti-Dumping investigations in India under sections 9A, 9B and 9C of Customs Tariff Act, 1975 as amended in 1995. According to the Anti-Dumping Rules, the initiation of Anti-dumping investigations is undertaken when the domestic industry files a fully documented petition to the Designated Authority with *prime-facie* evidence of dumping, injury and casual link between the dumping of the imported goods and injury to the domestic industry. However, under rule 5(4) of the Customs Tariff Rules of 1995, the Designated Authority may initiate investigations *suo moto* if it is satisfied with the information received from the Collector of Customs appointed under the Customs Act, 1962 or from any other source that sufficient evidence exists regarding dumping of the foreign goods, material injury to the domestic industry and casual link between the two. It may not, be possible for Government to issue a general order imposing Anti-Dumping duties on import of foodgrains to India.

#### Recommendation (Paragraph No. 2.117)

The Committee note that Antyodaya Anna Yojana is among the many other welfare schemes like JRY, Annapurna, Midday Meal, etc. announced by the Government from time to time. The Committee are, however, have their doubts on successful implementation of the scheme due to the fact that no criteria still has been fixed by the Government to identify the poorest among the poor people. Further the methodology adopted by the Planning Commission is lowering the percentage of BPL from 36 to 26 is also not acceptable to the Committee because the estimate of 35.97% of BPL population was arrived at by a High Powered Committee constituted by the Planning Commission under the Chairmanship of Prof. Lakdawala and thereafter no estimation for poorest of the poor population has been undertaken by the Govt. In the opinion of the Committee, the hasty step taken by the Govt. in announcing the scheme without visualising its pros and cons may lead to manipulation in the identification of beneficiaries under the scheme. Further, the Committee feel that there are chances of diversion of highly subsidised foodgrains meant for the poor people as has been witnessed earlier also in other schemes. The Committee are also very

much concerned about the availability of foodgrains at half of the normal price that the Government should not dilute the BPL estimate by creating a separate category among BPL people and all BPL people as estimated by Prof. Lakdawala Committee should be provided subsidised foodgrains at affordable rates. This in turn will also increase the off take of the foodgrains and food security will be ensured for all BPL population which is social responsibility of a welfare State.

#### Reply of the Government

The poverty estimates followed at the time of introduction of TPDS for determining the BPL population were made by the Expert Group for the year 1993-94 updated to 1995 population. Current poverty estimates for TPDS allocation at the national level are still higher keeping in view the upward revision of poverty ratios for some States as well as shifting of population base from 1995 to 1.3.2000. The Department has not adopted the latest poverty estimates (1999-2000) given by the Planning Commission for TPDS allocation of foodgrains.

Antyodaya Anna Yojana, which contemplates identification of one crore poorest of the poor families and issues of 25 kg. of foodgrains per family per month to them at highly subsidised rates of Rs. 2/- per kg. of wheat and Rs. 3/- per kg. of rice, is a step in the direction of reducing hunger among this poorest segments of population living below poverty line. The AAY has not diluted the BPL estimates but is a step towards ensuring availability of 25 kg. of foodgrains at highly subsidised rates for the one crore poorest families out of total 6.52 crore BPL families covered under TPDS. One crore Antyodaya families constituted about 15.33% of the BPL families in the country. The number of Antyodaya families for each State and UT has been worked out on this basis.

Recognising that the most crucial element for ensuring the success of AAY is the correct identification of beneficiaries under the scheme, detailed guidelines for implementation of AAY has been circulated to all States/UTs. They have been asked to involve the PRIs and local bodies in identification of beneficiaries in rural and urban areas so that only deserving and needy are identified as Antyodaya families in an impartial and objective manner. Allocation of foodgrains is being released to the States/UTs on receipt of information regarding completion of the task of identification and issue of disintictive cards to the beneficiaries under AAY.

As for minimising the chances of leakages due to high price differential, the States/UTs have been asked to involve PRI's/local bodies in the identification process as well as in implementation of the AAY. Further, AAY guidelines provide that future allocation of foodgrains under the scheme will be linked to the receipt of utilisation certificates from the State Governments/UT Administrations to the effect that the foodgrains have actually reached the Antyodaya families.

AAY has been launched in 13 States and 2 UTs so far. The names of these States and Union Territories are given below.

States	UTs
1. Andhra Pradesh	1. D&N Haveli
2. Chattisgarh	2. Daman and Diu
3. Himachal Pradesh	
4. Kerala	
5. Madhya Pradesh	
6. Rajasthan	
7. Mizoram	
8. Punjab	
9. Haryana	
10. Maharashtra	
11. Jharkhand	
12. Gujarat	

#### Recommendation (Paragraph No. 3.73)

The Government have reduced levy obligation of sugar factories to 15% *w.e.f.* 1.2.2001. Finance Minister has also announced that complete decontrol of sugar is irreversible. Once sugar is fully decontrolled, old sugar mills and new sugar mills along with expansion projects will be treated at par and those with sound financial position alone will survive. In such situation the new/expansion projects may not provide economically viable as domestic sugar industry is saddled with high production of sugar to the tune 248.87 lakh tonne while

internal consumption is only 155.36 lakh tonne. Thus, in a limited market very less scope of export along with subsidized imported sugar, the sale of sugar is bound to be affected. The Committee, therefore, desire that for new/expansion project exemption of excise duty on total production and molasses should be considered, so that they may withstand competition.

#### Reply of the Government

The Incentive Scheme for the sugar factories were framed in the context of the policy of partial control and dual pricing in respect of sugar. Under this policy, 40% of the sugar was being procured by the Central Government at controlled ex-factory levy sugar prices, while the remaining 60% was allowed to be sold, subject to the quantity allowed under the release orders, as free sale sugar. The realizations of the sugar factories from the free sale sugar were higher, while the levy sugar prices were fixed by the Government at a lower level.

Under such partial control and dual pricing policy, new/expansion project in the sugar sector were not provide economically viable. As higher capital investment is required for establishing new sugar factories/expansion of existing capacities, investment in the sugar sector was not forthcoming. On the other hand the country needed higher sugar production. Therefore, with a view to mitigating hardships of the entrepreneurs in the sugar factory and to make the investment in the sugar sector viable by utilizing surplus funds generated from the higher free sale quota of sugar for repayment of term loans availed from the financial institutions/banks, the incentive schemes were formulated. Under the incentive schemes, the new sugar factories and the expansion projects of existing sugar factories were allowed higher free sale quota for a certain number of years, so that higher realization from the free sale sugar sales would enable them to be viable.

Government has decided to decontrol the sugar industry in a phased manner. The Finance Minister, in his budget speech, has mentioned that the complete decontrol must be irreversible Government has decided to introduce futures/forward trading in sugar, a step that is necessary before full decontrol of sugar.

As the incentive schemes were framed in the context of the partial control and dual pricing policy in respect of sugar with compulsory levy at 40%, with proposed complete decontrol, the basis on which incentive schemes were formulated would no longer exist.

As with proposed complete decontrol, the sugar factories will be able to sell sugar in the open market without paying any compulsory levy, and the futures/forward trading in sugar would help in achieving a certain degree of price stability. This Ministry is of the view that there is no need for grant of exemption of excise duty for new/expansion projects in the event of complete decontrol of sugar.

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## CHAPTER IV

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

#### Recommendation (Paragraph No. 2.98)

The Committee note that there is wide-scale aberration in the procurement of foodgrains more particularly by FCI. Though the Government claim that farmers will be given Minimum Support Price (MSP) of their produce, the cases of distress sale of paddy and wheat have been reported from various parts of the country. There may be various reasons for non-procurement of foodgrains including lack of coordination between FCI and State Governments. Central Government cannot be absolved with this responsibility of providing MSP to farmers of the country. The Committee also note that while the production of rice in Andhra Pradesh is around 104.89 lakh tonnes, the procurement is to the tune of about 40.69 lakh tonne. The production of rice in Haryana is around 25.94 lakh tonne, the procurement is about 14.16 lakh tonne. The production of rice in Karnataka is about 36.35 lakh tonne, the procurement is about 1.9 lakh tonne. Production of rice in Punjab is about 87.16 lakh tonne, procurement is 67 lakh tonne. The production of rice in Uttar Pradesh is about 129.12 lakh tonne, the procurement is only about 10 lakh tonne. The production of rice in Madhya Pradesh is about 63.76 lakh tonne, the procurement is 1.22 lakh tonne. The production of rice in Tamil Nadu is 72.25 lakh tonne, procurement is about 12 lakh tonne. Production of rice in Bihar is about 77.41 lakh tonne, the procurement is about 0.05 lakh tonne. Orissa with production of about 51 lakh tonne has, procurement of about 4 lakh tonne. Almost the same trend lies with production and procurement of wheat too. It seems that in the name of providing MSP, Government is taking care of interests of farmers of a few States like Punjab, Andhra Pradesh only. The reasons put forth by Government for less procurement in other states is that they do not get the infrastructure and facility as they get in Punjab. However, the Committee is of the opinion that a raw deal is being done with some of the States more particularly in cases of Bihar, Orissa, Maharashtra, Karnataka, etc. The Committee, therefore, strongly recommend that there should be no double standard and discrimination against farmers of other States. There should be uniform policy of procurement in the larger interest of farmer of the country. Infrastructure, if necessary, be created in other States too, as it was done in case of Punjab so that farmers in the country may not suffer for procurement of wheat in the coming Rabi Season (2001-2002) despite announcement of MSP. Otherwise announcement of MSP will have no substantial meaning for the farmers of many states.

### Reply of the Government

It is true that the procurement is now largely confined to a few States. In order to ensure, *inter alia*, that farmers in other States also get the benefit of minimum support price, the Central Government wants to decentralize procurement. However, the response from the State Governments has not been very encouraging. Only three States, viz., West Bengal, Madhya Pradesh and Uttar Pradesh, have adopted the scheme of decentralized procurement. Under the Scheme of decentralized procurement, a State is required to procure, store and, also issue foodgrains as per allocations made by the Central Government under the Public Distribution Scheme. The difference between the Economic Cost of the State Government and the Central Issue Price is passed on to the State Government as subsidy.

It may also be pointed out that procurement in a State does not depend upon its production alone. It also depends upon its surplus. Per capita production of rice in the States mentioned in the above recommendation is indicated in the following statement:

Statement showing per capita production of Rice

Sl.No.	State/UT	Production of rice (in lakh tonnes) (1999-2000)	Total Population as on 1.3.2001 (in lakh)	Per Capita Production of Rice (in kg. per annum)
1.	Andhra Pradesh	104.90	757.28	138.52
2.	Bihar	77.42	828.79	93.41
3.	Haryana	25.94	210.83	123.04
4.	Karnataka	36.35	527.34	68.93
5.	Madhya Pradesh	63.77	603.85	105.61
6.	Maharashtra	25.36	967.52	26.21
7.	Orissa	51.87	367.07	141.31
8.	Punjab	87.16	242.89	358.85
9.	Tamil Nadu	72.25	621.11	116.32
10.	Uttar Pradesh	129.12	1660.53	77.76
11.	West Bengal	139.51	802.21	173.91



As mentioned in the above statement, per capita production of rice in Punjab, where the staple diet of the people is wheat, is as high as 358.85 kg per annum as against 138.52 kg in Andhra Pradesh and 116.32 kg in Tamil Nadu. The staple diet of the people of Andhra Pradesh and Tamil Nadu is rice.

#### Comments of the Committee

(Pl. See Para 1.9 of Chapter 1)

#### Recommendation (Paragraph No. 2.99)

The Committee observe that FCI has engaged the State Govt. as Sub-agents of FCI to procure coarse-grains in Karnataka, Maharashtra, Andhra Pradesh and Madhya Pradesh. There is also vast potential of procurement of Bajra in Rajasthan and Uttar Pradesh and procurement of Maize in Bihar, Uttar Pradesh and Rajasthan. Bihar is fourth in production of Maize. The Committee is astonished that maize was procured in other States but no arrangement was made for that pupose in Bihar. The Committee feel that the State has been overlooked. Such possibilities may be explored for other states too. The procurement of course-grains may prove fruitful in distributing the same for BPL people of the concerned States at affordable prices. The Committee, therefore, recommend that Govt. should extend its base for procurement of course-grain in other potential States too.

#### Reply of the Government

There is little demand for course-grains under TPDS. The coarse-grains procured in Karnataka, Andhra Pradesh, Maharashtra and Madhya Pradesh recently are being disposed of by FCI in the open market.

The market price of coarse-grains is generally higher than the MSP. The maximum procurement of coarse-grains in a year during the period 1995-96 to 1999-2000 was just 18,000 tonnes. The only exception in the recent past was the year 2000-2001 when the procurement of coarse-grains exceeded 6 lakh tonnes. There was no request for procurement of maize from the State Government of Bihar.

The Commission for Agricultural Costs and Prices, in their report on Price Policy for Kharif Crops 2001-2002 has recommended that procurement of coarse-grains should be undertaken by NAFED. Government is yet to take a view on this recommendation.

#### Comments of the Committee

(Pl. See Para 1.12 of Chapter I)

#### Recommendation (Paragraph No. 2.103)

Though the Government is willing to cut subsidy on foodgrains they are unable to find ways and means so as to minimise the subsidy at one hand and to provide the foodgrains at affordable prices on the other. The Government has made a drastic move to cut subsidy in BE (2000-2001) to a level of Rs. 8210 crore from the level of Rs. 9200 crore of RE (1999-2001) but the efforts in the exercise has proved futile. Instead the Government did not take note of the alarming stock of foodgrains even on 1.12.2000 which was at the level of 313.50 lakh tonnes (171.70 lakh tonnes of wheat and 141.18 lakh tonne of rice). The Government has also not taken into account the purchasing power of the poor people. It seems that the Government has not taken into account that besides 35.79% of BPL population, there is 21.58% of population in the income group of Rs. 11400 to Rs. 20,000 and 25.86% of population is in the income group of Rs. 20000 to Rs. 40000. Even if Rs. 40,000 for the family of five is taken, the income per member per day comes to about Rs. 21. It seems that the Government had not taken this fact into mind while cutting subsidy which is the main reasons for decrease in the off-take under APL. The Committee, therefore, strongly recommend that Government should devise such ways and means so that lowest and lower strata of APL and total BPL people can get advantage of public distribution system and Targetted Public Distribution system

#### Reply of the Government

The increase in APL issue prices was to target the food subsidy entirely to the BPL population while containing the fiscal outgo. However, while the consumer subsidy to the APL population has been done away with by pricing the API supply at economic cost, this has actually led to reduction in offtake, higher stock accumulation and

thus increased the fiscal outgo. The High Level Committee on Long Term Grain Policy has examined this issue in its Interim Report submitted on 3.5.2001 and has, *inter-alia*, made the following recommendations:-

- (i) In order to revive the offtake from PDS, the APL population needs to be brought into the net by reducing the APL price to 80% of the economic cost, excluding statutory levies or about 75% of the present economic cost including levies. The BPL price should be 50% of the economic cost, excluding the statutory levies. This would help improve the viability of the distribution network and thus improve BPL offtake as well.
- (ii) For the BPL families, the quota should depend on the number of members in a family. The Committee recommends that each BPL family be permitted to purchase upto 5 kg. per person at the announced BPL price per month or an allocation of 20 kg. per family, whichever is higher. Any additional requirement may be provided at the APL price.
- (iii) For the areas covered earlier under the Revamped PDS (1775 blocks), and areas currently drought affected or ravaged by other natural calamities like floods, cyclone, earthquakes, etc., a universal PDS be introduced at BPL prices and quota.
- (iv) Government may examine ways of expanding programmes of employment generation to create an effective demands for foodgrains. Ideally, a massive food for work type programmes should be launched. The existing restriction on employment in the Employment Assurance Scheme (EAS) to BPL cardholders alone should be removed immediately. To facilitate speedier implementation of food for work schemes, an interim allocation of 2 to 3 million tonnes of foodgrains may be made available to the States at discounted price. The main objective should be to supplement/amplify schemes currently undertaken by the States, such as, PM's Sadak Rozgar Yojana.

These recommendations are under examination.

The CIP of wheat and rice in respect of APL families has been reduced with effect from 12th July, 2001. Prior to that, the CIP in respect of this category was 100% of the economic cost or Open Market Sale Price (Domestic), whichever was lower. The revised CIP for APL category effective from 12th July, 2001 is Rs. 610 per quintal for wheat and Rs. 830 per quintal for rice. This works out to about 70% of the present economic cost, which is Rs. 872 per quintal for wheat and Rs. 1174 per quintal for rice.

With effect from 12th July, 2001, the allocation for BPL category has been increased from 20 kg of foodgrains per family per month to 25 kg of foodgrains per family per month. The CIP of wheat and rice continues to be the same as fixed in July 2000. This is about 48% of the present economic cost of wheat and rice.

The above measures should help both APL and BPL families.

#### Comments of the Committee

(Pl. See Para 1.15 of Chapter I)

#### Recommendation (Paragraph No. 2.105)

The Government has furnished that offtake for BPL wheat has increased from 28.77 lakh tonne in 1999-2000 to 31.62 lakh tonne in 2000-2001 and has claimed that the offtake of wheat has increased over 1999-2000. The Committee are not satisfied with the trend of offtake throughout 2000-2001. Off-take of wheat during 2000-2001 for BPL for Andhra Pradesh, Assam, Kerala, Manipur, Mizoram, Sikkim, Tamil Nadu, Tripura, Chandigarh Lakshadweep and Pondicherry has been nil. Similarly the offtake of wheat for Arunachal Pradesh, Meghalaya is also very negligible. If 4.09 lakh tonne off-take of wheat under welfare schemes and 4.21 lakh tonne off-take of wheat under calamity relief is deducted, the off-take figure of 31.62 lakh tonne will be reduced substantially. It seems that off-take of BPL is not encouraging despite increased allocation of foodgrains from 10 kg to 20 kg w.e.f. 1.4.2000. Comparing the figure on pro-rata basis, the off-take for BPL of 28.77 lakh tonne of wheat in 1999-2000 should have been doubled in 2000-2001 in view of increased allocation as the

poor people are in constant need of subsidized foodgrains. The Committee are of the opinion that there is some grave lacuna in interpretation and implementing of Government policy on Food Security. The off-take of wheat for APL has decreased from 26.97 lakh tonne in 1999-2000. The efforts of the Government to dispose the wheat by open sale has also not yielded any fruitful result. Upto February, 2001, only 5.30 lakh MT of wheat has been disposed. The open sale has not yielded desired results for disposal of rice, too. The Committee, therefore, recommend that all out efforts should be made to increase off-take of foodgrains even by revising policy and down-grading central issue price, otherwise the claim of Government for food security will turn into food insecurity despite availability of surplus stock.

#### Reply of the Government

The existing policy has been reviewed. With effect from 12th July, 2001, the allocation for BPL category has been increased from 20 kg of foodgrains per family per month to 25 kg of foodgrains per family per month. The CIP of wheat and rice continues to be the same as fixed in July, 2000. This is about 48% of the present economic cost of wheat and rice.

With effect from 12th July, 2001, the Government has also reduced the CIP of wheat and rice for APL category. The revised CIP works out to about 70% of the present economic cost of wheat and rice.

The above measures should help improve the off-take.

The present CIP for BPL and APL categories are indicated below:-

Category	(Rs./Quintal)	
	Wheat	Rice
BPL	415	565
APL	610	830

#### Comments of the Committee

(Please See Para No. 1.18 of Chapter I)

### **Recommendation (Paragraph No. 2.109)**

The Committee note that about 11849 MTs of non-issueable stock of foodgrains are lying in various godowns of FCI. Out of this, 3921 MTs have been categorised as industrial use, 4995 MTs have been categorised as manure use and 1933 MTs for dumping. The Committee observe that sincere efforts have not been made to dispose of these foodgrains. The Committee also note that storage cost of about Rs. 8 lakhs per year is being incurred for storing 1993 MTs of food grains categorised as dumping. The Committee fail to understand the reasons behind storing the completely destroyed foodgrains and paying Rs. 8 lakhs per year for its storage. In the opinion of the Committee, this is a clear-cut example of careless approach of the officers of FCI towards storage policy. The Committee, therefore, recommend that these non-issueable stock of foodgrains be disposed of without further delay. Also, responsibility should be fixed on officials who are responsible for delay in disposal of such foodgrains. Laid down principles of FIFO should regularly and strictly be followed.

### **Reply of the Government**

1564 MTs out of 1933 MTs of damaged foodgrains categorised as fit for dumping have already been dumped (up to 30.6.2001). Concerned Senior Regional Managers have been asked to expedite the dumping of the remaining quantity of such foodgrains, 369 MTs FCI has been asked to look into the delay in the disposal of these stocks and take appropriate action against the erring officials.

In order to dispose of non-issueable stocks of foodgrains, FCI was instructed, on 16.1.2001, to release feed category foodgrains, free of cost, to the drought affected States of Chhattisgarh, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Orissa, Rajasthan and Uttaranchal. On 28.2.2001, the Government of Gujarat was informed that the said category of feed category foodgrains could also be utilised for the earthquake affected areas in the State. Up to 31.5.2001, 28,890 MTs of feed category foodgrains had been released to various drought affected States and the Animal Welfare Board of India for distribution.

The existing procedure for disposal of feed category foodgrains has also been relaxed, with effect from 26.2.2001, in order to expedite disposal of feed category foodgrains.

FCI has been advised to have disposal of non-issueable stocks as a regular item on the agenda for the meetings of its Board of Directors.

FCI has again been directed to follow FIFO (first-in-first-out) strictly and to carry out surprise physical verification of stores. However, at times, deviations have to be made due to the preference of local consumers, as the State Governments do not accept/lift the old stocks of foodgrains under the Public Distribution System (PDS) and various other schemes of the Government of India.

**Comments of the Committee**

(Pl. See Para 1.21 of Chapter I)

**Recommendation (Paragraph No. 2.112)**

The Committee note that Transit Shortage have increased from 198 crore in 1998-99 to Rs. 244 crore in 1999-2000 and the storage has increased from Rs. 130 crores in 1998-99 to Rs. 150 crores in 1999-2000. In the opinion of the Committee, these losses can be avoided or minimised to the maximum extent by maintaining strict coordination among FCI, Railways, DGS&D and other allied agencies. Also, storage losses can be minimised by proper upkeep of stocks in godowns, good quality storage bag, chemicals disinfection etc. The steps taken by FCI till date are not sufficient. The Committee, therefore, recommend that transit losses be minimised by augmenting immediate action by sending and receiving stations and taking up the matter with various agencies like Railways, DGS&D etc. The storage losses should also be minimised by augmenting storage inspection and follow up action thereon. Further, cases of transit and shortage losses should be investigated thoroughly in time and officers held responsible for the losses should be penalized severely. Details of steps taken in this regard should be communicated to the Committee.

**Reply of the Government**

Though there has been a slight increase in transit and storage shortages volume-wise in 1999-2000, in percentage terms, there is, in fact, a slight decline:

Transit Shortage %	Year	Storage Shortage %	Total Shortage
1.17%	1998-99	0.40%	1.00
1.13%	1999-2000	0.32%	0.90

A slight increase in quantitative terms occurred in 1999-2000 because of larger quantities handled that year as compared to 1998-99.

2. Efforts are made to avoid and minimise these losses to the maximum extent. Coordination with the Railways is facilitated with the help of Executive Director (Traffic), FCI, who is taken on deputation from the Railways. The policy issues regarding pursuit of claims with the Railways on transit losses, demurrages & diversions are dealt with by Movement Division of Ministry manned by officers who are also from the Railway Traffic Service to effectively interact with their counterparts in the Railways.

3. Regarding sustained quality checks of gunnies supplied by various jute mills, it may be pointed out that there exists an inspection machinery under the supervision of the Directorate General of Supply and Disposal (DGS&D) and such issues are co-ordinated by Purchase Division of the FCI Headquarters through the FCI Zonal Office at Calcutta. Monthly meetings to ensure both quality and regular supply of gunnies are convened by the Ministry.

At the FCI Headquarters, there is a Section (MOOISS-Orgn. Method Inspection & Staff Sanction) under the overall charge of the Executive Director (Personnel) which monitors the frequency of the Inspection of depots and other field units. This issue is also addressed in the Monthly review meetings of the Corporation. The existing procures for regularisation of storage & transit losses are also reviewed periodically in order to ensure disciplinary action against erring officials.

4. The aspect of fixation of responsibility and consequent recovery is constantly reviewed by Vigilance Wing of the FCI headed by an Executive Director (Vigilance) who is appointed by Government with the approval of the Central Vigilance Commission. The system review of the steps taken by the Vigilance Wing in respect of cases reported on the issue of high transit/storage losses has already been undertaken, and steps initiated to plug to leakages in the system and also to ensure monitoring of the implementation thereof.

5. Storage losses due to inadequate chemical disinfestation measures are monitored by the Quality Control Division of the FCI. Wherever considerable quantities are reported as down-graded in any unit same is thoroughly examined & investigated. Steps are initiated to upgrade/ salvage these foodgrains apart from fixation of responsibility for such downgradation.

#### Comments of the Committee

(Pl. See Para 1.24 of Chapter I)



### Recommendation (Paragraph No. 2.115)

The committee note that all appointments in CWC made from January 1, 1989 were to be governed on ID pay scales as per DPE OM dated June 12, 1990 issued in the light of the Supreme Court Judgement dated May 3, 1990. However, the employees appointed during January 1, 1989 to June 12, 1990 could not be brought to IDA pattern and are continuing on CDA pattern. The matter was also referred to DPE which directed that their orders be followed. The committee are of the opinion that by such measures CWC is losing money against the established norms of austerity measure. The Committee, therefore, strongly recommend that the matter may be reviewed afresh in the light of DPE OM dated 12.6.1990. CWC should try all measures to reduce its establishment/administrative expenditure. Steps taken and progress achieved should be communicated to the committee.

### Reply of the Government

The matter has been reviewed. However, it is observed that some appointments on CDA pattern had been made by the CWC before the issue of the DPE' O.M. Dated June 12, 1990. It was not possible to amend the terms & conditions of their appointment without their consent so as to ensure that all appointments after January 1, 1989 came under the IDA pattern. Therefore, the appointments between January 1, 1989 and June 12, 1990 continue to be under the CDA pattern. All appointments made after June 12, 1990 were made on IDA pattern. The said issue was also raised by Government Auditors as well as statutory auditors. The position was explained to the Auditors. They were convinced and the audit objection was dropped.

To reduce the establishment cost, the CWC has proposed to introduced voluntary retirement scheme. The Corporation has not been making any recruitment and, hence, as per the Revised Estimates for the year 2000-01, the establishment cost *vis-a-vis* income and expenditure has shown a decline, as would be evident from the following Table:

Year	Percentage establishment cost vis-a-vis income	Percentage Establishment cost vis-a-vis expenditure
1999-2000 (Actual)	53%	64.3%
2000-01 (RE)	50.7%	61.7%

### Comments of the Committee

(Pl. See Para 1.27 of Chapter 1)

**Recommendation (Paragraph No. 4.40)**

The Committee note that edible oil from primary sources like groundnut, rape seed and mustard, soyabean, sunflower, sesame, etc. has decreased in 1999-2000 in comparison to 1998-99. Similarly, the edible oils from secondly sources such as rice-bran, solvent extracted oils, too have decreased in 1999-2000 from the level of 1998-99. The Committee feel that declining trend of edible oils is not a good sign for domestic industry. The Committee, therefore, recommend that all out efforts should be made to increase production of oil so that the country may become self-sufficient in edible oils.

**Reply of the Government**

The basic reason for the decline in the production of edible oil is the decline in the production of oilseeds which are the source material for edible oils. The production of oilseeds during 1999-2000 was 208.72 lakh MTs corresponding to net availability of edible oils of 61.07 lakh MTs from all domestic sources. The production of oilseeds during the year 2000-2001 is estimated to be 188.22 lakh MTs corresponding to net availability of 56.16 lakh MTs of edible oils from all domestic sources.

Some of the measures taken by this Ministry to boost indigenous production of oilseeds and hence of edible oils are: (i) use of at least 25% indigenous oils in the manufacture of vanaspati, (ii) higher use of expeller mustard oil upto 30% in the manufacture of vanaspati, (iii) upward revision of custom duty on edible oils, etc. For increased availability of rice bran oil, the Central Committee of Food Standards (CCFS) has recently, on the recommendations of this Department, agreed to upward revision of unsaponifiable matter in vanaspati from 2.5% to 3.4% so as to enable vanaspati units to use rice bran oil to the extent possible.

Attention of the Ministry of Agriculture has been drawn to this recommendations/observation of the Standing Committee to take appropriate action in the matter, specifically with regards to the efforts to be made to increase production of oilseeds so that the country may become self-sufficient in edible oils.

**Comments of the Committee**

(Pl. See Para 1.30 of Chapter I)

## CHAPTER V

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

#### Recommendation (Paragraph No. 2.100)

Committee note the Government has introduced decentralized procurement in States of West Bengal, Madhya Pradesh and Uttar Pradesh wherein the economic cost of wheat and rice has been less than economic cost of FCI. Finance Minister enthused with the about reduction of economic cost and embarrassed with jump in food subsidy from Rs. 8,210 crore to Rs. 12,125 crore has suddenly proposed to give an enlarged role to the State Governments in both procurement and distribution of foodgrains for PDS in respective States. He has further proposed that instead of providing subsidized foodgrains, financial assistance will be provided to the State Governments to enable them to procure and distribute foodgrains to BPL families at subsidized rates. However, FCI will continue to procure foodgrains for maintaining food security reserves and for such State Governments who will assign this task to FCI on their behalf. The Committee feel that State Governments have no necessary infrastructure for the purpose and have no adequate finance. When FCI itself is running into resource crunch due to high borrowing as a result of high procurement surplus stocks, less and off-take, the successful operation of the scheme by State Governments is questionable. There are several examples where State Government has diverted the fund for other purposes and desired scheme could not be successful. The Committee are of the opinion that there is more likelihood of less procurement/non-procurement due to insufficient infrastructure and there will be beginning in shifting of responsibility to cover up their failure from State Government to Central Government and vice-versa and thus interest of needy farmers will be affected and this will have adverse impact on food deficient States. The Committee feel that no comprehensive study has been done before arriving at such decision. The Committee, therefore, recommend that all such problems be given due weightage while working out arrangements with State Governments by taking them into confidence and making proper favourable situation for procurement so that farmer should not suffer due to less procurement and non-procurement.

### Reply of the Government

Decentralization of procurement and distribution of foodgrains was one of the items included in the Agenda for the Conference of Chief Ministers on WTC/Agreement on Agriculture and Food Management, held at New Delhi on 21.5.2001. A Committee comprising Union Ministers of Agriculture, Commerce, and Industry, Consumer Affairs, Food & Public Distribution, Finance and Rural Development, Deputy Chairman of the Planning Commission and Chief Ministers of Andhra Pradesh, Assam, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Uttar Pradesh and West Bengal was constituted to look into, *inter-alia*, enhancing the efficiency of procurement and reducing the cost of distribution of foodgrains under PDS through decentralization and active involvement of the States. In the first meeting of the said Committee held on 6.7.2001, it was clarified by the Finance Minister that the scheme would not be imposed on any State Government. Further, consultations will be held with the State Governments, and sharing of gains under the Scheme will be considered with those States which agree to adopt the Scheme.

### Recommendation (Para No. 2.106)

The Committee observe that 20 lakh tonne of wheat was placed for export during the year 2000-2001 while the Government has excess of 297.15 lakh tonne as on 31.1.2001. The export price of wheat was kept at Rs. 4150/- per MT. A quantity of 7.14 lakh MT of wheat has been issued for export by FCI upto January, 2001. The Committee, therefore, recommend that more quantity of foodgrains should be placed on export and possibility of potential buyers should be explored by requesting consulate office situated abroad. The Committee also desire that FCI, with all its infrastructure available, should explore possibility to export their own and earn profit which may be used for cross-subsiding the poor.

### Reply of the Government

For the year 2001-02, a quantity of 50 lakh MTs has been fixed for export. Since December, 2000, 27.35 lakh MTs of wheat has been exported (upto 30.6.2001).

In June, 2000, the Department of Food & Public Distribution had requested the Ministry of External Affairs to explore the possibilities through our Missions of commodity loan of wheat to SAARC countries, barter trade of wheat with countries which could supply other commodities in exchange of wheat and export on Government account. However, nothing concrete has materialized as yet.

**Recommendation (Paragraph No. 2.114)**

The Committee note that the declining trend of profit in CWC is also due to irregularities committed by some employees and ex-employees of CWC. The Committee have been informed that such officers have been kept on non-sensitive posts like planning and quality system which Committee do not agree. The Committee, therefore, desire that all such cases of irregularities be dealt with utmost promptness and officers concerned should not be placed on sensitive posts rather they should be placed on routine jobs. The Committee would also like to know the details of activities along with tours undertaken by such officers since 1997. During course of evidence a reference was made towards the irregularities committed by some of the officials of CWC in regard to Dhuri, Dolvi, CFS (JNP) etc. The Ministry has informed that the cases are still under investigation, which Committee do not at all appreciate. The Committee expresses deep concern that the cases of irregularities of such big size as Dhuri in Punjab and CFS (JNP) have been badly delayed and the Govt. did not think fit even to refer such cases to CBI. Further the Committee doubt whether these cases were put for consideration of BOD or not. The Committee, therefore, strongly recommends that besides departmental inquiries the Govt. should think to refer such cases to CBI with a reference for their thorough investigation at the earliest. The Committee would also like to know the details of such cases along with the reasons for inordinate delay in disposal of such cases. Steps taken and progress achieved should be communicated to the Committee.

**Reply of the Government**

The CWC had identified sensitive/non-sensitive posts during March/April, 2000 as per CVC guidelines. Officials under cloud were posted against non-sensitive posts. As decided by the Board of Directors, review of sensitive posts is being done by the Chairman, CWC. The details of activities and tours of the concerned officials since 1997 are at Annexures-I & II respectively.

2. The position regarding Dhuri, Dolvi, & CFS, JNP is given below:

(i) **Dhuri**

The matter relating to irregularities at Dhuri has been handed over to the CBI on January 15, 2001 by the FCI for investigation. Besides, the FCI has also initiated departmental action against the then SRM, Punjab and one Assistant (Grade-I), who have been found responsible for damage to the paddy. Similarly, the CWC has also chargesheeted the then RM and the then Warehouse Manager for major penalty.

**(ii) Dolvi**

The CBI registered a PE on 15.3.1999 based on source information. Thereafter, it registered RC No. DAI-1999-A-0063 dated 29.12.99. It is learnt that the CBI has completed investigation and the report is expected by July, 2001.

**(iii) CFS, JNF**

The Government has referred the case to the CBI on 3.3.1999 for investigation. The CBI has registered a PE No. DAI-2000-A-0011 dated 29.9.2000. CBI has also taken over documents and the investigation is in progress.

3. Following steps have been taken for prompt action in such cases:-

- (a) Constant pursuing with the CBI for expeditious completion of the investigation.
- (b) Monitoring of cases at various levels including the BoD and the Ministry
- (c) Best Management Practice on inquiries as per CVC Guidelines/Provisions of Staff Regulations
- (d) Training of officers for IOs and POs.
- (e) Regional Managers made responsible to ensure timely completion of inquiries.

These measures have already shown significant reduction in average time taken in completion of cases from 43 months during 1990-91—1997-98 to 17 months after 1998-99 onwards.

As regards the suggestion that FCI should explore the possibility of export on its own, the matter has been taken up with FCI.

**Recommendation (Paragraph No. 3.67)**

With a view to cater to the need of cane-growers of eastern U.P., Bihar and other adjoining areas and also in regard to cane development, the Government had taken a decision to establish National Institute of Sugarcane & Sugar Technology (NISST), Mau in 1993. In 1996, the project was reviewed by the Ministry of Finance and it was

recommended by them to take steps for disposal of land/building, if there was no justification to establish the institute at Mau. Later, it was decided that the institute, in addition to training and extension services, could also cover teaching post-graduate courses which was not available in NSI, Kanpur and as such the Government continued with the project. Now, Central Monitoring Group of the Ministry of Finance has recommended for winding up of NISST, Mau and transferring the land and building to any Central Agency/State Government in the related fields. The committee are constrained to understand as to why the Government took a decision to establish NISST, revised the same later on, again continued with the project and finally decided to wind up. The Committee feel that there is some major lacunae at policy level in the Government and Government is not able to make firm decision in fixing priority. It seems that no care was taken for the financial position of the country *vis. a vis.* the interest if sugarcane growers of the area in taking such a hasty decision. The Committee, while expressing their deep concern over this ridiculous activity, record their disagreement. They, therefore, recommend that the Government should review the decision, go along-with the NISST, Mau, and should not wind up the institute in the larger interest of farmers of Eastern U.P. and Bihar.

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

The National Institute of Sugarcane & Sugar Technology at Mau has not as yet been wound up. With a view that the research and extension related needs of the cane growers of the region are not affected, Government is presently considering the feasibility of transferring the assets and infrastructure of NISST to the Indian Council of Agricultural Research, an autonomous body under the Ministry of NISST to the Indian Council of Agricultural Research, an autonomous body under the Ministry of Agriculture, which is engaged in agricultural research. A team of experts from ICAR had visited the Mau site to have an on the spot assessment of the infrastructure facilities. The ICAR has sought details of the liabilities, financial, physical and staff related, that they would be required to bear as a result of the transfer. These details have been furnished to the ICAR and a final decision from them is still awaited.

The Government has separately decided to strengthen the National Sugar Institute at Kanpur. A recommendation to strengthen the NSI to meet the needs of the industry has been made by the Mahajan Committee. The Central Monitoring Group of the Ministry of Finance has also recommended that the specialized functions, if any, to be performed by the NISST, Mau could as well be entrusted to the NSI, Kanpur.

The Government will consider all aspects, including the recommendations of the Committee at the time the final decision on the NISST, Mau, is taken after getting the response from the ICAR.

**Recommendation (Para No. 3.68)**

The Committee have come to know that in many cases there has been shortage in supply of levy sugar to FCI/State Government or their nominees and the shortage in all the cases is being recovered from respective mills even when a clear RR is given to them. The Committee recommend that the Government should rectify the anomaly immediately in consultation with FCI, State Govt. and Railways etc. for positive disposal of genuine claims as has been ascertained by Ministry during evidence. The Committee desire that such steps should be taken so that no such anomaly should recur in future. Steps taken in this regard should be communicated to the Committee.

**Reply of the Government**

The recommendation of the Standing Committee has been noted. In order to sort out the matter, the Joint Secretary (Sugar) held a meeting on 14.5.2001 with the officers of the FCI and the Executive Director (Movement) of this Ministry. The FCI has been asked to furnish details of the shortages detected by them during the last financial year and the amount recovered from the sugar factories even when the clear RR was given to the sugar factories by the Railway authorities. On receipt of the said information, this Ministry shall take up the matter with the Railway Board.

**Recommendation (Para No. 4.39)**

The Committee noted that out of 2454 samples of vanaspati, vegetable oils, margarine drawn from manufacturing units in the country during 2000-2001, 78 samples were not found conforming to the standards of quality. The samples failed in respect of melting point baudouin test, BR Reading, Free Fatty Acid and vitamin A. The Ministry has further informed that show cause notice were issued to the concerned Vanaspati units but action is being taken in one case only where the unit was a major defaulter. In this regard, the Committee refer to a study undertaken by National Nutritional Monitoring Bureau—NCAER wherein it has been stated that Vitamin-



A deficiency is a public health problem in all the States of the country as its prevalence among pre-school children was more than WHO cut off level of 0.5%. Keeping in view the text of the report the Committee failed to understand as to why the samples found deficient in Vitamin-A were laid scotfree. The Committee view the situation seriously and, therefore, recommend that all these detected cases should be reviewed afresh and guilty should be punished. The Committee further recommend that the Ministry should devise ways and means to test more number of samples in all the States of the country. For this, matter should be taken up at appropriate level with State Government as well as with Ministry of Health by establishing coordination for positive solution.

#### Reply of the Government

1. All the 78 cases where the samples were found not conforming to standards have been reviewed and the position is indicated below.

1.1 Details of the action taken/proposed to be taken against the defaulting units are as under:—

S.No.	No. of samples	No. of Units concerned	Action taken/ Proposed to be taken
1	41	6	Referred to the concerned State Governments for prosecution
2	28	15	Warning issued to the units concerned to be careful in future.
3	3	1	Samples of new applicant collected for analysis from trial production and accordingly advised to take corrective measures.
4	6	1	Based on the reply from the unit, detailed report has been sought from the officer concerned.
Total	78	23	

2. The possibility of optimizing drawl of more samples from the manufacturing units and analyzing the same in a time bound frame in the laboratory of the Directorate by tapping optimum potential of the chemists and other qualified staff in the laboratory of the Directorate is under consideration.

Attention of the Ministry of Health (DGHS) has been drawn to this recommendation/observation of the Standing Committee with a request to take appropriate action in the matter.

**Recommendation (Para No. 4.41)**

The Committee note that coverage of area for oilseed production is shrinking due to excessive import of edible oils. The oilseeds producers are compelled to distress sale of their produce and producers are deprived of MSP of oilseeds. Selling price of mustard oilseeds came to Rs. 900/- quintal last year from the level of Rs. 2000/- per quintal much below MSP of Rs. 1100/- per quintal. The Committee, therefore, desire that interest of oilseeds producer must be saved by market intervention operation. For this, the matter may be taken up with Ministry of Agriculture so that oilseeds producer may not be resort to distress sale. The Committee further recommend that Government should establish Oilseeds Development Fund, encourage oilseeds production and, if necessary, new technology should be adopted for oilseeds production.

**Reply of the Government**

In order to harmonise the interests of farmers, processors and consumers and, at the same time, regulate large import of edible oils to the extent possible, Government has revised upwards the import duty structure of edible oils four times during the period of December 1999 to March 2001.

Ministry of Agriculture is the Administrative Ministry in so far as market intervention operation in oilseeds is concerned. The recommendation of the Committee has been forwarded to that Ministry.

A proposal to create an "Edible Oil Industry Development Fund" for revival/rehabilitation of sick edible oil units and for technological upgradation of the existing units, etc. is under consideration of the Government.

**Recommendation (Para No. 4.43)**

The Committee note that Disinvestment Commission had recommended that the breakfast food unit Delhi of HVOC be hived off into a new company and its 100% share be sold through a competitive bidding process. The Ministry have informed that out of

total strength of 158, only 36 employees of BFF unit have opted for VSS. The Committee feel that rest of the employees have not still lost hope of making this unit viable and competitive with other BFF units including that of MNCs. The Committee have been further informed that the report of rehabilitation/revival from IDBI is still awaited. It is appreciable that the Central Government have contacted GNCT, Delhi for taking over of BFF unit. The Committee, therefore, recommend that the Government should come out with a conclusion at the earliest in the larger interest of the employees of BFF unit Delhi. For this, the matter should be taken with GNCT, Delhi at the highest level.

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

The Government of NCT of Delhi had sought certain clarifications about the terms and conditions of the unit, its assets and liabilities and profit and loss account, number of people who had exercised their option under the Voluntary Separation Scheme, etc. A reply was sent on 28.3.2001. The Government of NCT of Delhi has now asked for additional clarifications, particularly in regard to the valuation of assets. The matter is being clarified after consultation with the Department of Disinvestment.

#### **Recommendation (Para No. 4.44)**

The Committee note that the Government have imposed increases custom duty on import of edible oils finally *w.e.f.* 1.3.2001. The Committee are of the opinion that such steps should have been initiated much earlier to safeguard the interest of the edible oil industry and also the farmers of the country. The Committee further note that though the Govt. have imposed ban on import of soyabean seeds there is no ban on import of soya oil. While the indigenous oil industry is being pushed to extinction, a food and crop monoculture is being created through free imports of soyabean oil. The Committee feel that the shift from diversity to monoculture is a shift of economic democracy to monopolies and there is all likelihood of import of soya oils as to the production of genetically engineered soyabean in USA has increased from 0 to 18 Million hectares which has its own health hazards. Considering the above facts, the Committee very strongly recommended that the Government should increase import duty further from the existing duty of 45% by invoking emergent provisions under world trade agreement. The Committee also recommend that the cultivation of soyabean in the country should be encouraged to enthuse farmers and to save foreign exchange.

**Reply of the Government**

Attention of the Ministry of Agriculture has been drawn to this recommendation/observation of the Standing Committee so as to take appropriate action in the matter.

The recommendation of the Committee for increasing the import duty on soyabean oil from 45%, which is the bound rate under WTO, has been forwarded to the Department of Commerce and the Ministry of Finance.

NEW DELHI;  
14 December, 2001  

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23 Agrahayana, 1923 (Saka)

DEVENDRA PRASAD YADAV,  
*Chairman,*  
*Standing Committee of Food,*  
*Civil Supplies and Public Distribution.*

## APPENDIX I

### MINUTES OF THE FOURTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON FRIDAY, THE 14TH DECEMBER, 2001.

The Committee sat from 15.00 to 16.00 hours.

#### PRESENT

Shri Devendra Prasad Yadav — *Chairman*

#### MEMBERS

##### *Lok Sabha*

2. Shri A.P. Abdullakutty
3. Prof. S.P. Singh Baghel
4. Shri Ranen Barman
5. Shri Namdeorao Harbaji Diwathe
6. Shri Yogi Aditya Nath
7. Shri Mansinh Patel
8. Shri Bajr Ban Riyan
9. Shri Abdul Rashid Shaheen
10. Shri Ram Naresh Tripathee
11. Shri Tejbeer Singh

##### *Rajya Sabha*

12. Shri W. Angou Singh
13. Shri Dawa Lama
14. Smt. Bima Raikar

#### SECRETARIAT

1. Shri Ram Autar Ram — *Joint Secretary*
2. Shri A.S. Chera — *Deputy Secretary*
3. Shri R.S. Mishra — *Under Secretary*

2.       \*\*                                       \*\*                                       \*\*

(i) Consideration and adoption of Draft Thirteenth Report.

3.       \*\*                                       \*\*                                       \*\*

(ii) Consideration and adoption of Draft Fourteenth Report.

4. The Committee, then, considered and adopted the Draft Fourteenth Report on Action Taken by the Government on the recommendations contained in their Eleventh Report on Demand for Grants (2001-2002) relating to Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) without amendment.

5.       \*\*                                       \*\*                                       \*\*

6. The Committee, then, authorised the Chairman to make consequential changes in the Report and present/lay the same in both the Houses of Parliament.

*The Committee, then, adjourned.*

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\*\* Not related to this report.

## ANNEXURE I

### STATEMENT SHOWING NAMES, DESIGNATION AND ACTIVITIES OF THE CONCERNED OFFICERS

S.No.	Name & Designation	Period	Activities attached with the Post
1.	Maj. Gen. Kulwant Singh, MD	1.1.97 to 28.2.98	Chief Executive of the Corporation
2.	Sh. Ajay Khera, Commercial Manager	1.1.97 to 25.2.000	HOD of Commercial Division
	Commercial Manager (PD)	3.5.2000 till date	Planning & Development
3.	Sh. R.C. Aggarwal, Regional Manager, Mumbai.	1.1.97 to 31.5.2000	Incharge of Region
	Manager (QA)	1.6.200 till date	Certification process of ISO
4.	Smt. Manju Verma, Joint Manager (T)	1.1.97 to 3.4.98	To assist Manger (Tech) in Corporate office
	RM I/c, Chandigarh	6.4.98 to 4.8.98	To work as incharge of Region in the absence of Regular RM
	Jt. Manager (Tech.), RO Mumbai	6.8.98 till date	To assist RM, Mumbai in preservation of stock in Mumbai Region.
5.	Sh. R.K. Sikka, SJO	7.10.94 to Dec. 1998	Incharge of CW, Dhuri
		Dec. 98 to 12.3.2001	Working under a Dy. Manager in CW, Nabha.
		March, 2001 till date	Under a senior Officer at CW, Pathankot.

**ANNEXURE II****DETAILS OF TOUR UNDERTAKEN BY MAJOR GENERAL  
KULWANT SINGH EX MD**

Sl.No.	Place of Visit	Period	Purpose
1	2	3	4
1.	Mumbai	10.1.97 to 11.1.97	Official
2.	Chandigarh	24.1.97 to 25.1.97	"
3.	Mumbai/Guwahati/ Agartala	29.1.97 to 3.2.97	"
4.	Bangalore	19.2.97 to 22.2.97	"
5.	Amritsar/CHD	24.2.97 to 28.2.97	"
6.	Mumbai/Patna	26.3.97 to 1.4.97	"
7.	Shillong/Aizwal	10.4.98 to 20.4.97	"
8.	Mumbai/Calcutta/ Hyderabad	9.5.97 to 14.5.97	"
9.	Patna/Mumbai	22.5.97 to 25.5.97	"
10.	Hyderabad	27.5.97 to 29.5.97	"
11.	Mumbai	2.6.97 to 5.6.97	"
12.	Bhopal	12.6.97 to 15.6.97	"
13.	Chandigarh	19.6.97 to 23.6.97	"
14.	Bhubaneshwar/ Paradeep Port	25.6.97 to 27.6.97	"
15.	Mumbai	25.7.97 to 27.7.97	"
16.	Bangalore	7.8.97 to 10.8.97	"
17.	Mumbai	19.8.97 to 21.8.97	"



1	2	3	4
18.	Jaipur	9.9.97 to 11.9.97	Official
19.	Patna	19.9.97 to 22.9.97	"
20.	Ludhiana/CHD	27.9.97 to 28.9.97	"
21.	Patna	1.10.97 to 3.10.97	"
22.	Chandigarh	25.10.97 to 26.10.97	"
23.	Guwahati	6.11.97 to 8.11.97	"
24.	Panchkula	5.12.97 to 8.12.97	"
25.	Nasik/Pune/Chennai/ Mumbai	17.12.97 to 29.12.97	"
26.	Mumbai	12.1.98 to 13.1.98	"
27.	CC Amritsar/RO Chandigarh	30.1.98 to 2.2.98	"
28.	Bhopal	2.2.98 to 4.2.98	"
29.	Bangalore/Madras/ Hyderabad	6.2.98 to 17.2.98	"

**Shri Ajay Khera, CM**

Sl.No.	Place of Visit	Period	Purpose
1	2	3	4
1.	Hyderabad, Calcutta/Mumbai	22.4.97 to 26.4.97	Attending meeting with Chairman, Vishakhapatnam Port Trust To see the warehouse at Calcutta Region To see CFS JNP
2.	Chandigarh/ Mumbai	7.05.97 9.5.97 to 10.5.97	To visit WH alongwith Secy.
3.	Patna	4.6.97 to 7.6.97	Attending Bhoomi Pujan in Patna Region (Triveni)
4.	Bangalore/Mumbai	16.7.97 to 18.7.97	To visit whitefield and Mangalore Port Trust and Also visit to CFS, Mumbai
5.	Ludhiana	2.8.97	To examine the feasibility of CFS
6.	Chandigarh/ Ludhiana	18/9 to 19/9	To visit RCI, SILO
7.	Goa	24.10.97	Meeting with Chairman, Morma Goa Port Trust
8.	Ahmedabad/ Gandhidham/Bombay	4.11.97 to 9.11.97	Pre-bid meeting for H&T operation, Pipavav Port Trust
9.	Bhubaneswar/ Bombay	19.11.97 to 22.11.97	Discussion with staff & labours at Bhubaneswar and Chairman of Pipavav Port.
10.	Bangalore/Chennai	2.1.98 to 7.1.98	Visited Chennai along with FA & MD.
11.	Bhopal	3.2.98 to 4.2.98	To see the Accommodation for RO Staff Qtrs.

1	2	3	4
12.	Raipur	9.2.98 to 10.2.98	Meeting with Exporters
13.	Bombay	15.2.98 to 16.2.98	To attend in-house meeting
14.	Bombay	24.2.98 to 27.2.98	For quality procedure for JNPT
15.	Kanpur	4.3.98 to 5.3.98	Review of CFS, Kanpur
16.	Calcutta	19.3.98 to 22.3.98	To attend Conference organized by Eastern India Shipping Association.
17.	Bombay	27.4.98 to 30.4.98	To attend scope shipping
18.	Bangalore	3.5.98 to 5.5.98	meeting and inauguration of Training ISO 9000.
19.	Raipur	19.5.98 to 21.5.98	Industries seminar for CFS Raipur.
20.	Mumbai/JNPT	28.5.98 to 30.5.98	To accompany MD for visiting WHS & CFS, JNPT.
21.	Chandigarh	4.6.98 to 7.6.98	Reviewed performance of Chandigarh and Panchkula Regions, attended Negotiations for II&T for Moga.
22.	Bombay/	22.6.98 to 24.6.98	To attend FIBO Meeting and to meet SAIL's Officers for operation of consignment at Karachi (unloading).
23.	AHD/Kandla	26.6.98 to 27.6.98	To see feasibility for CFS Vallarpadan Island at Port.
24.	Bombay	27.7.98 to 29.7.98	For CFS Operation
25.	Bombay	5.9.98 to 8.9.98	For study on air cargo carried by FIBO
26.	Kandla/AHD Moga	28.8.98 to 4.9.98	Dehiring of godown at Moga and prebid meeting let Kandla.

1	2	3	4
27.	Bhubaneswar	10.9.98 to 12.9.98	Visit to Dhamara Port for meeting PCL.
28.	Muscat & Dubai	8.10.98 to 19.10.98	Attending Exhibition.
29.	Calcutta	15.11.98 to 20.11.98	Spot Survey Indo-Bangladesh Border Trade with FICCL.
30.	Bombay	23.11.98 to 25.11.98	To attend Port Conference conveyed by Bombay Chamber of Commerce.
31.	Bombay	23.11.98 to 25.11.98	To attend port Conference conveyed by Bombay Chamber of Commerce.
32.	Chandigarh	21.1.99 to 23.1.99	Review the business of Chandigarh Region and AGM of CHD SWC.
33.	Bhopal/Bombay/ Chennai	26.1.99 to 30.1.99	Finalisation of hiring requirement accompanied With JS storage.
34.	Jammu	4.2.99 to 7.2.99	To attend meeting with J&K State Development Corpn., to set upon CPS at Bari Brahmur.
35.	Varanasi	10.2.99 to 11.2.99	To hold Discussions with Trade Bodies at Varanasi.
36.	Mumbai	16.2.99 to 17.2.99	To attend prebid meeting for CPS at D'Node.
37.	Chandigarh	12.2.99 to 14.2.99	To discuss matter for tariff for buffer yard with Chairman, Tariff Advisory Committee of major Ports.
38.	Mumbai	3.3.99 to 4.3.99	Pre bid Meeting in JNPT Tender.
39.	Calcutta	12.3.99 to 14.3.99 & 19.3.99 to 21.3.99	To attend FCI meeting along with FA.

1	2	3	4
40.	CHD/AHD/Kanila/ Rajkot/Bombay	24.3.99 to 26.3.99	Visited alongwith JS (Storage)/DFA
41.	Ambala/CHD	20.4.99 to 23.4.99	To accompany Australian team for bulk project
42.	Chandigarh	26.5.99	In connection to opening of CONWARE's bid
43.	Bangalore	27.5.99 to 29.5.99	Discussions with railways, CONCOR.
44.	Jammu	1.6.99 to 2.6.99	Proceeded to see the land
45.	Bombay	20.6.99 to 23.6.99	To visit JNP for Pipavav Port
46.	Calcutta	25.6.99	Visit to see godwon at Calcutta.
47.	Saharanpur	20.7.99	to inspect the operation at KCD Saharanpur
48.	Mumbai	22.7.99 to 24.7.99	Meeting with CMB Transport
48(a).	Mumbai	3.8.99 to 5.8.99	Meeting with Addl. Secy (Commerce)
49.	Mumbai	9.8.99 to 10.8.99	Inugruation at D Node
50.	Calcutta	17.8.99 to 20.8.99	Discussions with State Govt. Officers
51.	Ambala, Sirhind	21.8.99	Selection of land at Sirhind
52.	Hyderabad, Vizag/ Kakinada	29.8.99 to 4.9.99	Accompanied Chairman CWC for inspection of Warehouses at A.P.
53.	Mumbai	8.9.99 to 10.9.99	Discussions about finalisation of transporters (H&T Contractors.
54.	Mumbai & Pune	14.9.99 to 16.9.99	Discussions for Rlys. Land
55.	Goa	20.10.99 to 22.10.99	Tot attend SCOPE Marketing
56.	Mumbai	10.12.99 to 15.12.99	To sort out labour problem at JNP at the newly taken Overland and to work out strategies for CPS, JNPT.

1	2	3	4
57.	Ambala	28.10.99 to 31.10.99	Finalisation of land Project at Sirhind
58.	Mumbai	31.10.99 to 4.11.99	Negotiations at Mumbai
59.	Vietnam	26.11.99 to 7.12.99	In connection with Indian Exhibition
60.	Ludhiana	11.1.2000 to 12.1.2000	M.s. Nestle India Ltd.
61.	Chandigarh	27.1.2000	To attend advisory committee for foodgrains Management (North Zone).
62.	Mumbai	31.1.2000 to 2.2.2000	For meeting with GPPL Authorities for Railway Project & SAIL for Karachia Steel Yard at Mumbai.
63.	Mumbai	6.2.2000 to 8.2.2000	To attend Advisory Committee for foodgrains Management (West Zone).
64.	Chandigarh	14.3.2000 to 15.3.2000	AGM of SWC, Punjab
65.	Ahmedabad	4.4.2000 to 5.4.2000	For CFS Vapi
66.	Chandigarh/ Ambala	10.4.2000	Meeting with FCI official
67.	Chennai/ Bangalore	28.4.2000 to 30.4.2000 1.5.2000 to 3.5.2000	Review performance at Chennai and discuss with DRM at Bangalore.
68.	Mumbai/Indore	24.5.2000 to 25.5.2000	Meeting with Govt. of Maharashtra for labour problems in special WHs Visited all WHs in Indore.
69.	Bhopal	28.6.2000 to 30.6.2000	Discussion with MD MPSWC and see the WHs in Bhopal

1	2	3	4
70.	Cochin	24.7.2000 to 26.7.2000	Attending meeting with Cochin Port Trust and with Kin fra Authorities and visited at RO Kochi/CC Kochi & attended Meeting with Cochin Port Trust Officers.
71.	Ludhiana/ Amritsar	6.8.2000 to 8.8.2000	Inspected land offered by Shri Narinder Kumar and other Land owner. Visited Amritsar Base Depot and WHs.
72.	Bangalore	21.8.2000 to 23.8.2000	Attending Trade Meeting and reviewed overall working in Bangalore Region
73.	Srinagar	10.9.2000 to 13.9.2000	Visited Srinagar (J&K) for inspection of land
74.	Patna/ Chandigarh	20.9.2000 to 21.9.2000 & 22.9.2000	Visited with Agriculture production Commission. Attended Punjab SWC AGM Meeting.
75.	Mumbai	30.10.2000 to 2.11.2000	Visited CFS JNP & D Node.
76.	Visakhapatnam	22.10.2000 to 23.10.2000	Review CFS and see the land offered by SAIL.
77.	Bangalore	8.11.2000 to 13.11.2000	To attend the discussions with officials for start of CFS operation
78.	Hyderabad/Gulberga/ Bangalore	4.12.2000 to 7.12.2000	To visit the CAP storage and see the Land project.
79.	Mumbai/Kandla/ Ahmedabad	13.12.2000 to 16.12.2000	To attend the meeting with Users and Port and with Kandla Port Trust Authorities
80.	Goa	15.1.2001 to 16.1.2001	To discuss with Mormugao Port Trust about Land dispute between CWC and MOPT
81.	Patna & Dehri	21.1.2001 to 23.1.2001	To meet with Minister of Irrigation, Govt. of Bihar for land allotment

1	2	3	4
82.	Mumbai/Chennai	1.2.2001 to 5.2.2001	For discussion with JM, Sr. RM. FCI, Chennai and with CEO NSICT about Buffer yard at Dronagiri Node meeting With SBI CAPs at Mumbai
83.	Cochin/Mumbai	27.2.2001 to 2.3.2001	To attend WHs conference and reviewed business at Cochin and to visit CFS, JNPT in connection with Insurance Premium payment and sort out Industrial disputes at CFS, JNPT, Mumbai.
84.	Jaipur	14.4.2001 to 16.4.2001	To see the CW's land at Sitapura as well as New land at SAIL.
85.	Amritsar	16.4.2001 to 17.4.2001	Setting up of Cold Storage at Amritsar Airport.



**Shri R.C. Aggarwal, Manager (QS)**

SLNo.	Period	Place of Visit	Purpose
1	2	3	4
1.	21.1.97 to 24.1.97	Goa	Official
2.	1.5.97 to 2.5.97	Delhi	To attend RM's Conference
3.	20.7.97 to 21.7.97	Akola	To find out the cost of Weigh Bridge at Akola as per letter No. CWC/PUR/106-76/9697 formulated committee of RM, SE & DM(A/cs).
4.	2.9.97 to 4.9.97	Kolhapur	Visited Kolhapur to assess price of Weigh Bridge and on the way visited CW, Sangli, Miraj (BD & G) and Kolhapur-II.
5.	10.9.97	Pune	To attend meeting with Commissioner of Customs Sh. G.S. Narang at Maratha Chamber of Commerce and Ind. at Pune.
6.	28.9.97 to 29.9.97	Pune	To attend AGM of MSWC at Pune.
7.	16.10.97 to 18.10.97	Mahabaleshwar	To attend Meeting of Food & Civil Supplies officers at State level at Mahabaleshwar
8.	23.10.97 to 25.10.97	Goa	To discuss taking over of Godowns at Goa with Chairman MPT.
9.	17.12.97 to 26.12.97	Nasik/Aurangabad/ Wahaj/Pune/Chikalthana/ Sangli/Kolhapur	Accompanied MD for meeting with Custom Commissioner.

1	2	3	4
10.	14.1.98 to 16.1.98	Delhi	In connection with finalizing budget estimates for the year 1997-98 and also discuss various problems to Mumbai Region.
11.	23.2.98 to 25.2.98	Delhi	To act as a member of Selection Committee for Recruitment of JM.
12.	16.2.98 to 18.2.98	Pune	To attend meeting on 17.2.98 organized by Maharashtra Chamber of Commerce & Industries.
13.	10.2.98 to 15.2.98	Delhi	Attend 5th CIT International Committee on South Asia Tpt. Vision 2020 as per the Letter No. CWC/Pub./Conf./CIT/97-98 dated 9.2.98.
14.	24.4.98 to 28.4.98	Delhi	To attend RMs Conference.
15.	14.6.98 to 15.6.98	Aurangabad	Inauguration of ICD, Waluj.
16.	1.7.98 to 5.7.98	Khandawa	To attend ISO-9000 training.
17.	16.7.98 to 17.7.98	Delhi	To attend the meeting with A.G. Simon of Holland with MD.
18.	3.8.98 to 4.8.98	Miraj	In connection with setting up of an ICD alongwith RGM, CONCOR.
19.	9.9.98 to 10.9.98	Nagpur	Central Minister for Food visited Nagpur.
20.	23.9.98 to 24.9.98	Delhi	In connection with CFA & Storage arrangements Pertaining to Nissin Corpn., Japan & Meeting with Hiroshi Hiraguchi.
21.	10.10.98 to 13.10.98	Goa	In connection with visit of Parliamentary Committee on Food, Civil Supplies & PD.

1	2	3	4
22.	18.11.98 to 19.11.98	Miraj	To accompany CONCOR officials in connection with setting up of KD at Miraj.
23.	6.12.98 to 8.12.98	Delhi	To attend meeting for discussion for the revised budget/final budget estimates for the year 1998-99 & 1999-2000.
24.	23.1.99	Pune	To visit CFS, Pune, alongwith Sh. Virender Singh, Director.
25.	26.1.99 to 28.1.99	Delhi	For finalisation of tariff in respect of CFS, Nasik Pune, Waluj and Bhandup.
26.	21.2.99 to 22.2.99	Pune	To associate with Committee for negotiating the rate with M/s. HAL of their land at Pune.
27.	1.3.99 to 7.3.99	Japan	For familiarization and discussing with NISSIN Corp. about joint venture/Logistic and other Warehousing activities.
28.	30.3.99 to 5.4.99	Ahmedabad/ Aurangabad	To attend the Meeting with the Chairman, FCI for Discussions on outstanding and to attend ISO-9000. Training for Group A & B at Aurangabad.
29.	15.4.99 to 25.4.99	Delhi	To attend ISO-9000 Training at Corporate Office.
30.	31.5.99 to 1.6.99	Nasik/Pune	To visit CFS, Nasik (Ambad) CFS, Pune and Private CFS Of Dynamic Logistic Pvt. Ltd. along with MD.
31.	18.7.99 to 20.7.99	Delhi	To discuss the performance of CW, Karjurnag, Manpada and others at Co.

1	2	3	4
32.	12.8.99 to 13.8.99	Goa	Meeting with IA, Air India/Port Officials in connection with transportation of Import Cargo and setting Up of a CFS at Goa.
33.	6.9.99 to 8.9.99	Delhi	To attend RM Conference at New Delhi and discuss other Matters including tariff Committee meeting.
34.	15.9.99 to 16.9.99	Pune	To act as a member of a Team consisting of CM-I, DFA and Secy. for joint Venture with Bafina Auto Engg. Pune.
35.	21.9.99 to 22.9.99	Baroda	A meeting was fixed at Vadodara IPCL with Sh./A.N. Das, GM (Mgt. & Logistics).
36.	20.10.99 to 21.10.99	Aurangabad	For registration of MIDC Land at Waluj and also meet Commissioner of Customs, Aurangabad.
37.	21.11.99 to 23.11.99	Delhi	To attend conference and preparation of Budget Estimate and revised Estimate and other matters.
38.	20.12.99 to 23.12.99	Delhi	To attend meeting with MD.
39.	22.1.00 to 26.1.00	Delhi	To attend meeting for accounting of 50% sale proceeds on expired bonds at New Delhi.
40.	15.2.00 to 17.2.00	Aurangabad	To accompany Shri R.S. Mathur, IAS, Chairman, Greater Noida Dev. Authority and have listed Videcon International and also Allam Frozen Foods Ltd. at Aurangabad.

1	2	3	4
41.	7.4.00 to 8.4.00	Delhi	Meeting of joint venture with Bafina Auto Engg. Pvt. Ltd.
42.	4.7.2000 to 9.7.2000	HYD/Bangalore	To prepare the ROs,/CCs, and WHs for surveillance audit of South Zone & distribution of ISO Certificate at Bangalore.
43.	22.8.2000 to 25.8.2000	Mumbai/AHD	To accompany BSI Auditors for pre assessment audit of Mumbai and Ahmedabad.
44.	11.9.2000 to 16.9.2000	Karnal/CHD	To accompany BSI Auditors for registration Audit of Panckhula.
45.	17.12.2000 to 22.12.2000	Lucknow	To conduct internal Quality Audit Training.
46.	8.1.2001 to 11.1.2001	Mumbai	Pre surveillance Audit of Kalamboi & JNP.
47.	22.2.2001 to 26.2.2001	Mumbai	To accompany BSI Auditors for Mumbai Region.
48.	23.3.2001 to 24.3.2001	Mumbai	To visit CW Trivendrum alongwith consultants M/s. Rites for preparing the centre for ISO.
49.	3.5.2001 to 4.5.2001	Chandigarh	To visit Regional Office Chandigarh and Warehouses alongwith consultants M/s. Rites to ensure the Chandigarh Region be registered under ISO certification.
50.	13.5.2001 to 15.5.2001	Ahmedabad/	To visit Ahmedabad/Rajkot for surveillance Audit alongwith BSI Auditors.

Smt. Manju Verma, JM(T)

S.No.	Period	Place	Purpose
1.	10.4.99 to 18.4.99	Delhi	To attend Awareness Programme on Quality Systems on ISO-9000
2.	29.7.99 to 2.8.99	Chandigarh	To attend Court case at Chandigarh
3.	12.7.99 to 15.7.99	Nasik	ISO-9000 Quality Awareness Programme.
4.	22.8.99 to 25.8.99	Kolhapur	To inspect CWs Miraj (BD), Miraj (G) and Kolhapur.
5.	11.2.00 to 14.2.00	Delhi	To attend Women's Forum
6.	3.8.00 to 5.8.00	Akola	Visited CW, Akola in connection with PCI complaint reg. Stock inspection
7.	15.9.00 to 21.9.00	Delhi	To attend Executive Development Training at C.O.
8.	27.11.00 to 7.12.00	Vaishit-I	For general inspection.
9.	27.3.01 to 29.3.01	Delhi	To attend inquiry at Co.
10.	8.4.01 to 13.4.01	Miraj (BD)	Inspection of CW, Miraj (BD)

**Shri R.K. Sikka, SIO**

Sl.No.	Period	Place	Purpose
1	2	3	4
1.	12.3.97 to 14.3.97	Sangrour	Official
2.	26.5.97 to 27.5.97	Sangrour	Official
3.	26.9.97 to 27.9.97	Chandigarh	Discussion of liquidation of stocks.
4.	1.12.97 to 2.12.97	Chandigarh	For opening of gate of closed by Excise Deptt.
5.	4.12.97	Jalandhar	For opening the gate of M/s. OAPL.
6.	11.1.98 to 13.1.98	Delhi	To attend the meeting with Surveyors of HO, New Delhi Reg. Insurance.
7.	7.1.98 to 8.1.98	Chandigarh	To collect TA advance & discussion about closing of warehouse.
8.	5.2.98 to 6.2.98	Chandigarh	Discussion of important matter of Dhuri.
9.	24.3.98 to 25.3.98	Chandigarh	To attend insurance meeting.
10.	7.4.98 to 8.4.98	Sangrour	To visit FCI, Sangrour for liquidation of paddy.
11.	10.8.98 to 12.8.98	Chandigarh	To collect the report and discussion with RM for closure to warehouse.
12.	1.12.98 to 3.12.98	Ludhiana/Chandigarh	To shift the record of Dhuri to CW, Ludhiana and submit the document to RO, Chandigarh.
13.	21.12.98	Dhuri	To meet the Advocate in connection with the Court case of Dheui.

1	2	3	4
29.	24.11.99 to 26.11.99	New Delhi	To attend the inquiry of Sh. Amrik Singh, WA-I
30.	31.10.99 to 2.11.99	New Delhi	—do—
31.	20.12.99	Dhuri	To attend Court case.
32.	23.12.99	Ludhiana	To return ledger of Dhuri.
33.	27.12.99	Dhuri	To discuss with Advocate and collect Documents.
34.	6.1.2000	Ludhiana	to send Insurance Register of Dhuri.
35.	17.1.2000	Dhuri	To attend the Court case.
36.	17.1.2000 to 24.1.2000	Chandigarh	To handover the papers Court case, insurance & reconcile Dhuri's account and discussion of Court case.
37.	28.1.2000	Malerkotla	To collect the rainfall date from Tehsildar Office.
38.	1.2.2000 to 3.2.2000	New Delhi	To hand over the relevant record to CO, New Delhi.
39.	4.2.2000	Dhuri	To attend Court case at Dhuri.
40.	28.3.2000	Dhuri	—do—
41.	21.6.2000 to 22.6.2000	Ludhiana/ Chandigarh	To collect record from CW, Ludhiana of Dhuri for going Chandigarh
42.	27.6.2000	New Delhi	In connection with Records of Dhuri.
43.	14.12.2000	Dhuri	To attend the Court
44.	30.1.2001	Ludhiana	To collect records of Dhuri to handover to CO, New Delhi.
45.	16.3.2001	Dhuri	To attend the Court.



ANNEXURE I

No. 7-3/2001-Stat.II  
Government of India  
Ministry of Consumer Affairs, Food & Public Distribution  
Department of Food & Public Distribution, Directorate of Sugar

Krishi Bhavan, New Delhi.  
Dated 20th June 2001

To

All concerned State Governments (As per list attached)

Subject: Recommendations/observations contained in the Eleventh Report of the erstwhile Standing Committee on Food, Civil Supplies and Public Distribution Reg.

Sir,

I am directed to say that Standing Committee of the Parliament on Food, Civil Supplies & Public Distribution in its Eleventh Report, while appreciating that the Central Government has amended the Sugar (Control) Order, 1966 to enable the Central Government/State Governments to recover cane price arrears as arrears of land revenue, has strongly recommended to invoke the Sugarcane (Control) Order 1966 strictly so that all the cane price arrears are paid to sugarcane farmers in time.

In this connection, your attention is invited to the Sugarcane (Control) Amendment Order, 2000 published in the Gazette of India (Extraordinary) dated the 29th November, 2000 (copy enclosed at Annexure-I). Under this Order, the Central Government or an officer authorized by the Central Government or the State Government or an officer authorized by the State Government is empowered to forward to the Collector of the district in which a sugar factory is located, a certificate specifying the amount of price of sugarcane and interest due thereon from the producer of sugar or his agent for its recovery as arrears of land revenue. The Collector of the district has been empowered under the said Order to recover the cane price dues alongwith interest thereon as arrears of land revenue.

Your attention is also drawn to Notification dated the 4th January, 2001 published in the Gazette of India Extraordinary (copy at Annexure-II) under which the Central Government has authorized the Chief Director, Directorate of Sugar to exercise the powers conferred upon the Central Government under clause 9 (aa) of the Sugarcane (Control) Amendment Order, 2000.

The Central Government has, time and again, been emphasizing the need for payment of sugarcane prices within a stipulated period of 14 days of delivery of sugarcane. The responsibility for ensuring timely payment of cane prices lies with the State Governments which have the necessary powers and field organizations to enforce such payment.

You are, therefore, requested to implement the recommendation contained in the Eleventh Report of the erstwhile Standing Committee on Food, Civil Supplies and Public Distribution so that all the cane price arrears are paid to sugarcane farmers in time.

Yours faithfully

Sd/-

(R.P. SINGHAL)  
Chief Director (Sugar)  
Tele: 3383760

- (1) Secretary,  
Government of Uttaranchal
- (2) Secretary (Sugar)  
Government of Uttar Pradesh
- (3) Secretary (Textiles and Cooperation)  
Government of Maharashtra
- (4) Secretary (Sugarcane)  
Government of Bihar
- (5) Secretary (Agriculture)  
Government of Punjab

- (6) Secretary (Agriculture)  
Government of Haryana
- (7) Secretary (Industries)  
Government of Tamil Nadu
- (8) Secretary (Industries)  
Government of Andhra Pradesh
- (9) Secretary (Industries)  
Government of Karnataka
- (10) Secretary (Industries)  
Government of Orissa
- (11) Secretary (Cooperation)  
Government of Gujarat
- (12) Secretary (Industries)  
Government of Madhya Pradesh

No. 7-3/2001-Stat.II  
Government of India  
Ministry of Consumer Affairs, Food & Public Distribution  
Department of Food & Public Distribution  
Directorate of Sugar

Krishi Bhavan, New Delhi.  
Dated 25th June 2001

To

- (1) The Secretary  
Cooperation Department,  
Government of Assam,  
Dispur,  
Guwahati-781 001
- (2) The Secretary  
Commerce and Industries Deptt.,  
Government of West Bengal,  
Calcutta-700 016
- (3) The Secretary  
Deptt. of Cooperation,  
Government of Goa,  
Secretariat,  
Panaji-408 001
- (4) The Secretary  
Department of Agriculture,  
Government of Pondicherry,  
Pondicherry-606 001
- (5) The Secretary  
Industries Department,  
Government of Kerala,  
Secretariat,  
Thiruvananthapuram-695 001

**Subject:** Recommendations/observations contained in the Eleventh Report of the erstwhile Standing Committee on Food, Civil Supplies and Public Distribution—Reg.

Sir,

I am directed to say that the Standing Committee of the Parliament on Food, Civil Supplies & Public Distribution in its Eleventh Report, while appreciating that the Central Government has amended the Sugar (Control) Order, 1966, to enable the Central Government/State Governments to recover cane price arrears as arrears of land revenue, has strongly recommended to invoke the Sugarcane (Control) Order, 1966 strictly so that all the cane price arrears are paid to sugarcane farmers in time.

In this connection, your attention is invited to the Sugarcane (Control) Amendment Order, 2000 published in the Gazette of India (Extraordinary) dated the 29th November, 2000 (copy enclosed at Annexure-I). Under this Order, the Central Government or an officer authorized by the Central Government of the State Government or an officer authorized by the State Government is empowered to forward to the Collector of the district in which a sugar factory is located, a certificate specifying the amount of price of sugarcane and interest due thereon from the producer of sugar or his agent for its recovery as arrears of land revenue. The Collector of the district has been empowered under the said Order to recover the cane price dues along with interest thereon as arrears of land revenue.

Your attention is also drawn to Notification dated the 4th January, 2001 published in the Gazette of India Extraordinary (copy at Annexure-II) under which the Central Government has authorized the Chief Director, Directorate of Sugar to exercise the powers conferred upon the Central Government under clause 9 (aa) of the Sugarcane (Control) Amendment Order, 2000.

The Central Government has, time and again, been emphasizing the need for payment of sugarcane prices within a stipulated period of 14 days of delivery of sugarcane. The responsibility for ensuring timely payment of payment of cane prices lies with the State Governments which have the necessary powers and field organizations to enforce such payment.

You are, therefore, requested to implement the recommendation contained in the Eleventh Report of the erstwhile Standing Committee on Food, Civil Supplies and Public Distribution so that all the cane price arrears are paid to sugarcane farmers in time.

Yours faithfully

Sd/-

(R.P. SINGHAL)  
Chief Director (Sugar)  
Tele: 3383760

ANNEXURE II

TO BE PUBLISHED IN PART IX, SECTION 3, SUB-SECTION (I)  
OF THE GAZETTE OF INDIA (EXTRAORDINARY)

Government of India  
Ministry of Consumer Affairs, Food and Public Distribution  
Department of Food and Public Distribution

New Delhi, the 29th November, 2000

ORDER

GSR 903/Ess.Com./Sugarcane.— In exercise of the powers conferred by section 3 read with section 7-A of the Essential Commodities Act, 1955 (10 of 55), the Central Government hereby makes the following Order further to amend the Sugarcane (Control) Order, 1966, namely:

1. (i) This Order may be called the Sugarcane (Control) Amendment Order, 2000.  
(ii) It shall come into force on the date of its publication in the Official Gazette.
2. In the Sugarcane (Control) Order, 1956 (hereinafter referred to as said Order), in clause 3—
  - (i) in sub-clause (7), the words “or for any other reason” shall be omitted;
  - (ii) after sub-clause (7), the following sub-clauses shall be inserted, namely:—

“(8) Where any producer of sugar or his agent has defaulted in furnishing information under clause 9 of this Order or has defaulted in paying the whole or any part of the price of sugarcane to a grower of sugarcane or a sugarcane growers co-operative society within fourteen days from the date of delivery of sugarcane, or where there is an agreement in writing between the parties for payment of price within a specified time and any producer or his agent has defaulted

in making payment within the agreed time specified therein, the Central Government or an officer authorized by the Central Government in this behalf or the State Government or an officer authorized by the State Government in this behalf may either on the basis of information made available by the producer of sugar or his agent or on the basis of claims, if any, made to it or him regarding non-payment of prices or arrears thereof, by the concerned grower of sugarcane or the sugarcane growers cooperative society, as the case may be, as on the basis of such enquiry that it or he deems fit, shall forward to the Collector of the district in which the factory is located, a certificate specifying the amount of price of sugarcane and interest due thereon from the producer of sugar or his agent for its recovery as arrears of land revenue.

- (9) The Collector, on receipt of such certificate, shall proceed to recover from such producer of sugar or his agent the amount specified therein as if it were arrears of land revenue.
- (10) After effecting the recovery, the Collector shall intimate to the concerned growers of the sugarcane or the concerned sugarcane growers co-operative Societies through a public notice to submit their claims in such a manner as he considers appropriate within thirty days:

Provided that the Collector may, for the reasons to be recorded in writing, allow the submission of claims after the period so specified if he is satisfied that there was sufficient cause for not submitting such claim earlier.

- (11) If the amount recovered is less than the amount specified in the certificate under sub-clause (8), the Collector shall distribute the amount so recovered among the concerned growers of the sugarcane or the concerned sugarcane growers cooperative societies in proportion to the ratio determined by the Collector on the basis of the sugarcane supplied by the concerned growers of sugarcane or the sugarcane growers' cooperative society, as the case may be.
- (12) If the amount recovered and distributed under sub-clause (11) is less than the amount specified in the certificate under sub-clause (8), the Collector shall proceed to recover the remaining amount, as if it were arrears of land revenue till the full amount is recovered and distributed to satisfy the remaining claims.



- (13) If the amount is given to the concerned sugarcane growers cooperative societies it shall distribute the amount through cheque/draft/or any other recognized banking instrument on any Scheduled Bank to the concerned sugarcane growers within ten days of the receipt of the amount from the Collector.
- (14) If the concerned sugarcane growers or the concerned sugarcane growers co-operative society do not come forward to claim or collect the amount so recovered by the Collector within three years from the date of the public notice referred to in sub-clause (10), the unclaimed amount shall be deposited by the Collector in the Consolidated Fund of the State."

i. In the said Order, in clause 5A, —

- (I) In sub-clause (10) the words "or for any other reason" shall be omitted.
- (II) after sub-clause (10), the following sub-clauses shall be inserted, namely:—
- "(11) Where any producer of sugar or his agent has defaulted in paying the whole or any part of the additional price of sugarcane within the time specified in this regard by the Central Government or an officer authorized by the Central Government in this behalf or the State Government or an officer authorized by the State Government in this behalf, then such Government or officer may after making such enquiries or calling for such additional information from the producer of sugar or his agent as deems fit, or on the basis of claims of the sugarcane growers, forward to the Collector of the district in which the factory is situated a certificate specifying the amount of arrears of additional price of sugarcane due from the producer of sugar or his agent for its recovery as arrears of land revenue.
- (12) The Collector, on receipt of such certificate shall proceed to recover from such producer of sugar or his agent the amount specified therein as if it were arrears of land revenue.
- (13) After effecting the recovery, the Collector shall intimate to the concerned growers of the sugarcane or the concerned sugarcane growers co-operative societies through a public notice to submit their claims in such a manner as he considers appropriate within thirty days:
-

Provided that the Collector may, for the reasons to be recorded in writing, allow the submission of claims after the period so specified if he is satisfied that there was sufficient cause for not submitting such claim earlier.

- (14) If the amount recovered is less than the amount specified in the certificate under sub-clause (11), the Collector shall distribute the amount so recovered among the concerned growers of the sugarcane or the concerned sugarcane growers cooperatives in proportion to the ratio determined by the Collector on the basis of the sugarcane supplied by the concerned growers of sugarcane or the sugarcane growers cooperative society as the case may be.
- (15) If the amount recovered and distributed under sub-clause (14) is less than the amount specified in the certificate under sub-clause (11), the Collector shall proceed to recover the remaining amount as if it were arrears of land revenue till the full amount is recovered and distributed to satisfy the remaining claims.
- (16) If the amount is given to the concerned sugarcane growers co-operative societies, it shall distribute the amount through cheque, draft, or any other recognized banking instrument on any Scheduled Bank to the concerned sugarcane growers within ten days of the receipt of the amount from the Collector.
- (17) If the concerned sugarcane grower or the concerned sugarcane growers co-operative society do not come forward to claim or collect the amount so recovered by the Collector within three years from the date of the public notice referred to in sub-clause (13), the unclaimed amount shall be deposited by the Collector in the Consolidated Fund of the State."

4. In the said Order, in clause 9, after sub-clause (a), the following sub-clause (aa) shall be inserted, namely:—

"(aa) direct any producer of sugar or his agent to maintain and furnish within seven days of the close of each fortnight to the Central Government or any officer authorized in this behalf by that Government details of cane purchased, cane price due, cane price paid, cane price arrears for each fortnight as specified in the Third Schedule to this Order.

### THIRD SCHEDULE

[See clause 9 (aa)]

**Cane Price Arrears:**

Name of the producer of sugar or his agent

Plant Short Name

Plant Code No.

Sugar Season

Fortnight ending Date:

Particulars	Fortnight		To date		Total
	Gate/Own	Estate/Out station	Gate/Own	Estate/Out Station	
1		2		3	4
<hr/>					
1. Quantity of Cane purchased (in quintals)					
(a) Sugar rich variety					
(b) Other varieties					
(c) Total					
2. Rate at which cane is purchased (In rupees per quintal) during the month			Sugar rich varieties	Ordinary varieties	
(a) At the gate					
(b) At the purchase centre					
3(i) Cane price due (in lakh Rs.)					
(a) Sugar rich variety					
(b) Other varieties					
(c) Total					
3(ii) Interest due at the rate of 15% per annum on delay in payment beyond 14 days of delivery of sugarcane (in Rs.)					

1	2	3	4
4(i) Cane price paid (in lakh Rs.)			
(a) Sugar rich variety			
(b) Other varieties			
(c) Total			
(4) (ii) Interest paid out of the amount specified in 3(ii) (in Rs.)			
(5)(i) Arrears (in lakh Rs.)			
(a) Sugar rich variety			
(b) Other varieties			
(c) Total			
(5) (ii) Interest Arrears (in Rs.)			
6. Reasons for delay in payment:			
7. Arrears of cane price for previous season			
8. Arrears of cane price for earlier seasons: (excluding current and previous season) (in lakh Rs.)			

Date: (To be signed by Producer of sugar)  
Place: Or his agent or authorized signatory)

Sd/-  
[F.No. 4-5/2000-SD-II]  
R.N. DAS, Joint Secretary

Note: The principal Order was published in the Gazette Extraordinary of India vide number GSR 1126/Ess. Com./sugarcane, dated 16th July, 1966 and subsequently amended vide:

1. GSR 35/Ess. Com./Sugarcane dt. 5.6.1967
2. GSR 1591/Ess. Com./Sugarcane dt. 17.10.1967
3. GSR 945//Ess. Com./Sugarcane dt. 18.5.1968
4. GSR 1456//Ess. Com./Sugarcane dt. 2.8.68
5. GSR 402(E)/Ess. Com./Sugarcane dt. 25.9.74
6. GSR 492/(E)/Ess. Com./Sugarcane dt. 12.9.75
7. GSR 542(E)/Ess. Com./Sugarcane dt. 27.10.75
8. GSR 484(E)/Ess. Com./Sugarcane dt. 26.7.76
9. GSR 799(E)/Ess. Com./Sugarcane dt. 13.9.76
10. GSR 913(E)/Ess. Com./Sugarcane dt. 9.12.76
11. GSR 197(E)/Ess. Com./Sugarcane dt. 23.9.78
12. GSR 79(E)/Ess. Com./Sugarcane dt. 24.2.82
13. GSR 695(E)/Ess. Com./Sugarcane dt. 9.9.83

### ANNEXURE III

PUBLISHED IN PART II, SECTION 3, SUB-SECTION (I) OF THE  
GAZETTE OF INDIA EXTRAORDINARY

**Government of India**  
**Ministry of Consumer Affairs, Food & Public Distribution**  
**Department of Food & Public Distribution**

Date, the 4th January, 2001

#### Notification

G.S.R. 9(E)/Ess.Com./Sugarcane,— In pursuance of sub-clause I (a) of clause 11 of the Sugarcane (Control) Order, 1966, the Central Government hereby directs that the powers conferred upon it under sub-clause (aa) of Clause 9 of the said Order shall also be exercisable by the Chief Director, Directorate of Sugar, Department of Food and Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution, Government of India in respect of all sugar factories, producing sugar by vaccum pan process.

Sd/-

[No. 4-5/2000-SPY. DII]

R.N. DAS, JOINT SECRETARY

Note: The principal Order was published in the Gazette of India Extraordinary vide number GSR 1126/Ess.Com./Sugarcane, dated 16th July, 1966 and subsequently amended vide:

1. GSR 1127(E)/Ess.Com./Sugarcane dated 16.7.1966.
2. GSR 35/Ess.Com./Sugarcane dated 5.1.1967
3. GSR 1591/Ess.Com./Sugarcane dated 17.10.1967.
4. GSR 945/Ess.Com./Sugarcane dated 18.5.1968
5. GSR 1456/Ess.Com./Sugarcane dated 2.8.1968
6. GSR 620(E)/Ess.Com./Sugarcane dated 8.4.1970

7. GSR 402(E)/Ess.Com./Sugarcane dated 25.9.1974
8. GSR 492(E)/Ess.Com./Sugarcane dated 12.9.1975
9. GSR 542(E)/Ess.Com./Sugarcane dated 27.10.1975
10. GSR 484(E)/Ess.Com./Sugarcane dated 26.7.1976
11. GSR 799(E)/Ess.Com./Sugarcane dated 13.9.1976
12. GSR 815(E)/Ess.Com./Sugarcane dated 25.9.1976
13. GSR 913(E)/Ess.Com./Sugarcane dated 9.12.1976
14. GSR 62(E)/Ess.Com./Sugarcane dated 2.2.1978
15. GSR 197(E)/Ess.Com./Sugarcane dated 29.3.1978
16. GSR 427(E)/Ess.Com./Sugarcane dated 3.7.1981
17. GSR 79(E)/Ess.Com./Sugarcane dated 24.2.1982
18. GSR 695/Ess.Com./Sugarcane dated 9.9.1983
19. GSR 903(E)/Ess.Com./Sugarcane dated 29.11.2000

## APPENDIX II

[Vide Introduction of the Report]

### ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE ELEVENTH REPORT OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (THIRTEENTH LOK SABHA)

(i)	Total Number of Recommendations	38
(ii)	Recommendations/Observations which have been accepted by the Government. Para Nos. 1.12, 2.101, 2.102, 2.108, 2.10, 2.11, 2.111(a), 2.113, 2.116, 3.65, 3.66, 3.69, 3.70, 3.71, 3.72 and 4.42	
	Total	16
	Percentage	42.1
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies. Para Nos. 1.13, 2.104, 2.107, 2.114, 2.117 and 3.73	
	Total	5
	Percentage	13.1
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee. Para Nos. 2.98, 2.99, 2.103, 2.105, 2.109, 2.112, 2.115 and 4.40	
	Total	8
	Percentage	21.1
(v)	Recommendations/observations in respect of which replies of the Government are still awaited. Para Nos. 2.100, 2.106, 3.67, 3.68, 4.39, 4.41, 4.43 and 4.44	
	Total	9
	Percentage	23.7