

TWENTIETH REPORT
STANDING COMMITTEE ON FOOD, CIVIL
SUPPLIES AND PUBLIC DISTRIBUTION
(2002)

(THIRTEENTH LOK SABHA)

MINISTRY OF CONSUMER AFFAIRS,
FOOD AND PUBLIC DISTRIBUTION

(DEPARTMENT OF FOOD AND
PUBLIC DISTRIBUTION)

PROCUREMENT, STORAGE AND
DISTRIBUTION OF FOODGRAINS

Presented to Lok Sabha on 19.12.2002

Laid in Rajya Sabha on 19.12.2002



LOK SABHA SECRETARIAT
NEW DELHI

December, 2002/Agrahayana, 1924 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON FOOD,
CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (2002)

Shri Devendra Prasad Yadav—*Chairman*

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- *3. Shri Sahib Singh Verma
4. Shri Mansinh Patel
5. Shri Ram Chandra Veerappa
6. Shri Ram Naresh Tripathee
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- ^{*}43. Shri S.K. Khabiruddin Ahmed
- ^{**}44. Shri Manohar Kant Dhyani
- ^{***}45. Shri R.N. Arya

SECRETARIAT

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

-
- ^{*} Ceased to be a member of the Committee *w.e.f.* 18th January, 2002 (*vide* Bulletin Part-II, No. 2540, dated 18th January, 2002).
- ^{**} Nominated to the Committee *w.e.f.* 19th April, 2002 (*vide* Bulletin Part II, No. 2814 dated 19th April, 2002).
- ^{**} Nominated to the Committee *w.e.f.* 13th May, 2002 (*vide* Bulletin Part-II, No. 2879, dated 13th May, 2002).
- ^{*} Ceased to be a member of the Committee *w.e.f.* 1st July, 2002, consequent upon becoming Union Minister of Labour.
- ^{***} Ceased to be a member of the Committee *w.e.f.* 5th July, 2002 (*vide* Bulletin Part-II, No. 2995 dated 5th July, 2002).
- ^{***} Nominated to the Committee *w.e.f.* 17th January, 2002 (*vide* Bulletin Part-II, No. 2575, dated 25th January, 2002).
- ^{*} Nominated to the Committee *w.e.f.* 8th April, 2002 (*vide* Bulletin Part-II, No. 2796, dated 10th April, 2002).
- ^{**} Nominated to the Committee *w.e.f.* 22nd April, 2002 (*vide* Bulletin Part-II, No. 2832, dated 26th April, 2002).
- ^{***} Nominated to the Committee *w.e.f.* 2nd May, 2002 (*vide* Bulletin Part-II, No. 2866, dated 7th May, 2002).
- ^{*} Nominated to the Committee *w.e.f.* 22nd May, 2002 (*vide* Bulletin Part-II, No. 2918, dated 27th May, 2002).
- ^{**} Nominated to the Committee *w.e.f.* 2nd August, 2002 (*vide* Bulletin Part-II, No. 40013, dated 2nd August, 2002) and ceased to be a member of the Committee *w.e.f.* 25.11.2002 due to retirement from Rajya Sabha.
- ^{***} Ceased to be a member of the Committee *w.e.f.* 25.11.2002 due to retirement from Rajya Sabha.

INTRODUCTION

1. The Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (2002) having been authorized by the Committee to submit the Report on their behalf, present this Twentieth Report on Procurement, Storage and Distribution of Foodgrains relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Committee took evidence of the representatives of Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on 5th September, 2002.

3. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) for placing before them detailed written notes on the subject and for furnishing the information to the Committee, desired in connection with the examination of the subject.

4. The Report was considered and adopted by the Committee at their sitting held on 17th December, 2002.

5. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;
17th December, 2002

26 Agrahayana, 1924 (Saka)

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

CHAPTER I
PART I
PROCUREMENT

(i) **Production**

In the immediate post-independence era, there was shortage of foodgrains and the country was dependent on imports to meet its requirements. The agricultural scenario of the country changed dramatically over the years. Due to "Green Revolution" there was a massive increase in production of foodgrains and the country became a food surplus State from the long tainted mark of food deficit State. Now the problem is not of filling scarcity of foodgrains but the management of surplus stock of foodgrains.

1.2 The total production of wheat, rice and coarsegrains in the country during the year 1999-2000, 2000-2001 and 2001-2002 was as under :—

(in 000 tonnes)

Commodity	1999-2000	2000-2001	2001-2002
Wheat	76369	68763	71470
Rice	89683	84871	91610
Coarsegrains	30162	31616	34720

1.3 State-wise production of wheat, rice and coarsegrains for 1999-2000 and 2000-2001 are as under:—

States/U.T.	1999-2000			2000-01		
	Wheat	Rice	Coarse-grains	Wheat	Rice	Coarse-grains
1	2	3	4	5	6	7
Andhra Pradesh	9	10638	2249	6	11448	2221
Arunachal Pradesh	5	135	65	5	126	-

1	2	3	4	5	6	7
Assam	98	3861	19	86	3999	-
Bihar	4687	7252	1702	4497	5417	1515
Chhattisgarh	-	-	-	65	3238	129
Haryana	9650	2583	754	9652	2684	842
Himachal Pradesh	583	120	726	588	125	728
Karnataka	218	3717	5076	244	3734	6001
Madhya Pradesh	8685	6377	2430	3887	960	1999
Maharashtra	1436	2559	6500	948	1945	5548
Orissa	8	5187	163	13	4614	146
Punjab	15910	8716	530	15551	9154	575
Rajasthan	6732	253	2809	5554	156	3599
Uttaranchal	-	-	-	715	622	369
Uttar Pradesh	25976	13231	3843	24940	11540	3671
West Bengal	851	13760	94	1059	12428	109
Chandigarh	-	-	-	-	-	-
Delhi	31	7	5	29	5	6
Pondicherry	-	59	1	-	61	-
Gujarat	1020	985	1641	649	1014	1827
Jammu & Kashmir	434	391	489	145	415	540
Tamil Nadu	-	7532	1066	-	7218	1360
Others	36	2320	-	130	3968	431
Total :	76369	89683	30162	68763	84871	31616

Neg.-- Below 500 tonnes

*State-wise production data not available with Ministry of Agriculture.

Source: Directorate of Economics and Statistics, Ministry of Agriculture, Krishi Bhawan.

The total production of wheat, rice and coarsegrains for the year 2001-2002 are 71470, 91610 and 34720 thousand tonnes respectively.

14. Quick Assessment of Kharif Foodgrains Production for 2002-2003 are stated below:-

Agricultural Statistics Division
Directorate of Economics & Statistics
Department of Agriculture & Cooperation

QUICK ASSESSMENT OF KHARIF FOODGRAINS PRODUCTION FOR 2002-03

As on 24.09.2002
(Million Tonnes)

Crop	Season	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	
		91	92	93	94	95	96	97	98	99	2000	Final	Final	Targets	Quick Assessment
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Rice	Kharif	66.32	66.37	65.24	70.72	72.60	67.88	71.32	72.53	77.72	77.46	73.34	79.36	76.64	6601
	Rabi	7.97	8.31	7.62	9.58	9.21	9.10	10.41	10.01	13.36	12.20	11.53	12.25	14.36	-
	Total	74.29	74.68	72.86	80.30	81.81	76.98	81.73	82.54	91.08	89.66	84.87	91.61	91.00	-
Wheat	Rabi	55.14	55.69	57.21	59.84	65.77	62.10	69.35	66.35	71.29	76.37	68.76	71.47	76.00	-
Jowar	Kharif	8.33	5.71	9.38	7.26	5.87	5.65	6.99	4.95	5.26	4.82	4.67	4.30	5.59	3.89
	Rabi	3.35	2.39	3.43	4.13	3.10	3.67	3.95	2.57	3.13	3.87	3.05	4.09	3.64	-
	Total	11.68	8.10	12.81	11.41	8.97	9.33	10.94	7.53	8.41	8.69	7.72	8.39	9.23	-

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Bajra	Kharif	6.89	4.67	8.88	4.97	7.15	5.38	7.87	7.64	6.95	5.78	7.06	8.10	6.68	4.43
	Kharif	8.96	6.96	8.94	8.53	7.64	8.34	9.18	9.43	9.54	9.71	10.88	11.41	10.50	9.86
	Rabi		1.10	1.85	1.07	1.24	1.19	1.59	1.39	1.61	1.80	1.59	2.10	2.00	-
	Total	8.95	8.05	9.99	9.60	8.88	9.53	10.77	10.82	11.15	11.51	12.07	13.51	12.50	-
Bajr	Kharif	2.34	2.58	2.53	2.60	2.34	2.50	-	-	2.61	2.29	2.74	2.65	2.42	2.07
Small Millets	Kharif	1.19	0.88	0.87	0.92	0.80	0.78	0.73	0.54	0.67	0.62	0.60	0.59	0.65	0.35
	Rabi	1.64	1.70	1.51	1.31	1.73	1.51	1.46	1.68	1.54	1.45	1.43	1.47	1.52	-
	Total	2.83	2.58	2.38	2.23	2.53	2.29	2.19	2.22	2.21	2.07	2.03	2.94	3.07	0.35
Coarse Cereals	Kharif	27.71	20.80	30.60	24.30	23.81	22.66	27.11	24.76	25.05	23.22	25.55	27.06	25.84	20.61
	Rabi	4.99	5.19	5.99	6.51	6.07	6.37	7.00	5.64	6.28	7.12	6.07	7.66	7.16	-
	Total	32.70	25.99	36.59	30.81	29.88	29.03	34.11	30.40	31.33	30.34	31.62	34.72	33.00	-
Cereals	Kharif	94.03	87.17	95.84	95.02	96.41	90.54	98.43	97.29	97.77	100.70	98.89	106.42	104.48	86.62
	Rabi	68.10	69.19	70.82	75.93	81.05	77.57	86.76	82.00	90.93	95.69	86.36	91.38	99.52	-
	Total	162.13	156.36	166.66	170.95	177.46	168.11	185.19	179.29	188.70	196.39	185.25	197.80	204.00	-
Tur	Kharif	2.41	2.13	2.33	2.69	2.14	2.31	2.66	1.85	2.71	2.69	2.26	2.37	3.00	2.22

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Other Kharif Pulses	Kharif	3.00	2.29	3.30	2.69	2.52	2.27	2.83	2.44	2.43	2.12	2.71	2.72	3.00	2.01
Gram	Rabi	5.36	4.12	4.42	4.98	6.44	4.90	5.57	6.13	6.00	5.12	3.52	5.32	6.50	-
Other Rabi Pulses	Rabi	3.49	3.46	2.77	2.95	2.94	2.75	3.19	2.55	2.97	3.46	2.68	3.11	3.56	-
Total Pulses	Kharif	5.41	4.42	5.63	5.38	4.66	4.58	5.49	4.29	5.14	4.61	4.47	5.09	6.00	4.23
	Rabi	8.85	7.60	7.19	7.93	9.38	7.73	8.76	8.68	9.77	8.60	6.20	8.43	10.00	-
	Total	14.26	12.02	12.82	13.31	14.04	12.31	14.25	12.97	14.91	13.41	10.67	13.52	16.00	-
Total Foodgrains	Kharif	99.44	91.59	107.47	100.40	101.67	96.12	103.92	101.58	102.91	105.51	103.36	111.51	110.48	90.85
	Rabi	76.95	76.79	78.01	83.86	90.43	85.30	95.52	90.68	100.70	104.29	92.56	99.61	109.52	-
	Total	176.39	168.38	175.48	184.26	191.59	181.42	199.44	192.26	203.61	209.80	195.92	211.32	220.00	-

*Fourth Advance estimates as on 27.06.2002.

(ii) Food Management

1.5 The main ingredients of Food Management Policy of the Government are Procurement of foodgrains, their Movement, Storage and Distribution through the Public Distribution System and maintenance of buffer stock.

1.6 Procurement of foodgrains has been one of the Central pillars of Food Policy of Government of India. It serves the purpose of:

- a. Providing remunerative prices to farmers;
- b. Encouraging farmers to increase productivity; and
- c. Building up buffer stock of foodgrains.

1.7 Procurement also plays a very important role in avoiding chances of distress sale of foodgrains at prices below the Minimum Support Prices fixed by the Government.

1.8 Procurement operations are carried out by Food Corporation of India (FCI) in association with State Governments and their agencies. Procurement prices are based on the MSP announced by the Ministry of Agriculture. The MSP for Common and Grade-A paddy was fixed at Rs. 530/- and Rs. 560/- per quintal respectively for the 2001-2002 Kharif Marketing Season (October-September). The MSP of wheat was fixed at Rs. 610/- per quintal for Rabi Marketing Season (2001-2002). The MSP of wheat during 2002-2003 has been announced with a considerable time gap at Rs. 620/- per quintal. The Procurement prices are based on the MSPs announced by the Ministry of Agriculture. Major foodgrains in the country viz. wheat, paddy and coarse grains are procured at MSP offered by the Government. The MSPs of wheat and paddy from 1996-97 are shown below:

WHEAT		(Rupees per quintal)
Rabi Marketing Year	MSP	
1996-1997	380	
1997-1998	415 +60 (Bonus) @	
1998-1999	455 + 55 (Bonus) #	
1999-2000	550	
2000-2001	580	
2001-2002	610	

@ A bonus of Rs. 60/- per quintal was given upto 30th June, 1997.

A bonus of Rs. 55/- per quintal was given upto 30th June, 1998.

PADDY		(Rupees per quintal)
Kharif Marketing Year	Common	Grade 'A'
1996-1997	380	*395-415 (405)
1997-1998	415	445
1998-1999	440	470
1999-2000	490	520
2000-2001	510	540
2001-2002	530	560

*Fine-Superfine (Average)

The percentage increase of MSP of wheat from 1996-97 to 2001-2002 was 60.53%.

1.9 A comparison of MSPs of paddy (common variety) and wheat shows that in the year 1996-1997, the support prices were same. However, the announcement of bonus for wheat in 1997-1998 increased the support price of wheat sharply. In subsequent years, MSP of wheat has been Rs. 60 to Rs. 80 higher than MSP of the common variety of paddy.

1.10 The Department of Food and Public Distribution (Ministry of Consumer Affairs, Food and Public Distribution) extends price support to paddy, coarse grains and wheat through FCI and State Agencies. All foodgrains conforming to the prescribed specifications are bought by the public procuring agencies. The system of paddy procurement varies in various States. In Punjab and Haryana paddy is procured through 'Arthias' in the regulated markets/mandis as per Punjab and Haryana Agricultural Produce Marketing Acts. In Madhya Pradesh, Andhra Pradesh and Bihar, paddy is procured by FCI and State Agencies directly from the farmers at the purchase centres. In other States like Chhattisgarh, Maharashtra, Uttar Pradesh, Uttaranchal, Paddy is directly procured by State Government Agencies. In the State of Tamil Nadu and Gujarat, the State Governments and their agencies are procuring paddy on State account only. The producers have the option to sell their produce to FCI/State Agencies at support prices offered by the Government or in open market as is beneficial to them. Procurement is purely optional and farmers are under no obligation to sell their produce to the Government but once the farmers are willing to sell their produce to FCI, the Corporation has no option but to purchase the same. This is also known as open ended policy of foodgrains procurement.

1.11 While issuing the uniform specifications of foodgrains (FAQ standards) all the State Governments/UTs and Food Corporation of India were requested to give wide publicity of these FAQ standards among the framers to ensure that the farmers get due price (MSP) for their produce.

1.12 Besides paddy, wheat and coarse grains, rice is collected by way of statutory levy on rice millers and rice dealers. The State Government fixes the percentage of levy with the approval of Central Government. While working out these prices, the concerned State Governments and Union Territories are asked to supply information on various taxes/levies applicable in their respective States with a view to computing the prices by including all the statutory changes payable by the rice millers. MSP for common and Grade 'A' of paddy, various statutory and non-statutory changes, out of turn ratio from paddy to rice etc. are taken into account while finalising the prices for levy rice.

1.13 The total procurement of wheat and rice since the Marketing Season 1996-97 onwards has been as under:-

(In lakh tonnes)

Year	KHARIF (OCTOBER-SEPTEMBER)		RABI (APRIL-MARCH)	
	Year	Rice*	Year	Wheat
1996-1997		122.22		81.58
1997-1998		143.32		92.98
1998-1999		118.45		126.53
1999-2000		172.73		141.44
2000-2001		191.03		163.56
2001-2002		154.60 [⊙]		206.30

* Price including paddy in terms of rice.

⊙ As on 5.3.2002

1.14 The State-wise procurement of wheat during the Rabi Marketing Season 2002-2003 is given below.

(In lakh tonnes)

S.No.	States/UT	Quantity procured
1.	Bihar	0.41
2.	Haryana	58.88
3.	Himachal Pradesh	0.02
4.	Madhya Pradesh	4.24
5.	Punjab	98.63
6.	Rajasthan	4.61
7.	Uttaranchal	1.83
8.	Uttar Pradesh	21.11
9.	Chandigarh	0.16
10.	Delhi	0.35
TOTAL		190.24

1.15 State-wise Procurement of wheat and rice for the years 1999-2000, 2000-2001 and 2001-2002 are placed below—

(In 000' Tonne)

States/U.T.	1999-2000		2000-2001		2001-2002	
	Wheat	Rice*	Wheat	Rice*	Wheat	⊗Rice*
1	2	3	4	5	6	7
Andhra Pradesh		5498		7173	-	6349
Arunachal Pradesh	-	-	-	-	-	-
Assam	-	-	-	-	-	-
Bihar	Neg	20	-	8	43	89
Chhattisgarh				855	-	1849
Haryana	3870	986	4498	1477	6407	1475

1	2	3	4	5	6	7
Himachal Pradesh	-	-	-	1	2	11
Karnataka	-	111	-	230	-	137
Madhya Pradesh	542	1102	351	175	294	272
Maharashtra	-	51	-	36	-	135
Orissa	-	889	-	918	-	1137
Punjab	7832	6787	9424	6935	10580	7236
Rajasthan	637	32	539	26	676	39
Uttaranchal	-	-	-	42	140	237
Uttar Pradesh	1261	1421	1545	1172	2448	1884
West Bengal	-	351	-	-	-	48
Chandigarh	-	15	-	16	12	-
Delhi	2	6	-	-	50	-
Pondicherry	-	8	-	40	-	11
Gujarat	Neg	-	-	-	-	-
Jammu & Kashmir	-	-	-	-	-	-
Tamil Nadu	-	933	-	1720	-	865
Others	-	-	-	-	-	-
Total :	14144	18210	16357	20824	20630	21674

Neg-Below 500 tonnes

@-Position as on 19.08.2002.

*Rice includes Levy Rice and Paddy converted to Rice.

Source: Control Room, Department of Food and Public Distribution, Krishi Bhawan.

(iii) Arrangements for Kms (2002-2003)

(a) Minimum Support Price

1.16 The Minimum Support Price (MSP) announced by the Ministry of Agriculture for Kharif Marketing Season (KMS) 2002-2003 is as follows:-

Paddy Common Grade 'A'	(Rs. per quintal) 530 560
Coarse grains: Jowar/Bajra/Maize/Ragi	485

1.17 On being asked by the Committee regarding the arrangements being made by the Ministry for procurement of paddy/levy rice during the Kharif Marketing Season (2002-2003), the Ministry in its written reply stated that a meeting was taken by the Union Secretary of Food and Public Distribution, Government of India on 20.8.2002 to discuss the estimates and arrangements for procurement of paddy/rice during the ensuing Kharif 2002-2003. This meeting was attended by the Food Secretaries of various procuring States along with officers of the Ministry of Agriculture, FCI and others.

1.18 As per estimates of the Ministry of Agriculture, as on 24.9.2002, the production of rice and coarse grains during Kharif 2002-2003 is expected to be 66.01 million tonnes and 20.61 million tonnes respectively. There would be shortfall in production by 13.35 million tonnes in rice and 604 million tonnes in coarse grains, as compared to Kharif 2001-2002.

(b) Procurement of paddy/rice

1.19 (i) Apart from the procurement of paddy, FCI procures rice under levy scheme as well as Custom Milled Rice against paddy procured by FCI and State agencies.

(ii) The procurement of rice by FCI after custom milling as well as levy during the last five years from 1997-98 to 2001-2002 is as under:-

Crop year	FCI	State/Agn.	Miller levy	Total
1997-1998	17.51	25.70	13.31	56.52
1998-1999	14.33	20.53	4.13	38.99
1999-2000	16.08	35.33	12.74	64.15
2000-2001	18.39	33.09	11.82	63.30
2001-2002	16.00	43.66	9.44	69.10

1.20 According to the assessment of the Secretaries, Food and Civil Supplies of the various States, the provisional estimates for procurement of paddy and levy rice, in terms of rice, in KMS 2002-03 are as under:-

S. No.	State	Quantity (in lakh tonnes)
1.	Andhra Pradesh	45.00
2.	Bihar	2.50
3.	Chhattisgarh	6.00
4.	Gujarat	-
5.	Haryana	9.00
6.	Karnataka	-
7.	Maharashtra	2.30
8.	Madhya Pradesh	1.30
9.	Orissa	10.00
10.	Punjab	72.00
11.	Rajasthan	-
12.	Tamil Nadu	1.00
13.	Uttar Pradesh	8.90
14.	Uttaranchal	3.00
15.	West Bengal	4.00
		165.00

1.21 Statewise preparations are as under:-

1. *Andhra Pradesh*

Paddy Purchase

In 2001-2002, FCI and the Andhra Pradesh Civil Supplies Corporation procured 73,100 MT and 2,29,321 MTs paddy respectively as on 9.9.2002. A similar quantities likely to be procured during this year.

2. Bihar

(a) Rice

There is no levy scheme in Bihar. There are only 35 rice mills in the State.

(b) Paddy Purchase

The government of India has decided that FCI should step up its operations in Bihar. Accordingly, it has been decided that in the coming Kharif Season, the FCI should open 100 paddy purchase centres in the State in consultation with the State Government. Out of the 100 paddy purchase centres to be opened for the coming Kharif Marketing Season 2002-2003 it has been decided that the 40 locations for which purchase centres had been operated during the last season would be continued during this season as well. It has been estimated by the State Government that over 3.50 lakh MTs of paddy will be procured during Kharif Marketing Season 2002-2003 as against 1.33 lakh MTs procured during KMS 2001-2002.

Out of the 100 new purchase centres for KMS (2002-2003) to be opened, 89 locations out of 100 centres targeted for opening have been identified in consultation with the State Government:

Sl.No.	FCI District	Number of Purchase Centres
1.	Patna	17
2.	Gaya	18
3.	Bhagalpur	9
4.	Darbhangha	6
5.	Muzaffarpur	14
6.	Samastipur	5
7.	Purnea	7
8.	Saharasa	6
9.	Chhapra	7
TOTAL		89

3&4 Chhattisgarh & M.P.

M.P State has been split with the formation of Chhattisgarh State. The State of Chhattisgarh has opted for the decentralised procurement scheme in respect of rice. The States have experienced deficient rain this year. During Kharif Marketing Season, 2001-2002, a quantity of 0.95 lakh MTs of levy rice was procured in MP and 6.58 lakh MTs levy rice was procured by the State Agency in Chhattisgarh. During the year, 2002-2003, a quantity of 1.30 lakh MT levy rice is expected to be procured to MP. In Chhattisgarh a quantity of 6 lakh MT of equivalent rice (including paddy in terms of rice) is expected to be procured during KMS 2002-2003.

5. Haryana

During Kharif 2001-2002, the progressive procurement of paddy by FCI and the State Agencies is 15.75 lakh MTs, out of which FCI procured 1.95 lakh MTs of paddy and 4.25 lakh MTs of levy rice. Due to deficient rainfall, during KMS 2002-2003, FCI is expected to procure 2.00 lakh MTs of paddy and 5.00 lakh MT of levy rice. Procurement by FCI and all State Agencies put together is expected to be around 9 lakh MTs.

6. Orissa

The procurement of rice under levy in Orissa during KMS 2001-2002 was 12.26 lakh MTs (till 23.9.2002) against an estimate of 10.00 lakh MTs. During KMS 2002-2003, procurement may not be of that level as drought situation is prevailing in most parts of the State. Estimated procurement of levy rice during KMS 2002-2003 is 10 lakh MTs. FCI would be opening 20 paddy procurement centres during KMS 2002-2003 in six major rice producing revenue districts, namely Kalahandi, Bolangir, Nowatara, Sonpur, Baragarh and Sambalpur from where reports of distress sale are frequently received.

7. Punjab

During Kharif 2002-2003, the FCI is expected to procure 30.00 lakh MTs of paddy. Levy rice procurement of FCI is expected to be 12.5 lakh MTs and that of CMR 20.10 lakh MTs. The balance 9.40 lakh MTs will be procured by State Agencies.

8. Tamil Nadu

Decentralised procurement has commenced from KMS, 2002-2003 with estimated rice procurement of 1.00 lakh MTs during the Samba crops.

9. Uttar Pradesh

Procurement of paddy/rice in UP has been decentralised since Kharif, 1999-2000. State Government is likely to deliver 5.00 lakh MTs levy rice in the 2002-2003 Kharif Season for the Central Pool. Estimated procurement of rice (including paddy in terms of rice) during KMS 2002-2003 is 4.90 lakh MTs.

10. West Bengal

Procurement of rice in West Bengal has been decentralised since Kharif, 1997-1998. Estimated procurement of Rice during KMS 2002-2003 is 4 lakh MTs.

During Kharif Marketing Season 2002-2003, apart from 100 paddy purchase centres being opened in Bihar, the FCI has also been asked to consider opening paddy procurement centres in some parts of Madhya Pradesh and Orissa. The feasibility of FCI taking a more active role in West Bengal and Assam is also being examined.

(iv) Coarse grains

1.22 The total procurement of coarse grains since the Marketing Season 1996-97 onwards has been as under:---

(In lakh tonnes)

RABI (APRIL-MARCH)	
Year	Coarse grains
1996-1997	0.13
1997-1998	0.18
1998-1999	0.02
1999-2000	Neg.
2000-2001	6.5
2001-2002	2.47@

@ As on 5.3.2002

1.23 Statement showing Statewise procurement of coarse grains for the years 1999-2000, 2000-2001 and 2001-2002.

States/.U.T	1999-2000 Coarse grains	2000-2001 Coarse grains	2001-2002 Coarse grains
Andhra Pradesh	Neg	43	15
Arunachal Pradesh	-	-	-
Assam	-	-	-
Bihar	-	-	-
Chhattisgarh	-	-	-
Haryana	-	-	-
Himachal Pradesh	-	-	-
Karnataka	-	400	95
Madhya Pradesh	-	30	56
Maharashtra	Neg	178	58
Orissa	—	—	—
Punjab	—	—	—
Rajasthan	—	—	36
Uttaranchal	—	—	—
Uttar Pradesh	—	—	—
West Bangal	—	—	—
Chandigarh	—	—	—
Delhi	—	—	—
Pondicherry	—	—	—
Gujarat	—	—	54
Jammu & Kashmir	—	—	—
Tamil Nadu	—	—	—
Others	—	—	—
Total :	0	651	314

1.24 During Kharif 2000-2001, 6.51 lakh MT of coarse grains were procured in the State of A.P, Karnataka, MP and Maharashtra.

1.25 The Minimum Support Price of coarse grains Viz jowar, bajara, ragi and maize has been fixed at Rs. 485/-per quintal, and for barley at Rs. 500/- per quintal for 2001-2002 Kharif/Rabi Marketing Season. This is as against the procurement price of Rs. 445/- per quintal for jowar, bajra, ragi and maize, and Rs. 430/- per quintal for barley in 2000-01 Kharif/Rabi Marketing Season.

1.26 The Economic Cost of procurement for each State is finalized and the quantities of coarse grains that are not distributed in the PDS are disposed of by FCI by calling tenders on "as is where is" basis. The difference between the Economic cost of the State and the tendered rate is reimbursed to the State Government as subsidy.

1.27 There is a vast potential of procurement of coarse grains in the States of Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh, Gujarat and Tamil Nadu. When asked by the Committee as to what steps have been taken by FCI/ Central Government NAFED to procure coarse grains in different potential states, the Ministry in their written reply stated as under:—

"The Department of Food & Public Distribution had requested the Ministry of Agriculture to take up the procurement of coarse cereals through NAFED, as recommended by the Commission for Agriculture Costs and Prices (CACP). However, the Ministry of Agriculture did not find it feasible to accede to the procurement of coarse cereals through NAFED because of managerial and financial constraints."

1.28 The High Level Committee on Long Term Grain Policy, in its Report submitted on 31.7.2002, has recommended that price support operations in coarse cereals be handled by State agencies. The relevant recommendation is reproduced below:—

"It is desirable that the FCI's role is confined to procurement of the major cereals for the PDS and that price support operations in coarse cereals are handled by State agencies. There have been very large storage losses in FCI's procurement of jowar, maize, bajra and other coarse cereals because of limited shelf life. This adds to the economic costs of the FCI. Experience of the last thirty years indicates that coarse cereals are not demanded for the PDS. We recommended that the coarse cereals support should not be undertaken by FCI."

1.29 Till a decision is taken on the recommendation made by the High Level Committee on Long Term Grain Policy, the procurement policy on coarse cereals will continue as at present. State Governments will procure coarse cereals on behalf of FCI and distribute the same under their PDS to the extent possible. The balance quantity will be disposed of through tenders. The loss/gain will be to FCI's account.

1.30 When the Committee asked what action Government is taking to increase procurement base of coarse grains so that the farmers of the other States can also be benefited, the Ministry in their written reply, furnished as under:-

"Coarse grains are grown mainly in 15 States of the country. The production of coarse grains in 1999-2000 (in descending order of production) are shown below:—

States	Production (In million tonnes)
Maharashtra	6.45
Karnataka	5.25
Uttar Pradesh	3.75
Rajasthan	2.81
Madhya Pradesh	2.38
Andhra Pradesh	2.17
Bihar	1.74
Gujarat	1.64
Tamil Nadu	1.26
Haryana	0.75
Himachal Pradesh	0.72
Punjab	0.53
Jammu and Kashmir	0.49
Orissa	0.16
West Bengal	0.10
Other	0.28
Total	30.48

1.31 A study conducted by the Ministry of Agriculture has shown that the cultivated area under coarse grains has declined as shown in the table below:—

Foodgrains	Area in Million Hectares					
	Production in Million Tonnes					
	1980-81		1990-91		1999-2000	
	Area	Production	Area	Production	Area	Production
Rice	40.02	53.6	42.7	74.3	45.0	89.5
Wheat	22.3	36.3	24.2	55.1	27.4	75.6
Coarse grains	41.8	29.0	36.7	32.7	29.5	30.5

1.32 The production of coarse cereals has remained static at around 30 million tonnes since 1999-2000. The consumption of coarse cereals has also declined. The working Group of Planning Commission has noted that dramatic changes have taken in the food consumption pattern in the post Green Revolution Era. At an all India level, cereal consumption has declined from 15.3 Kg. per capita per month to 13.4 kg per month per capita in rural areas between 1972-73 and 1993-94. Similarly, in urban areas, the cereal consumption has declined from 11.3 kg to 10.6 Kg per capita per month. Even among cereals, there is a shift in consumption from coarse cereals to rice and wheat.

1.33 With declining production, the market prices of coarse cereals generally rule higher than MSP and there is negligible procurement. Large scale procurement of coarse grains has been witnessed only in the last two years, mostly because of bumper harvests which brought the market price below the MSP. Procurement in the major States in the last two years is shown below:

State	2000-2001	In Tonnes
		2001-2002 (As on 27.3.2002)
Andhra Pradesh	42919	14961
Gujarat	—	54031
Karnataka	399677	41537
Madhya Pradesh	30292	56317
Maharashtra	177846	57630
Rajasthan	—	36163
Total	650724	260639

The procurement of coarse grains is mainly done by the State Governments, and sanctions have been given to all the States which have requested for procurement of coarse grains. The CACP, in its non-price recommendations for the Rabi Crops, has recommended that NAFED should be nominated as the procuring agency for procurement of coarse grains.

There is little demand for coarse cereals for distribution under PDS.

1.34 The above data shows that procurement of foodgrains is confined to a few States. This has led to many problems with regard to the levy of taxes, storage and, also, transportation of foodgrains to different consuming centres resulting in transit losses, etc. As the major food deficit States are located in the North-East and far South, transportation of foodgrains from Punjab and Haryana to these distant States puts enormous pressure on rail traffic, besides causing huge expenditure on cost of transportation and also losses on account of transit, storage, pilferage etc.

1.35 On being asked by the Committee regarding procurement of coarse gains during Khariff Marketing Season 2002-2003 the Ministry in their post evidence reply informed as under:—

“In the meeting with State Food Secretaries on 20.8.2002 regarding arrangements for procurement of paddy, rice and coarse grains during KMS 2002-03, the State Governments have been advised to make their own arrangements for procurement of coarse grains as in the past. During KMS 2001-02 the procurement of coarse grains was undertaken in Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra and Rajasthan. The Central Government has not received any (formal) request from any State Government so far for procurement of coarse grains. However, in the meeting of Food Secretaries held on 20.8.2002, the Food Secretaries of Andhra Pradesh, Chhattisgarh, Karnataka, Madhya Pradesh and Maharashtra have indicated that procurement of coarse grains is likely to take place during KMS 2002-03.”

1.36 The estimates of procurement of coarse grains during Khariff Marketing Season 2002-03 given by State Governments are as under:—

State	Coarse Grains (in MTs)				Total
	Maize	Ragi	Jawar	Bajra	
Karnataka	2,80,000	1,50,000	—	—	4,30,000
M.P.	45,000	—	5,000	15,000	65,000
A.P.	40,000	—	—	—	45,000
Maharashtra	20,000	—	150000	30,000	2,00,000
Chhattisgarh	5,000	—	—	—	5,000
Grand total	3,90,000	1,50,000	155000	45,000	7,40,000

(v) Procurement under Relaxed Specification

1.37 Under the present system of Price Support Operations, Food Corporation of India (FCI) and State Agencies are required to procure all foodgrains of FAQ quality. At times, relaxation in FAQ norms are allowed on case to case basis depending upon the merit after a thorough examination of the requests received from State Governments to safeguard the interest of the farmers as well as the consumers when the crops are affected due to natural calamities viz flood, cyclone, heavy rains etc. However, relaxations are granted keeping in view the maximum limit provided in PFA Act. The quantity of wheat, paddy and coarse-grains procured under relaxed specification for 2000-2001 and 2001-2002 are as under:—

1 Wheat

(Figures in lakh MT)

Sl. No.	Region	Commodity/Variety	Year 2001-2002 FCI	Year 2001-02 Agencies	Total
1.	Punjab	Luster Lost Wheat	30.85	74.98	105.53
2.	Haryana	Do	8.34	54.13	62.47
3.	U.P	Do	0.04	—	0.04
		Total	39.23	129.11	168.34

II. Paddy

(Figures in lakh MT)

SL. No.	State	2000-2001		2001-2002		Total
		FCI	Agencies	FCI	Agencies	
1.	Punjab	17.20	58.57	—	—	75.77
2.	Haryana	0.52	12.05	—	—	12.57
3.	U.P	—	6.03	—	—	6.03
4.	H.P	0.01	—	—	—	0.01
5.	Bihar	0.12	—	0.14	—	0.26
Total		17.85	76.65	0.51	2.29	97.30

III. Coarse-grains (Bajra)

(Figures in lakh MT)

SL. No.	State	2001-2002		Total
		FCI	Agencies	
1.	Rajasthan	0.09	—	0.09

(vi) Procurement of URS Rice

1.38 During the year 1997-98 and 1998-99, FCI had purchased rice to the tune of about 50.60 and 39.60 lakh tonnes respectively. Under Relaxed Specifications laid down by the Government of India in order to support farmers who otherwise would have been badly hit due to untimely rains. As on 1.9.2002, FCI was left with about 0.68 lakh tonnes of URS rice (1997-98 crop) and 3.55 lakh tonnes of URS rice (1998-99 crop) which shows that a quantity of about 49.92 lakh tonnes and 35.05 lakh tonnes of URS rice (1997-98 crop) and (1998-99 crop) respectively has been liquidated.

1.39 STATEMENT SHOWING THE DISTRICT-WISE POSITION OF
URS RICE STOCKS AS ON 31.08.2002

(Figs. in MTs.)

Sl. No.	Region	District	Crop Year 1997-98	Crop Year 1998-99	Crop Year Not Known	Total
1	2	3	4	5	6	7
1.	Tamil Nadu	Chennai	—	2904	—	2904
		Tuticorin	—	821	—	821
		Thanjavur	—	2554	—	2554
		Total:	—	6279	—	—
2.	Karnataka	Bangalore	3209	25926	—	30584
		Mangalore	—	7461	—	7461
		Hubli	278	60	—	338
		Raichur	1474	2297	—	3771
		Mysore	140	1662	—	1802
		Shiwoga	1192	7917	—	9109
		Total:	8626	45323	—	53949
3.	Andhra Pra.		—	—	—	—
4.	Haryana	Kurukshetra	—	1761	—	1761
5.	Uttar Pra.	Aligarh	—	1404	—	1404
		Azamgarh	—	779	—	779
		Banda	—	1165	—	1165
		Bareilly	61	67	—	128
		Faizabad	—	2212	—	2212
		Gazipur	—	58	—	58
		Gorakhpur	—	2622	—	2622
		Hapur	—	1251	—	1251

1	2	3	4	5	6	7
		Kanpur	—	276	—	276
		Muradabad	—	998	—	998
		Sitapur	4287	8651	—	12938
		Varanasi	—	1946	—	1946
		Total:	4348	21429	—	25777
6.	J&K	Jammu	2395	2395	—	2395
		Srinagar	1100	1100	—	1100
		Total:	3495	3495	—	3495
7.	H.P.		—	—	—	—
8.	Jharkhand	Ranchi	—	34	—	34
9.	Uttaranchal	Haldwani	119	3754	—	3873
10.	Bihar	Patna	—	1599	—	1599
11.	N.E.F.	Shilong	—	—	—	—
		Dimapur	—	1576	—	1576
		Imphal	—	3772	—	3772
		Total:	—	5348	—	5348
12.	Assam	Guwahati	204	5533	—	5837
		Nagaon	—	60	—	60
		Johrat	—	1675	—	1675
		Dibrugarh	—	748	—	748
		N. Lakhimpur	—	—	—	389
		Banderdewa	4	385	—	389
		Tazpur	69	929	—	998
		Bongoigaon	239	428	—	667
		Kakrajhar	2263	506	—	2769
		Silchar	—	221	—	221
		Total :	3222	11970	—	15192

1	2	3	4	5	6	7
13.	Kerala	Kolia	930	—	—	930
		Alleppy	1683	414	—	2097
		Kottayan	1807	—	—	1807
		Kochin	639	—	—	639
		Trichur	353	—	—	353
		Palakkad	1366	—	—	1366
		Kozhikodu	1426	—	—	1426
		Total	8599	414	—	9013
		Kannum	395	—	—	395
14.	Punjab	Amritsar	1415	2156	—	3571
		Bhatinda	511	17555	—	18066
		Chandigarh	—	—	—	—
		Ferozpur	927	19369	—	20295
		Faridkot	16703	117643	—	134346
		Gurdaspur	—	858	—	858
		Hoshiarpur	—	—	—	—
		Jalandhar	—	—	—	—
		Kapurthala	—	31	—	31
		Ludhiana	21.06	1211	—	3317
		Patiala	833	26498	—	27381
		Sangrur	49	8011	—	8060
		Total:	22594	193332	—	215926
15.	Rajasthan		—	—	—	—
16.	Delhi		—	—	—	—
17.	Orissa	Balasore	—	—	—	—
		Berhampur	—	—	—	—
		Cuttack	—	108	—	108
		Jeipure	2220	—	—	2220
		Sambalpur	—	736	—	736
		Titilagarh	—	—	—	—

1	2	3	4	5	6	7
		Bhubaneswar	—	—	—	—
		Total:	2220	844	—	3064
18.	Maharashtra	Sewri	—	1339	—	1339
		G.M.	—	2147	—	2147
		Boriveli	75	3204	—	3279
		Manmad	253	2964	—	3217
		Nagpour	4496	1664	—	6190
		Goa	433	1444	—	1877
		Panvel	—	1989	—	1989
		Total	5257	15436	—	20693
19.	Gujarat	Raikot	150	—	—	150
		Sebarmati	12	3713	—	3725
		Baroda	—	9913	—	9913
		Adipur	—	957	—	957
		Total	162	14583	—	14745
20.	M.P.	Sagar	—	1994	—	1994
		Indore	3086	5723	—	8811
		Bhopal	204	—	—	204
		Satna	367	60	—	427
		Ujjain	—	7544	—	7544
		Gwalior	20	—	—	20
		Jabalpur	399	289	—	688
		Total	4076	15610	—	19688
21.	Chhattisgarh	Raipur	1139	—	—	1139
		Durg	1512	4704	3431	7653
		Bilaspur	42	3683	1589	5344
		Total	2693	6387	5020	14136

1	2	3	4	5	6	7
22.	W. Bengal	Midnapure	—	—	—	—
		Bankura	—	—	—	—
		Kolkata (N)	2242	—	—	2242
		Malda	—	98	—	98
		Murshidabad	—	—	—	—
		Nadia	16	—	—	16
		Purulia	—	—	—	—
		Burdwan	—	—	—	—
		Coochbihar	333	—	—	333
		Berham	—	—	—	—
		Hooghli	—	—	—	—
		PD	566	—	—	566
		NPD	1133	—	—	1133
		Durgapur	735	—	—	735
		Siliguri	74	4454	—	4528
		24. Pargana	—	—	—	—
		W. Dinajpur	103	—	—	103
		Howrah	—	—	—	—
		Jalpaiguri	806	—	—	406
		Total	9701	4552	—	14253

(vii) **Opening of Procurement Centres**

1.40 To facilitate procurement of foodgrains, FCI and various State Agencies in consultation with the State Government establish a number of temporary purchase centres at various mandis and key points before the commencement of each marketing season. These purchase centres are also opened during the marketing season depending on the requirement. Statement showing the list of purchase centres operated

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Raj	30	128	158	22	143	165	165	25	138	163	22	118	140	29	115	144	26	74	100
M.P.	69	787	836	15	789	894	894	PCI	886	923	22	1013	1005	22	875	897	190	590	788
								(3											
								Co-											
								op											
								34)											
C.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gadh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Delhi	4	-	4	2	-	-	2	2	-	2	2	-	2	2	-	2	2	2	-
Bihar	11	-	11	12	-	-	12	12	-	12	26	-	26	37	-	37	40	2000	2040
H.P.	9	-	9	11	-	-	11	-	-	-	-	-	-	2	-	2	4	-	4
Guj.	-	-	-	-	-	7	7	-	-	-	-	-	-	-	-	-	-	-	-
Uttaran- chal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	784	6715	7489	1107	6021	7928	900	6528	7308	7308	688	7151	7887	643	4973	7616	997	8528	9525

N.B.- Revised as on 9.4.2002.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24		
9. Kar.	17	43	109	34	83	107	16	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	9	
10. P.C.	2	—	2	2	—	2	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11. Ann. P.C.	2	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12. " "	71	26	108	108	254	254	11	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Minor																										108
																										638
																										2 more centres being decided
13. Orissa	3	—	3	4	—	4	4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14. H.P.	9	—	9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4
15. Madh.	—	28	28	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	63
16. J.K.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17. Chh. Gadh.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18. U.P.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	187
19. Gt.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	624
																										72
																										63
Total	106	638	206	104	209	565	184	3	478	533	644	8	900	835	778	97	587	433	75	10	725	142	—	—	—	142

Note : (1) Through Andhra in Punjab & Haryana & Andhra Sumitis in Arunachal Pradesh.

(2) Pigs For A.P. includes Rabi.

(3) "In West Bengal w.e.f. NMS 1997-98 procurement is done by State Govt. on decentralisation of Proc. Scheme.

(4) "Bihar (1996-1997) figures include 22 mobile centres being operated by FCI.

(5) "For Procurement of coarsegrain only.

(6) "52 sanctioned & 50 operational.

1.42 List of purchase centres operated by fci During kharif season 2001-2002.

Sl. No.	States	FCI	Date of opening of Purchase Centres.
1.	Punjab	427 (Exl.) 128 (Jtly.)	21.9.2001
2.	Haryana	31 (Ext.) (35 Jtly.)	21.9.2001
3.	Delhi	2	1.10.2001
4.	Rajasthan	12	1.10.2001
5.	Madhya Pradesh	46	1.10.2001
6.	Andhra Pradesh	173	
7.	Bihar	40	24.11.2001
8.	Himachal Pradesh	4	16.10.2001 (1) 18.10.2001 (3)

1.43 List of purchase centres operated by FCI during Rabi season 2002-2003.

Sl. No.	States	FCI	Date of opening of Purchase Centres.
1.	Punjab	489(Exl.) 96 (Jtly.)	1.4.2002
2.	Haryana	68 (Ext.) (52 Jtly.)	1.4.2002
3.	Rajasthan	26	1.4.2002
4.	Madhya Pradesh	131	
5.	Delhi	2	1.4.2002
6.	Bihar	41	10.4.2002
7.	Himachal Pradesh	4	29.4.2002, 3.5.2002 (2 Centres) and 6.5.2002
8.	Uttaranchal	27	15.4.2002

Exl.—Exclusively

Jtly.—Jointly.

1.44 During its study tour to Bihar the Committee was informed that farmers had no prior knowledge of the opening of procurement centres.

There was no infrastructure, credit facilities at many centres and hence the procurement centres could not become operational and the farmers were forced to return with their food stock.

On being asked by the Committee whether the farmers had prior information about these centres and whether any procurement centres were opened after the procurement had started, the Ministry in their post evidence reply stated as under:—

“The procurement of foodgrains in the centres depends upon the arrival of stocks in the centres. According to information made available by FCI, prior information/publicity was made regarding opening of procurement centres.

According to the FCI, no purchase centres were opened in Bihar after the procurement had started.”

1.45 In this connection when the Committee asked the reasons for not opening the procurement centre, the Committee was informed as under:—

“So far as the State of Bihar is concerned, as per decision taken by Commissioner-cum-Secretary (Food), Government of Bihar, with Secretary, Department of Food and Public Distribution, Government of India, the FCI operated 40 paddy purchase centres during the Khariff 2001-2002 and 41 wheat purchase centres during Rabi 2002-2003. The paddy procurement centres were opened in Bihar on 24.11.2001 for the Khariff Season and on 10.4.2002 for the Rabi Season. Though the centres had opened, purchase of paddy started only on 24.11.2001. Similarly, the procurement of wheat started only on 19.4.2002. The procurement of foodgrains in the centres depends upon the arrival of stocks in the centres.”

“An all party delegation of the State Assembly of Bihar met the Minister of Consumer Affairs, Food and Public Distribution on 3.8.2002 and requested the Government to step up the procurement of foodgrains in the State. Accordingly, it has been decided that from the next Khariff marketing season 2002-2003 commencing from 1.11.2002, the FCI will open 100 purchase centres. The location of

these centres will be decided in consultation with the State Government. These centres will be in addition to procurement centres being opened by the State Government and its agencies. The State Government will provide necessary storage space to the PCI for operationalising these centres and assist in expeditious milling of paddy".

1.46 Statement showing the names of purchase centres opened in Bihar is given below:--

Paddy		Wheat	
Name of Centre		Name of Centres	
1	2	3	4
1.	SWC Arrah	1.	SWC Arrah
2.	Jagdishpur	2.	SWC Behia
3.	Masaurhi	3.	Masaurhi
4.	FSO Buxar	4.	GM Bihta
5.	SWC Bihar Sharif	5.	SWC Buxar
6.	SWC Gaya	6.	SWC Bihar Sharif
7.	Jehanabad		Dist Total
8.	VM Aurangabad	7.	SWC Guraru (Gaya)
9.	VM Aurangabad	8.	SWC Makhdumpur
10.	FSO Kudra	9.	SWC Aurangabad
11.	BISCO Bikramganj	10.	SM Warisaliganj
12.	SWC Sasaram	11.	CWC Nokha
13.	CWC Mohania	12.	SWC Natwar
14.	PPC Banka	13.	Bhabhua
15.	APMC Sekhpura	14.	Arwal
16.	FSD Bhagalpur	15.	Bhagalpur
17.	FSD Bellouri	16.	CWC Munger
18.	APMC Kishanganj	17.	Sekhpura
		18.	Mokama

1	2	3	4
19.	PSD Forbesganj		Dist Total.
20.	PSD Sitamarhi		19. PSD Rellouri
21.	APMC Muzaffarpur		20. APMC Krishanganj
22.	Bettiah		21. SLW Kathar SWC
23.	Bagaha		22. PSD Forbesganj
24.	Narkatiaganj		Dist Total
25.	PSD Chakia		23. SWC Sitamarhi
26.	Sugauli		24. SMD Brahmaputra
27.	PSD Raghapur		25. PSD Champaran
28.	PSD Madhepura		26. Bagaha
29.	PSD Saharsa		27. ARDC Chakia
30.	Gopal Ganj (Koini)		28. SWC Raxaul
31.	Goraul		Dist Total
32.	PSD Chapra		29. PSD Raghapur
33.	Siwan		30. PSD Madhepura
34.	PSD Jainagar		31. PSD Saharsa
35.	PSD Darbhanga		Dist Total
36.	PSD Begusarai		32. SM Mirganj
			33. SM Goraul
			34. APMC Chapra
			35. SM Siwan
			Dist Total
			36. PSD Jainagar
			37. Jhanjharpur/Khutauna
			38. CWC Darbhanga
			Dist Total
			39. SWC Tilrath

(viii) Decentralised Procurement

1.47 Concentration of procurement of foodgrains in a few States have led to many problems with regard to the levy of taxes, storage and, also, transportation of foodgrains to different consuming centers resulting in transit losses, etc. As the major food deficit States are located in the North-East and far South, transportation of foodgrains from Punjab and Haryana to these distant States puts enormous pressure on rail traffic, besides causing huge expenditure on cost of transportation and also losses on account of transit, storage, pilferage etc. To overcome these problems, the Government considered it fit to decentralise the procurement process by dispersing the procurement centers to different parts of the country thereby encouraging local procurement to the maximum extent.

1.48 Accordingly, in 1997, the Government of India took a decision for introducing Decentralized Procurement with the following objectives:—

- (i) Local farmers would get the benefit of Minimum Support Price;
- (ii) Dependence of the State Governments on the FCI for PDS supplies would be reduced.
- (iii) Higher local procurement would reduce pressure on freight movement by rail;
- (iv) Since the consuming States themselves will be the custodians of the procured foodgrains, there would be no complaints about quality; and
- (v) The economic cost of foodgrains procured under the decentralised scheme would normally be less than the Economic Cost of the FCI. There would, therefore, be savings in the food subsidy bill.

1.49 The decentralised system has the following advantages:—

- (i) The over-dependence on FCI for PDS supplies of foodgrains will be eliminated.
- (ii) FCI will be freed from the task of procurement operations under price support scheme in deficit and marginally surplus States.

- (iii) Since the consuming State themselves will be the custodians of the procured foodgrains, there will be fewer complaints on quality, and availability will be ensured.
- (iv) Higher local procurement is expected to reduce pressure on freight movement by rail.
- (v) Overall increase in the procurement of foodgrains for distribution under PDS as local procurement is likely to get a fillip.

1.50 Under this scheme, the designated States would procure, store and, also, issue foodgrains as per allotments indicated by the Central Government under PDS. The difference between the economic cost of the State Government and the Central Issue Prices is passed on to the State Government as subsidy.

1.51 The Government has stated that implementation of the system of decentralised procurement has resulted in savings to the Central Government in the form of reduction in the outgo of subsidy. This has been achieved primarily due to the lower costs of procurement incurred by the States as compared with FCI. The savings in subsidy during the years 2000-2001 on account of decentralised procurement in West Bengal, Uttar Pradesh and Madhya Pradesh is shown below:---

Rice

State	Economic cost of FCI (Rs. per tonne)	Economic cost of State (Rs. per tonne)	Savings (Rs. per tonne)	Off-take (lakh tonne)	Total savings (Rs. in lakh)
West Bengal	11300	9889.40	1410.60	3.40	4796.04
U.P.	11300	10584.90	715.10	3.21	2295.47

Wheat

State	Economic cost of FCI (Rs. per tonne)	Economic cost of State (Rs. per tonne)	Savings (Rs. per tonne)	Off-take (lakh tonne)	Total savings (Rs. in lakh)
U.P.	8300	7769.30	530.70	8.89	4717.92
M.P.	8300	7494.00	805.00	2.89	2326.45

Total savings: Rs. 14135.88 lakh or Rs. 141 crores.

1.52 The State of Bihar, Chhattisgarh, Gujarat, Himachal Pradesh, Karnataka, Maharashtra, Orissa and Rajasthan were given a brief on the positive aspects of the scheme, and detailed guidelines on how the scheme was to be implemented. Their reservations on the subject of shortage of the storage facilities, trained manpower, credit facilities and the modalities of how the subsidy would be transferred to the States were addressed. They were informed that they could use FCI/CWC godowns. Further shortage of storage space could be overcome by building new godowns, for which FCI would provide guarantee under the 7 years guarantee scheme. The States were informed that training could also be provided by FCI to the staff of the State Agencies. The States were further informed that credit would be made available to the States through the RBI, for which the Union Government would recommend the case of the State Governments. The States were informed that the Union Government would reimburse the difference between the economic cost of acquisition and distribution of foodgrains and the Central Issue Prices at which they would be sold under the PDS.

1.53 The Department had taken the view that there would be savings in food subsidy with the introduction of decentralised procurement scheme as the overall economic cost of FCI was higher than the economic cost allowed to States.

However, a preliminary analysis of the economic cost calculations of FCI, State-wise, made on a rough basis, has revealed that the local economic cost of FCI for some States appears to be lower than the economic costs allowed to States. The existing data needs cross-checking and correct apportionment of various costs, etc.

1.54 Subsidy released to the States (as on 24.3.2002) under decentralised procurement is shown below.

(Rs. in crores)

Year	Madhya Pradesh	Uttar Pradesh	West Bengal
1996-97	.....	.....	.....
1997-98	.....	.....	28.00
1998-99	.....	.....	53.83
1999-2000	92.64	194.00	56.64
2000-2001	85.00	398.00	65.00
2001-2002	113.01	337.5001#	220.695

This includes release of Rs. 10.01 crore as subsidy for the period 9.11.2000 to 31.3.2001 to Government of Uttaranchal as part of erstwhile undivided State of Uttar Pradesh.

1.55 Subsidy claims of the States which are pending with Government of India (as on 24.3.2002) are shown below:—

State	Period	Amount (In Crores)	Date of receipt
Madhya Pradesh	Final Claim of wheat subsidy for 1999-2002.	2.24	28.2.2002
Uttar Pradesh	Claim for wheat subsidy for January, 2002.	66.00	18.3.2002
Uttar Pradesh	Claim for rice subsidy for January, 2002.	21.00	18.3.2002
Uttar Pradesh	Claim for rice & wheat subsidy under AAY upto January, 2002.	185.49	5.1.2002 4.3.2002 15.3.2002

1.56 When asked by the Committee regarding the latest position of adoption of the said scheme, the Ministry in their post evidence reply informed that the Government of West Bengal has been undertaking decentralised procurement of rice from the Khariff Marketing Season 1997-98. The Government of Madhya Pradesh has taken up decentralised procurement of wheat from the Rabi Marketing Season 1999-2000. The Government of Uttar Pradesh has taken up decentralised procurement of wheat and rice from the Rabi Marketing Season 1999-2000 and the Khariff Marketing Season 1999-2000 respectively. After the bifurcation of Madhya Pradesh, the Government of Chhattisgarh has taken up decentralised procurement of rice from the Khariff Marketing Season 2001-2002.

1.57 The Government of Tamil Nadu and Assam has been reported to be willing to undertake decentralised procurement. However other States are not so much enthusiastic to adopt and implement the scheme. The necessary infrastructure, funds, godowns, cash credit, financing of procurement operations and mutual blocks etc. are not available with them. The Government to overcome such hurdles had constituted a Committee of Union Ministers and Chief Ministers on Food Management and Agricultural Exports. When the Committee asked what is the latest breakthrough and achievement of the Standing Committee in implementation of decentralised procurement, the Ministry replied as under:—

"The system of decentralized procurement came up for discussion in the first meeting of the Standing Committee of Union Ministers and Chief Ministers on Food Management and Agricultural Exports held on 6.7.2001.

Addressing the meeting, in his concluding remarks the Finance Minister clarified that when he had suggested decentralization of procurement operations in his Budget Speech, it was based on the concept of, firstly, providing an enlarged role for State Governments and, secondly, garnering efficiency gains. He said that the decentralized system introduced in three States was working satisfactorily and that the efficiency gains has already been demonstrated."

Referring to the discussions at the meeting, he said that while States supported the proposal for decentralization, the surplus States and the deficit States had certain reservations. He emphasized that it was not the intention of the Central Government to impose the new system on the States against their wishes. The present arrangement would continue where States are not yet prepared to shift to a decentralized system. The responsibility of the Center would not be diluted in these areas and the Central Government would not withdraw from procurement against the wishes of the concerned States.

The Finance Minister said that the decentralized system could be introduced where States are willing for such an arrangement. Drawing attention to the demand in Bihar for purchase of foodgrains surpluses, he said that we owed it to farmers to extend fair prices to them. He reassured deficit States that they would not be required to set up new institutions, as mentioned by Chief Minister, Maharashtra. The present FCI arrangement may continue in such areas.

In order to encourage the States to take up the new Scheme, the Union Secretary, Department of Food & Public Distribution, convened meetings with the Food Secretaries/representatives of the Governments of Assam, Bihar, Chhattisgarh, Gujarat, Himachal Pradesh, Jammu & Kashmir, Karnataka, Maharashtra, Orissa, Rajasthan and Uttaranchal on 14.9.2001, 19.9.2001, and 9.10.2001. The representatives of the Governments of Uttaranchal and Jammu & Kashmir could not attend the meeting. The State Governments were provided with a detailed write up of the scheme and the steps required to be taken to implement the scheme. The positive benefits of the scheme were also highlighted.

The reservations of the States on the subject of shortage of storage facilities, trained manpower, credit facilities and the modalities of how the subsidy would be transferred to the States were addressed in these meetings. They were informed that they could use FCI/CWC godowns. Further, shortage of storage space could be overcome by building new godowns for which FCI would provide guarantee under the 7 years guarantee scheme. The States were informed that training could also be provided by FCI to the staff of the State Agencies. The States were further informed that credit would be made available to the States through the RBI, for which the Union Government would recommend the case of the States Governments. The States were informed that the Union Government would reimburse the difference between the Economic Cost of acquisition and distribution of foodgrains and the Central Issue prices at which they would be sold under the PDS.

After the above meetings, a proposal was received from the State Government of Assam in the month of October, 2001 expressing its willingness to undertake decentralized procurement. The State Government proposed to undertake procurement of paddy to the extent of 1.5 lakh tonnes in the first year and to gradually increase its operations to 3.0 lakh tonnes in two years. Subsequently, the State Government informed that the scheme was yet to receive clearance from its Finance Department.

The State of Chhattisgarh has forwarded a proposal for undertaking decentralized procurement. The State Government proposes to undertake procurement of paddy, which will meet the bulk of requirement of the State under PDS and other welfare schemes and the Food for Work Programme.

During the Zonal meeting on Public Distribution System taken by the Union Minister of Consumer Affairs, Food & Public Distribution on 29th January, 2002 with the Southern States, the Government of Tamil Nadu expressed interest in implementing the scheme. However, no formal proposal has been received from the State Government so far.

1.58 Further in order to overcome the difficulties faced by the State Government and to persuade them to undertake decentralised procurement, Government has taken several measures for creation of infrastructure in the shape of godowns, facilitation of timely and adequate sanction of cash credit limit by the RBI, etc.

1.59 On being asked by the Committee whether any responsibility lies on the Central government for opening the procurement centres in the States who have opted for decentralised procurement, the Ministry in their post evidence reply stated that Purchase centres are opened by the State Governments and their agencies as per their requirements. The State Governments procure, store and distribute foodgrains under TPDS and other welfare schemes. In the event of the total quantity of wheat and rice thus procured falling short of the total allocation made by the Central Government for meeting the requirement of TPDS and other schemes, the Central Government, through FCI, meets the deficit out of the Central Pool stocks.

1.60 The Central Government undertakes to meet the entire expenditure incurred by the State Governments on the procurement operations as per the approved costing. The Central Government also monitors the quality of foodgrains procured under the scheme and reviews the arrangements made to ensure that the procurement operations are carried on smoothly.

1.61 During the visit of the Committee to Lucknow, the Committee asked the State Government whether it is satisfied with the scheme of decentralised procurement of foodgrains. The State Government in its reply stated that Uttar Pradesh is the only State which is implementing decentralised procurement in Rabi and Khariff both. Decentralised procurement in Rabi was undertaken from RMS 1999-2000 and for Khariff from KMS 1999-2000. The food stocks procured and stored in the State Pool is being distributed from 1st September 1999 and 1st January 2000 for Wheat and Rice, respectively. The experience of the State Government regarding decentralised procurement till now has not been satisfactory for the following reasons:

- The concept of the decentralised procurement was that the State Government will store that much quantity of foodgrains which is required for distribution under TPDS and other such schemes, but Government of India now insists that requirement means allocation of foodgrains not the offtake. But when it comes to pay the carry over charges, quantity remaining undistributed at the end of the crop year, Government of India has not sanctioned the carry over charges of any year. This undistributed stock is becoming a proposition of loss to the State Government.

- Cost of foodgrains kept in the State pool is reimbursed by taking CCL from Reserve Bank of India. The Scheme underlines that for food stock distributed under TPDS, matching amount of repayment of funds should be made in CCL Accounts to keep regular every time. This is possible only when the food subsidy is released on one month advance basis but Government of India is releasing subsidy after a delay of two to three months thereby increasing the financial burden on the State which is already facing financial crisis.
- It is also to mention that Government of India has not paid any amount of interest for the delay caused in release of subsidy. The subsidy claim pending on Government of India as on 26th May 2002 is Rs. 186.76 crore.
- Government of India is sanctioning storage charges for Central and State Pools at different rate for covered and Cap Storage. For covered and cap storage in the Central Pool, it is Rs. 30.60 per quintal and Rs. 20.88 per quintal respectively and for the State Pool it is Rs. 11.55 per quintal and Rs. 5.06 per quintal respectively, hence storing foodgrains under State Pool is incurring loss to the storing agencies. The discrepancy in the storage rate for Central Pool and State Pool should be removed and kept at uniform rates.
- For the first year of decentralised procurement, (RMS 1999-2000) the transportation charges for Central Pool and State Pool was uniform, i.e. Rs. 11.25 per quintal but in the subsequent year, i.e. 2000-2001 transportation rate come to Rs. 11.60 per quintal for Central Pool and for State Pool, it is Rs. 6.60 per quintal. In case of paddy, no transportation cost is sanctioned for movement of paddy from purchase centres to rice mills for its custom milling. On the above account purchase agencies are incurring losses in decentralised procurement.

1.62 For above reasons, State Government is finding it difficult to carry on the decentralised procurement. The delay in release of subsidy and discrepancy in rates between Central and State Pools adds to the financial burden and causes loss to purchase agencies.

1.63 It was informed to the Committee by FCI, during its tour to Uttar Pradesh that the economic cost of procurement by the State Government under the decentralised procurement scheme is not less than what the economic cost of procurement would have been had FCI been procuring in the State.

(ix) Food Subsidy

1.64 Food Management consists mainly of procurement of wheat and rice by providing support prices to the farmers and allocation of foodgrains so procured amongst States for eventual distribution to the targeted population. Since the issue Price fixed for issue of foodgrains to the targeted population is less than the economic cost of foodgrains, the difference between the two represents the food subsidy. In addition to procuring foodgrains for meeting the requirements of the public distribution system, the Central Government is also under obligation to procure foodgrains for meeting the requirements of the buffer stock. Hence, part of the food subsidy also goes towards meeting the carrying cost of the buffer stock. In recent times, the quantities of foodgrains, procured for the Central Pool by offering minimum support prices to farmers have tended to be far in excess of the requirements of the public distribution system and also the normative buffer stock levels. The offtake of foodgrains from the public distribution system depends on the purchasing power of the targeted population and also on the efficiency of the delivery mechanism that the public distribution system represents.

1.65 The main instrument available to Government of India for procurement from farmers and supply to the States is the Food Corporation of India. There are, however, a few States like Uttar Pradesh, Madhya Pradesh and West Bengal which have undertaken the responsibility of not only procuring the foodgrains from within the State but storing and distributing foodgrains over the year to the targeted population. This scheme is called the Decentralised Procurement Scheme under which the State specific economic cost is determined by the Government of India well in advance in consultation with the State Government, and the difference between the basis is reimbursed to the State as food subsidy. The Government of India proposes to enlarge the coverage under the Decentralised Procurement Scheme so that more and more States adopt the scheme in view of its efficiency and cost-effectiveness.

1.66 The year-wise break-up of subsidy on foodgrains in recent years is as under:—

(Rs. in crore)	
Year	Subsidy
1995-1996	4,960.00
1996-1997	5,166.00
1997-1998	7,500.00
1998-1999	8,700.00
1999-2000	9,200.00
2000-2001	12,010.00
2001-2002 (BE)	13,670.00

1.67 Detailed statements showing the Economic Cost, the Issue Price and Subsidy on various components for the year 2001-2002 (BE & RE) and for the 2002-2003 (BE) are as under:—

Food Subsidy Estimates : 2001-2002 (BE)

Item	Economic Cost per Tonne	Issue Price per Tonne BPL	Buffer Carrying Cost per Tonne APL	
FCI				
Wheat	8396	4150	8300	] Rs. 2260
Rice	11744	5650	11300	

Food Subsidy Estimates : 2001-2002 (RE)

Item	Economic Cost per Tonne	Issue Price per Tonne BPL	Buffer Carrying Cost per Tonne APL	
FCI				
Wheat	8713	4150	6100	] Rs. 2428
Rice	12044	5650	8300	

Food Subsidy Estimates : 2002-2003 (BE)

Item	Economic Cost per Tonne	Issue Price per Tonne BPL	Buffer Carrying Cost per Tonne APL	
FCI				
Wheat	8792	4150	6100	} Rs. 2231
Rice	12064	5650	8300	

1.68 The quantum of food subsidy depends on the level of procurement of foodgrains and offtake under TPDS and other welfare schemes. Both procurement and offtake are determined by the market prices prevailing in respect of agricultural commodities. There has been increase in procurement on account of attractive MSPs. This coupled with low offtake in 2001-2002 has contributed to the increase in buffer quantity. The increase in buffer subsidy is also partly attributable to the increase in per tonne carrying cost due to increase interest on account of increase in MSP, carry-over charges payable to Punjab and Haryana State Governments and storage cost. The Buffer Carrying Cost, which was estimated at Rs. 5979 crore in BE 2001-2002, has now increased to nearly Rs. 6492 crore in 2001-2002 (RE).

1.69 Buffer Carrying Cost, which has estimated to be Rs. 5979 crore during 2001-2002, is now estimated to rise to Rs. 6492 crore, mainly due to increase in the buffer quantity. As stated above, issue prices for APL have been revised downwards during the year. As a consequence, food subsidy is now expected to increase substantially.

1.70 Food subsidy has been increasing mainly due to:

- (i) Non-revision of Central Issue Prices (CIP) to neutralize at least the increase in the Minimum Support Price (MSP).
- (ii) Higher levels of buffer stocks due to higher level of procurement and relatively lower offtake.
- (iii) Increase in freight rates.
- (iv) Progressive departmentalization of labour.
- (v) Progressive switching over to 50 Kg. packing.
- (vi) Providing foodgrains under various schemes at subsidized prices.

1.71 On being asked by the Committee whether a major part of the food subsidy is being utilised as buffer subsidy, the Ministry in their written reply stated that since 2000-2001, around 33 per cent of food subsidy is being utilised as buffer subsidy and the remainder goes as Consumer subsidy.

The details of buffer subsidy since 1998-1999 are as under:—

(Rs. in crore)			
Year	Buffer Subsidy	Consumer Subsidy	Total
1998-1999	1,552.31 (17.84%)	7,147.69	8,700.00
1999-2000	1,753.71 (19.06%)	7,446.29	9,200.00
2000-2001	4,232.75 (35.24%)	7,777.25	1,210.00
2001-2002	5,881.90 (33.62%)	11,612.10	17,494.00
2002-2003	3,076.70 (33.16%)	6,202.37	9,279.07

(As on 27.8.2002)

1.72 In Budget Estimate (2001-2002), the food subsidy was placed at Rs. 13,675 crore which has been raised to a level of Rs. 17,612 crore in Revised Estimate (2001-2002). The Budget Estimate (2002-2003) has been proposed at Rs. 21, 200 crore. On being asked by the Committee regarding the reasons for such a great hike in food subsidy during 2001-2002 while the Government is claiming to reduce food subsidy, the Ministry in their written reply stated that Major reasons for the increase in food subsidy over the Budget Estimates during 2001-2002 are as follows:—

(a) Increase in MSP of foodgrains without corresponding upward revision in Central Issue Prices (CIP)

(b) Increased offtake over estimates.

(c) Increase in buffer stocks with FCI.

(d) Increase in distribution cost due to:

(i) Higher incidence of interest on account of MSP increase;

(ii) Payment of wage arrears to the employees;

(iii) Higher level of carry over charges paid to the State Agencies on stocks taken over by FCI.

1.73 On being asked by the Committee regarding the efforts being made by the Ministry to reduce food subsidy by the Government/ FCI, the Ministry in their written reply stated that the following steps have been taken to curtail food subsidy:—

(a) The extent of utilisation has crossed the BICP Norms of 75% as stated below:—

(Rs. in crores)		
Year	Utilisation	Saving
1999-2000	76%	3
2000-2001	87%	88
2001-2002 (Estimated)	94%	102

(b) Controlling the administrative cost by following the ban on recruitment of resultant entry level except in exceptional cases has resulted in following savings:—

Year	(Rs. in crores)
1999-2000	181
2000-2001	82
2001-2002 (Estimated)	180

(c) Major Administrative expenses have been reduced as could be seen from the table below:—

(Rs. in crores)					
Year	OTA	TA	Medical	Others	Total
1999-2000	6	7	-1	10	22
2000-2001	6	-3	5	2	10
2001-2002 (Estimated)	20	7	10	2	39

(d) Demurrage charges is showing a declining trend as under:—

Year	Rs. crore
1999-2000	27
2000-2001	20
2001-2002 (Estimated)	7

(e) Reduction in level of shortages incurred:—

(Rs. in crores)		
Year	%	Saving over previous year
1998-1999	1.23	
1999-2000 (P)	1.15	35
2000-2001 (P)	0.95	82
2001-2002 (RE)	0.91	20

1.74 In addition to the above the following steps are taken which would result in subsidy savings:—

- (i) Issuing of old stock, disposing of C&D category of stock and introducing direct supervision at the time of loading and unloading of foodgrains to control the incidence of transit and storage shortages.
- (ii) Machine stitching of gunnies and handling of foodgrains in 50 Kg. bags.
- (iii) Ensuring strict quality control measures during procurement storage.
- (iv) Development of Performance Indicators and review of field performance with reference to these on monthly basis.
- (v) Increasing the level of depot inspection by Senior Officers for monitoring/ensuring proper up keeps of godowns, availability of chemicals, proper preservation of stocks.
- (vi) Achieving average capacity utilisation of 75% to reduce storage cost even though the procurement of grains is seasonal.

- (vii) Adhering to the procurement and movement ratio norm 1:1.35 as fixed by the Government of India to reduce the expenditure on freight.
- (viii) Making continuous efforts to reduce shortages in handling of foodgrains.
- (ix) Making efforts to reduce the incidence of railway demurrage charges.
- (x) Releasing excess stocks in the open market to reduce the buffer stock.
- (xi) Export of wheat and rice at prices lower than the economic cost.
- (xii) Controlling the administrative cost by reducing staff strength and other administrative expenses.

(X) Quality Control Cell (QCC)

1.75 Three Quality Control Cells are functioning at New Delhi, Kolkata and Hyderabad under the direct control of the Department. The main objective of these cells is to ensure the quality of foodgrains at the time of procurement and also during storage and distribution. Surprise inspections of procurement centres, food storage depots, rail heads, rice mills and fair price shops are conducted by the officers of these Cells to ensure that foodgrains conforming to the specifications/standards laid down by the Government of India are procured and issued for TPDS. It is also ensured that proper code of practices for scientific storage of foodgrains is followed by FCI and State agencies.

1.76 When the Committee asked about the details of achievement of these Quality Control Cells during the last three years, the Ministry in their written reply furnished that achievements of Quality Control Cells (QCCs) against the targets fixed for different activities in the last three years 1999-2000 to 2001-2002 (upto Feb. 2002) are as under:—

S. No.	Item of Work	New Delhi						Kolkata						Hyderabad					
		1999-2000		2000-01		2001-02 (Upto Feb. 02)		1999-2000		2000-01		2001-02 (upto Feb. 02)		1999-2000		2000-01		2001-02 (up to Feb. 02)	
		T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A	T	A
1	Inspection of Food Storage Depots	182	245	290	248	290	315	178	179	260	260	260	202	120	130	170	175	170	156
2	Inspection of Procurement Centres	90	244	150	278	150	160	40	42	40	49	40	39	38	47	60	65	60	59
3	Inspection of Rail Head	48	61	100	91	100	49	40	33	40	44	40	34	32	40	40	41	40	40
4	Inspection of Fair Price Shops	184	186	290	781	290	411	180	182	260	248	260	222	116	124	170	171	170	169
5	Inspection of Rice Mills	95	97	160	138	160	39	75	72	100	105	100	65	70	72	100	101	100	100
6	Investigation of Complaints	-	28	-	53	-	53	-	-	-	-	-	-	-	-	-	1	-	-

T-Target
A-Achievement

1.77 Activities proposed to be undertaken by the QCCs during the financial year 2002-2003 are given below:—

S.No.	Item of Work	New Delhi	Kolkata	Hyderabad	Grand Total
1.	Inspection of Food Storage Depots	290	260	170	720
2.	Inspection of Procurement Centres	150	40	60	250
3.	Inspection of Rail Head	100	40	40	180
4.	Inspection of Fair Price Shops	290	260	170	720
5.	Inspection of Rice Mills (at the time of delivery of rice)	160	100	100	360

1.78 The number of complaints/representations received by the three Quality Control Cells during the last three years is an under:—

Sl. No.	Quality Control Cell	1999-2000	2000-2001	2001-2002
1.	New Delhi	28	51	55
2.	Kolkata	—	—	—
3.	Hyderabad	—	—	—

1.79 On being asked by the Committee regarding the reason of complaints being received only by the New Delhi Region, whose numbers have doubled from the year 1999-2000 to 2001-2002, the Ministry in their post evidence reply furnished that three Quality Control Cells at New Delhi, Kolkata and Hyderabad had been set up in the Ministry of Consumer Affairs, Food and Public Distribution, to monitor the quality aspects of foodgrains during procurement, storage and distribution through out the country. These Cells are independent of the quality control wings of FCI. As the headquarters of then Quality Control Cells are at New Delhi complaints from all over the country are lodged/received at New Delhi. This is the main reason for more complaints in this Cell compared to the Cells at Kolkata and Hyderabad. The number of complaints increased in QCC, New Delhi due to supply of URS rice and luster lost wheat under TODS during 2001-2002. The Government has issued instructions to stop the supply of URS rice and luster lost wheat to the State Governments for distribution under TPD6.

1.80 The Complaints received from various part of the country are usually addressed to Minister for Consumer Affairs, Food and Public Distribution/Secretary, Department of Food and Public Distribution and these complaints are dealt in Quality Control Cell, New Delhi (Headquarters). Several complaints relating to the Eastern Region and Southern Region are also received in New Delhi.

1.81 Based on the investigation reports, where the complaints were found substantiated, FCI was asked to initiate action against the delinquent staff. Disciplinary action has so far been taken against 240 officials. The Categorywise details are given as under:

Category I	—	11
Category II	—	115
Category III	—	114
Total	—	240

1.82 In its subsequent post evidence reply, the Ministry furnished the details of irregularities found committed and punishment given to the 11 officers of category-I of FCI. The details are as under:

Shri P.C. Gupta, Deputy Manager (Gen.) NE Zone, Guwahati and Shri S.P. Singh, DM (QC), Bhopal both Ex DM of FCI district Bhatinda were found responsible for acceptance of BRL rice. These officers have been charge sheeted under major penalty proceedings. The departmental proceedings are still in progress under major penalty proceedings.

Shri R.K. Bansal and Shri L.R. Bodhwal, DM (Gen.) were found responsible for the acceptance of BRL rice in FCI District Faridkot. Action against these officers are in progress under major penalty proceedings.

Shri H.C Babuta, the then DM and Shri Y.R. Diwakar, DM (QC) were found responsible for supply of poor quality of wheat stock to Kalahandi from FCI. These officers have been charge-sheeted under major penalty proceedings which are in progress.

Shri B.L. Kureel, DM (QC) was found responsible for damage of wheat stock in FCI District Sitapur (U.P.). A penalty of reduction in the rank from DM (QC) to AM (QC) with immediate effect alongwith recovery of Rs. 91260/- have been imposed on Shri Kureel.

DM (QC) Ferozepur was found responsible for lack of supervision resulting in dispatch of inferior quality of rice to Calicut on 13th December, 1999. The officer has been issued memos for lack of supervision.

Shri Ashwani Kumar Gupta, District Manager FCI Durg, was found responsible for supply of URS rice through BPL scheme. The officer had been transferred.

The DM (Gen.) and DM (QC) were found responsible for acceptance of poor quality of rice at Nabha. The MD, FCI has directed to ZM (North), to replace DM, Patiala and initiate disciplinary action against DM (QC).

One Category-I officer was found responsible for down gradation of stock at FSD, Jagadari. The disciplinary action has been initiated against one category-I officer and a penalty of censor and recovery of Rs. 20,000/- has been imposed.

1.83 The activities of QCC are also affected due to paucity of staff. It has come to the notice of the Committee that in some regions of Food Corporation of India the post of Deputy Managers, Quality Control are lying vacant and Assistant Managers have been asked to look after the work. Six posts of Deputy Manager (DC), North Zone are lying vacant. When asked about the reasons for not filling the vacancies and the reasons for posting less number of officers in group 'A' and 'C' categories than sanctioned in the 3 Quality Control Cells working at New Delhi, Kolkata and Hyderabad, the Ministry in their written reply furnished that the present vacancy position of Deputy Managers (Quality Control) in the Food Corporation of India is as under :—

Zone	Sanctioned Strength	In Position	Vacant
Headquarters	8	7	1
North Zone	30	24	6
West Zone	11	5	6
East Zone	12	10	2
North-East Zone	3	1	2
South Zone	16	19	(+)3

1.84 The Ministry has further intimated that out of the 14 vacancies, 11 are meant for Direct Recruitment and 2 are under Promotion Quota. There is a general ban on direct recruitment. For filling up the vacancies under the Promotion Quota a panel is prepared once in year. A panel was drawn up in June, 2002 but the three officers selected showed their inability to move to new places of positing and their promotions were cancelled. The vacant posts are being temporarily manned by the senior most Assistant Managers (Quality Control) on deployment basis. Direct recruitment against vacancies from the year 1998 onwards were not made. As such, vacancies in various QCC officers were not filled up. The posts which remained vacant for more than one year have since been abolished. The vacancies of promotional quota will be filled by drawing fresh panel during next year. As regards DR quota vacancies, the posts will be filled up only when the Screening Committee consider the Annual Direct recruitment proposals of FCI keeping in view the Government instructions.

(xi) Transfer Policy

1.85 Till date, no transfer policy duly approved by the Board/Government has ever been prescribed in the FCI, but administrative guidelines on transfers were issued in the year 1990 and again in the year 1996. As these were not in the shape of policy, these have/are not being followed uniformly in the Zones where Zonal Managers, in consultation/agreement with the local unions/Associations of the employees, have prescribed their own guidelines, especially with regard to the tenure of posting as well as re-posting in the domicile Regions. Such arrangements have been made keeping in view the operational requirements, academic sessions, needs of the local employees and requirements of industrial harmony etc. in different Zones. Therefore, no binding transfer policy has been formulated so far. Now, since it has been desired that the transfer policy may be formulated, FCI is initiating action to do so.

1.86 It has been noticed that some officers holding import post have been transferred during the peak procurement season.

The following transfers were made during April to June, 2002 :—

Sl. No.	Order No. & Date	Order	Remarks
1	2	3	4
1.	63 of 2002 24.02	Posting of Sh. PM Khedkar as DZM (S) to officiate as ZM (S)	To fill up a vacant post of ZM (S) after retirement of Sh. C.S. Shivanna.
2.	65 of 2002 24.02	Transfer of Sh. Arunachalam, DM (QC) from Punjab to HQrs.	The orders were later on modified to continue Sh. Arunachalam in Punjab itself as promoted officers could be posted in HQrs.
3.	71 of 2002 11.4.02	Transfer of Sh. Ram Niwas, DM (Mvt.) from Z.O. (N) to HQrs.	Transfer does not affect field/mandi operations.
4.	72 of 2002 12.4.02	Transfer of Sh. G.C. Goswami DM (G) from NE Zone to East Zone.	On completion of tenure as per transfer policy.
5.	80 of 2002 24.4.02	Transfer of Sh. Rajashekhjar, DM (QC) from Jammu to A.P. Region	The transfer of according to the transfer policy after completion of tenure in a difficult situation.
6.	89 of 2002 8.5.02	Transfer Sh. A. Ravindaran, DM (G) from Z.O. (N) to East Zone.	Transfer due to administrative grounds.
7.	90 of 2002 9.5.02	Transfer and Posting of DMs (Legal)	Does not affect field operations.
8.	93 of 2002 15.5.02	Transfer and Posting of JMs (A/Cs)	-do-
9.	98 of 2002 24.5.02	Transfer of Sh. Lokendar Singh, DM (G) from East Zone to Headquarters.	Transfer on request.
10.	101 of 2002 27.5.02	Transfer of JM (A/Cs)	Does not affect field Operations.

1	2	3	4
11.	102 of 2002 28.5.02	Transfer and Posting of DMs (A/Cs)	-do- -do-
12.	103 of 2002 6.6.02	Transfer of DM (G) from West Zone to East Zone	Transfer on administra- tive grounds.
13.	104 of 2002 6.6.02	Transfer of DMs (Legal)	Does not affect field operations.
14.	105 of 2002 6.6.02	Transfer of DM (Haldwani) to R.O. Uttaranchal	Transfer on administrative grounds & later on promotion to HQs.
15.	110 of 2002 12.6.02	Transfer of DM (QC) from North Zone to N.E. Zone	-do-
16.	111 of 2002	Transfer of DMs (Genl.)	-do-
17.	114 of 2002 14.6.02	Transfer and posting of DMs (Legal)	Does not affect field operations.
18.	117 of 2002 26.6.02	Transfer of JM (Engg.) from PID to Z.O. (North)	-do-
19.	118 & 119 of 2002 [26.6.02]	Posting on promotion of DM (QC)	Posting on promotions.
20.	120, 121 & 122 of 2002 26.6.02	Posting on promotion of JM (Genl.) and transfer of JMs (Gen.)	Due to operation of the Panel and some adjustment in posting was ordered for administrative convenience.

1.87 The Committee feels that transfer holding important posts in the Region during the procurement hampers the procurement process in those regions. When asked about the circumstances under which transfer orders of officials were issued, the Ministry in their reply informed that normally transfer are not effected during procurement season except on extreme exigencies of work of administrative requirements including complaints.

1.88 On being asked by the Committee when the transfer policy has last revised and what points are kept in mind while reviewing the transfer policy, the Ministry in their post evidence reply stated that the Committee that.

- (i) "The transfer policy was last reviewed in 1996. An exercise is presently being undertaken to review the existing transfer policy once again. The Board of Directors vide their decision taken during the 241st Board Meeting held on 20.3.1995 has authorized M.D. to frame a suitable transfer policy as per administrative requirement. Thereafter the transfer policy is being framed/reviewed from time to time at the level of M.D. The following points are generally kept in mind while reviewing/framing the transfer policy:-
1. Longer stay/completion of normal tenure.
 2. Transfer may take place at a suitable time as far as possible to match with academic session.
 3. Transfers on promotions.
 4. Posting of Husband and wife at the same station.
 5. Accommodating widows and unmarried women employees at the places of their choice.
 6. Physically handicapped employees to be accommodated at places where their families are settled.
 7. Employees who are due for retirement within two years are accommodated at a place/region where they intend to settle down.
 8. Transfer on medical grounds.
 9. Posting of sports persons at places where training facilities are available.
 10. Transfers to different stations including North East on completion of tenure.
 11. Office bearers of Unions/Associations are accommodated at the Zonal/Regional Hqrs.
 12. Employees who are involved in vigilance case are also shifted.
 13. Mutual transfer."

1.89 When the Committee asked about streamlining the transfer policy of FCI during the evidence, the Ministry in the post evidence reply stated:-

"Broadly, the transfer policy will be based on the guidelines issued in 1990 and 1996. The guidelines, which may have been issued by the respective Zonal Managers, will also be obtained and will be duly considered so that a uniform transfer policy is formulated, which shall meet the administrative requirement of Headquarters/Zones, procurement needs, academic sessions, general operations, etc.

The whole exercise will take some time as it will require in-depth discussions, internally with field Managers as well as with recognized Unions of the employees. Approval of the board of Directors of FCI and the Government is also ultimately required to be taken.

On the specific issue relating to the transfer of 22 officers of the level of Joint Managers ordered on 26.6.2002, it is submitted that at that point of time, no procurement activity was in progress in any Region, as Rabi procurement was already over. These transfers were necessitated as 13 officers were promoted from the rank of Deputy Managers to Joint Managers and were to be adjusted/posted. In ordering these transfers, the requirements of various Zones, suitability for placement of officers and the principle of not disturbing such officers who had less than two years to retire, were kept in view. Similarly, in respect of those officers who were already Joint Managers but were transferred under the said order, the same factors as well as longer stay were taken into consideration.

Transfers on administrative grounds are made keeping in view the exigencies of work and administrative requirements assessed at the time of posting/transfers. FCI Management is competent to take decision in respect of transfers and postings of staff and officers as per FCI Act & FCI Staff Regulations, 1971.

One Joint Manager from Punjab Region was transferred and posted to Zonal Office (South) as Joint Manager (Movt.) on administrative ground. Later, on compassionate grounds, the transfer was modified from Zonal Office (South), Chennai to Zonal Office (North) with the approval of Competent Authority."

1.90 The Committee have repeatedly been informed by the Government that the pace of procurement of foodgrains in Bihar, Orissa etc. is not to the level of Punjab and Haryana as there are no such regulated mandis and adequate infrastructure in Bihar and Orissa as available in Punjab and Haryana. The level of procurement is also not satisfactory in Madhya Pradesh, Gujarat, Tamil Nadu etc.

for want of adequate infrastructure. The Committee note that due to this, the benefit of Minimum Support Price is not reaching the farmers of such States. The Committee, therefore, recommend that the Central Government should persuade the State Governments and make a comprehensive plan for providing adequate procurement infrastructure in co-ordination with the State Governments having inadequate infrastructure facility. Further, the Food Corporation of India should also play an active role by assisting the State Governments for creation of adequate infrastructure in the States for effective procurement.

1.91 The Committee note that the media is not being utilised to make the farmers aware of the timing and place of opening of procurement centres. The purpose of opening a procurement centre is that the maximum number of farmers within reach are able to sell their produce to the Government. However, it is not being realized and the farmers are unaware whether a procurement centre is running in their vicinity and hence the procurement at most of the centres is very less, here as on the contrary the Government claims that the farmers are not coming to the procurement centres. This defeats the very purpose of opening of procurement centres. The Committee, therefore, desire that the local media should be utilised optimally and all avenues like Newspapers, pamphlets, television, radio and local announcements should be utilised so that farmers are aware of procurement centres and should sell their produce in time. Also, efforts should be made by the Government to open adequate number of procurement centres well in advance so that farmers get benefit of MSP.

1.92 During the last several years, the Committee have noticed that Minimum Support Price of foodgrains is not being announced in time. The farmers are always in doldrums as to whether the Government will purchase their produce on a profitable rate in time or not. The Committee view that this is a situation of great uncertainty for the farmers. The Committee, therefore, recommend that the ease the problem of farmers and to ward off uncertainty, the Central Government should announce MSP of foodgrains before the sowing season of crop.

1.93 The Committee note that open ended policy of procurement of foodgrains and increased Central Issue Price (CIP) above prevailing market prices have resulted in accumulation of surplus stock of foodgrains. Besides, the benefit of the policy has not percolated to all the potential States uniformly. The Committee do feel that though there is genuine need of such a policy of procurement of foodgrains

to ward off distress sale, the situation should not be allowed to aggravate to such a level that it should become rather impossible to run such a scheme. The Committee also feel that such a policy is necessary to run the various Schemes like Mid-day Meal, Wheat Based Nutrition Programme, Supply of foodgrains to SC/ST/OBC Hostels, Annapurna, Food for Work etc. The Committee, therefore, desire that the Government should consult all concerned like State Governments, representatives of farmers, Ministry of Agriculture and other nodal Ministries as to how this open ended policy of procurement can be run effectively so that the problems being faced in continuation of this policy do not further aggravate.

1.94 The Committee note that during the last 3-4 years many a times, the CIP of foodgrains was more than the prevailing market prices, thereby defeating the whole purpose/objective of Public Distribution System (PDS). This may be due to hike in MSP, but the Committee feel that the CIP of foodgrains issued under TPDS should always be less than prevailing market price. The Committee, therefore, strongly urge the Government to ensure that the CIP must be less than the prevailing market prices whatever the burden of subsidy the Government have to bear.

1.95 It has come to the notice of the Committee that the lower grade staff posted at procurement centres are not very much enthused to get involved in procurement operations. Some times, technical staff posted at the godowns refuse the stocks of the farmers on non-bonafide technical reasons, thereby causing great harassment to the farmers and thus compelling them for distress sale. The Committee, therefore, desire that unless the stock doesn't conform to the FAQ norms, it should not be rejected on flimsy grounds. Further, FCI should organise interaction programme for these officials to understand the responsibility of procurement operation so that they should not harass the farmers any more.

1.96 The Committee note that though the objective behind the scheme of decentralized procurement is very good, there are major hurdles being faced by the State Governments in its implementation. It has come to the notice of the Committee that the State Governments willing to adopt decentralised procurement are not enthused due to operational problems like lack of necessary infrastructure, adequate number of godowns, cash credit, trained manpower, financing or procurement operations etc. The Committee

feel that before expecting the State Governments to opt for decentralised procurement scheme, the necessary infrastructure should be created or made available to them. The Committee, therefore, recommend that the decentralised procurement scheme should be implemented in a phased manner in States by creating necessary infrastructure, rather than implementing the scheme at one stretch. Till that time, the Food Corporation of India and other procuring agencies should not give up their responsibility of procurement operations.

1.97 The Committee have been informed that till date no transfer policy duly approved by the Board/Government is existing in FCI and in absence of this, certain officials of Food Corporation of India had been transferred during the ongoing Rabi procurement season. The Committee feel that such exercises hamper the procurement process as the concerned official is fully aware of the potentiality of the region where he is posted and also that the new incumbent takes time to cope with the ongoing procurement operation. The Committee also observe that the reasons furnished by the Ministry regarding transfer of officials as per transfer policy, administrative convenience, on promotion etc. during the ongoing procurement season are not very convincing. The Committee, therefore, strongly recommend that a fool proof transfer policy of FCI be formulated without further loss of time and transfers should be effected either before the onset of procurement season or thereafter. Steps taken in this regard should be communicated to the Committee within three months time.

CHAPTER II

STORAGE

(i) Introduction

The storage plan of the Department of Food & Public Distribution aims at providing storage capacity required for:

- (i) Buffer and operational stock of foodgrains to maintain the public distribution system, and
- (ii) General warehousing

2.2 There are three agencies in the public sector, which are engaged in building storage and warehousing capacity. These are the Food Corporation of India (FCI), Central Warehousing Corporation (CWC) and 16 State Warehousing Corporations (SWCs).

2.3 After procurement, it is the well-planned storage of foodgrains at different locations in various States in the country, which ensures sufficient and timely supply for distribution to the retail outlets (Fair Price Shops). The Food Corporation of India (FCI) is the main agency which provides the capacity for storage of foodgrains. Besides constructing its own godowns, FCI also hires storage capacity from other sources such as the Central Warehousing Corporation (CWC), State Warehousing Corporations (SWCs), State Governments and private parties. The storage capacity of CWC and SWCs is also utilised for storing foodgrains and other notified commodities like fertilizers, seeds, etc. and industrial goods.

2.4 FCI's construction programme depends upon the budgetary allocation from the Government of India. Creation of storage capacity by FCI at the micro level is a continuous process. FCI constructs godowns at places considering the need for the Public Distribution System (PDS) requirement and buffer stocks. Further, FCI has delegated full powers to the Senior Regional Managers (SRMs) to take or hire the storage capacity from other State agencies, private parties, etc., depending upon its requirements.

2.5 The total storage capacity available with the Food Corporation of India (FCI), Central Warehousing Corporation (CWC) & State Warehousing Corporations (SWCs) and its utilisation is as under:—

(figures in lakh MT)

S. No.	Agency	Covered Capacity			CAP Capacity			Grand Total	Percentage Utilization
		Owned	Hired	Total	Owned	Hired	Total		
1.	FCI	127.73	173.02	300.75	25.36	53.6	79.05	379.80	86%
2.	CWC	61.92	15.52	77.44	13.02	1.95	14.97	92.41	86%
3.	SWCs	121.34	64.39	185.73	7.95	—	7.95	193.68	93%

(ii) Buffer Stocking Policy

2.6 Food stocks are maintained by the Central Government to (i) meet the prescribed Minimum Buffer stock norms for food security, (ii) for monthly release of food grains for supply through the PDS/Welfare schemes, (iii) to meet emergent situations arising out of unexpected crop failure, natural disasters, etc. and (iv) for market intervention to augment supply so as to help moderate the open market prices.

2.7 As on 1.1.2002 the stock of wheat and rice in the Central Pool held by FCI and State Agencies stood at 58.03 million tonnes as against 45.77 million tonnes on the same day in the preceding year. The total stock of food grains in the Central Pool as on 1st January during the last five years were as follows:—

(in million tonnes)

Date	Stock
1.1.1998	18.24
1.1.1999	24.38
1.1.2000	31.89
1.1.2001	45.77
1.1.2002	48.03

2.8 The Government had fixed minimum requirement of buffer stock for the Ninth Five Year Plan (1997-2002) as under:—

Prescribed Minimum Stock Levels

(in million tonnes)

	January	April	July	October
Wheat	8.4	4.0	14.3	11.6
Rice	8.4	11.8	10.0	6.5
Total	16.8	15.8	24.3	18.1

2.9 Stock of rice and wheat in the Central Pool (Provisional) as on various dates during 1999-2000, 2000-2001 and 2001-2002 along with the prescribed buffer norms for the corresponding periods are given below:—

RICE

(in million tonnes)

As on	Buffer Norms	Stock	Stock exceeding buffer norms
1.4.1999	11.80	12.16	0.36
1.7.1999	10.00	10.56	0.56
1.10.1999	6.50	7.74	1.24
1.1.2000	8.40	14.71	6.31
1.4.2000	11.80	15.72	3.92
1.7.2000	10.00	14.49	4.49
1.10.2000	6.50	13.21	6.71
1.1.2001	8.40	20.70	12.30
1.4.2001	11.80	23.19	11.39
1.7.2001	10.00	22.75	12.75
1.10.2001	6.50	21.45	14.95
1.1.2002	8.40	25.62	17.22
1.4.2002	11.80	24.91	13.11

WHEAT

(in million tonnes)

As on	Buffer Norms	Stock	Stock exceeding buffer norms
1.4.1999	4.00	9.66	5.66
1.7.1999	14.30	22.46	8.16
1.10.1999	11.60	20.31	8.71
1.1.2000	8.40	17.71	8.77
1.4.2000	4.00	13.19	9.19
1.7.2000	14.30	27.76	13.46
1.10.2000	11.60	26.85	15.25
1.1.2001	8.40	25.04	16.64
1.4.2001	4.00	21.50	17.50
1.7.2001	14.30	38.92	24.62
1.10.2001	11.60	36.83	25.23
1.1.2002	8.40	32.41	24.01
1.4.2002	4.00	26.04	22.04

2.10 The Government has constituted the 5th Technical Group under the Chairmanship of Secretary (F&PD) to review the present buffer stocking policy of foodgrains and recommend the buffer stocking policy to be followed for the Tenth Five Year Plan period (2002-2007). The terms of reference of the 5th Technical Group are as follows:—

- (a) (i) To suggest the minimum and maximum level of national buffer stocks alongwith the grain mix in the light of the experience gained so far,
- (ii) Changes in policy regarding supply of rice and wheat from the Central Pool,
- (iii) Distribution by the State agencies and
- (iv) The announcement made in the Budget Speech of the Finance Minister of the year 2001-2002 on the FCI's role.

- (b) To suggest the levels of operational stocks and food security reserves along with the grains mix.
- (c) To report on the role of the State Governments/their agencies in holding a part of these stocks and the manner in which these would be held.

2.11 As per a study conducted by Prof. Kirit Parikh of Indira Gandhi Institute of Development and Research, Mumbai in July, 1999 a buffer stock level of around 10 million tonnes could be considered as adequate to meet the National food security requirement. This recommendation has been considered by the Expenditure Reforms Commission (ERC), who have recommended that a national food security stock of 10 million tonnes comprising of 4 million tonnes of wheat and 6 million tonnes of rice be maintained at all times in addition to the operational stocks required for the public distribution system (PDS). The recommendation of ERC will be taken into consideration by the Fifth Technical Group for their consideration while formulating the buffer stock policy for the Tenth Five-Year Plan.

2.12 Under the present system of Price Support Operations, FCI and State Agencies are required to procure all foodgrains of FAQ quality, irrespective of whether the same are required for distribution under PDS. Due to this policy of open ended procurement, and the fixation of attractive MSPs for wheat and paddy in the last few years, the stocks of wheat and rice in the Central Pool have increased to a record level of 58.03 million MT as on 1.1.2002 as against the buffer stock requirement of 16.80 million MT.

2.13 One of the problems faced by FCI during the past few years was that it is saddled with large volume of stocks, particularly of wheat, much above the stipulated buffer stock norms. This is largely due to considerably higher procurement because of attractive Minimum Support Prices (MSPs) fixed by Government.

2.14 On being asked whether there should be any restriction on open ended policy of procurement the Ministry in its written reply stated that the present policy of open-ended procurement has led to accumulation of stocks much in excess of buffer norms for the food security system. Procurement of foodgrains has been much in excess the requirements of the TPDS and other foodgrains based welfare schemes. As 1.7.2002, the total stock of foodgrains is 630.11 lakh tonnes as against the buffer stock norms of 243.00 lakh tonnes. A review of the present policy is, therefore, required.

2.15 The High Level Committee on Long Term Grain Policy (HLC) in its final Report has also recommended:

1. A review of the existing MSP regime It has stated that "MSP policy was critical in India's achievement of foodgrains self-sufficiency but is now grossly distorted. Nonetheless, we are convinced that MSP policy should continue, but with immediate correction".
2. The HLC has recommended that MSPs should apply only to FAO grain and be fixed strictly on the basis of C2 cost of production (i.e. all costs including imputing costs of family labour, owned capital and rental on land) in more efficient regions. The HLC has stated that if this correction is applied, while fixing MSPs, then the quantities offered for sale under MSP will decline and become more or less in line with PDS requirement.

2.16 The statewise details of preparation for storage of foodgrains procured during Khariff procurement season (2000-2003) in Andhra Pradesh, Bihar, Haryana, Orissa and Punjab are as under:—

Andhra Pradesh

The total available storage capacity is 29.70 lakh tonnes and it is expected that capacity of 6.8 lakh tonnes may be added during Khariff 2002-03. No space problem is anticipated during Khariff 2002-03.

Bihar

In the case of Bihar, additional storage capacity of 3 lakh tonnes has been approved for Bihar under the "Seven Year Guarantee Scheme." It has been decided that CWC will construct godowns for 50,000 tonnes and the State Government, through its agency, will take up the construction for the remaining 2.5 lakh tonnes. In both the cases, the locations would be decided on the basis of consultations with both FCI and the State Government.

Haryana

As on 31.7.2002 the region is having vacant storage capacity of 2.82 Lakh tonnes covered and 1.67 lakh MTs CAP capacity. About 1.07 lakh MT space is likely to be taken over from CWC/SWC and State procuring agencies at the start of Khariff Procurement Season. The paddy likely to be procured by FCI will be accommodated in the CAP complexes available. Paddy will also be stored under covered godowns wherever there is available covered capacity.

Orissa

Orissa is having 5.8 lakh MTs storage space out of which 3 lakh MTs space is hired from OSWC/SWC. Additional 2 lakh tonnes space is expected to be taken over from OSWC on 7 years guarantee basis.

Punjab

The Punjab region has reported that as on 30.6.2002, the vacant storage space available is 3.07 lakh MT covered and 6.59 lakh MT CAP. It is expected that after taking over the covered capacity generated by CWC/SWC/State covered space to the tune of 28.78 lakh tonnes is likely to be available with FCI by the end of October, 2002. Out of this covered capacity, a capacity of about 20 lakh tonnes is likely to be utilised for storage of paddy in the coming Khariff season. Press advertisements have been given for inviting offers from the private parties for construction of plinth on guaranteed hire basis. It is expected that 6.4 lakh MT of plinths for storage of paddy may be accommodated. Due to likely liquidation of wheat from ex-Punjab during August to October, additional storage CAP storage space and dunnage will be made available for accommodating paddy.

(iii) Movement of Foodgrains

2.17 Coordinating and monitoring the movement of foodgrains from the surplus regions to deficient areas, *vis-a-vis*, the storage capacity, procurement stocks, allocations and offtake of foodgrains is one of the important functions of the Department of Food and Public Distribution. FCI undertakes the activities connected with the movement of foodgrains for PDS and other schemes. The Movement Division in the Department of Food and Public Distribution closely monitors the movement and coordinates with FCI and Railways. The main objectives of the movement policy of FCI are the following:

1. to meet the requirements of foodgrains for the Public Distribution System and other Schemes of the Government.
2. to create buffer stocks of foodgrains;
3. to create storage space for foodgrains in procuring State for the coming procurement season.

2.18 The following table indicates the position of foodgrains movement by rail and by road.

Period	By Rail	By Road
2000-2001	98%	2%
2001-2002 (upto Oct.2001)	96%	4%

2.19 The comparative position of overall movement of foodgrains organised by the FCI on Inter-State as well as intra-state account is shown below:—

Period	(In lakh tonnes)		
	Movement ex-North	Movement from Other Sources	Total Movement
2000-2001	113.06	48.53	161.61
2001-2002 (Estimated)	126.42	49.00	175.42

2.20 Optimum evacuation of foodgrains from the procuring regions and induction and stocking of foodgrains in the North Eastern States, Jammu and Kashmir and other areas, identified from time to time is especially monitored.

2.21 The movement of foodgrains to the North Eastern States has been especially monitored and adequate stock levels have been maintained in these regions. During April-October 2001 about 6.44 lakh MTs of foodgrains were inducted in the North Eastern Region as against 3.74 lakh MTs during the corresponding period of previous year. The average monthly offtake in N.E. Region during April-October 2001 was about 77,665 MTs per month as against 60,000 MTs per month during the corresponding period of previous year.

2.22 As a result of sustained efforts, induction of foodgrains to Jammu & Kashmir increased to 3.38 lakh MTs during April-October 2001, as against 1.21 lakh MT during the corresponding period of previous year. Winter stocking of Laddakh region was completed well before the onset of winter.

2.23 The comparative position of inter-state movement ex-north (viz. Punjab, Haryana, Rajasthan and Uttar Pradesh) is shown below:—

Period	Movement of Foodgrains ex-North
2000-2001	107.77 lakh MT
2001-2002 (upto Oct. 2001)	67.06 lakh MT

2.24 During its visit to Bihar the Committee was apprised that many times FCI officials refuse to accept foodgrains brought by the farmers to the godown for procurement citing the reason of non-availability of space due to incoming foodgrains from other states. The Committee was then informed by the representatives of the State Government that they have requested the Central Government for restriction of movement of foodgrains from other states to Bihar. On being asked by the Committee that whether the Ministry have received requests from other State Governments also to restrict the movement of foodgrains from outside to their respective states due to non-availability of storage space in their State which is also hampering procurement of foodgrains under Minimum Support Price in those States and steps taken in this regard, the Ministry in their written reply stated that several State Governments have requested for restriction of movement of foodgrains from outside into their States. The details are as under:

Name of State	Request received on	Action Taken
1. Bihar	22.8.2001	No Wheat was moved in Aug. 2001
2. Orissa	3.5.2001	FCI had totally stopped loading from Jan. 2001 to Orissa.
3. Chhattisgarh	10.10.2001 & 6.2.2002	Instructions have been issued to FCI for regulating movement of rice to the State.
4. Rajasthan	14.5.2002	No movement to Rajasthan took place in April, May and June 2002. However, 58000 MTs were moved into Rajasthan by FCI in July 2002, due to operational needs of FCI. For August, 2002, 1.5 lakh MTs have been planned to be moved to Rajasthan.

2.25 In the light of above, when the Committee asked whether the foodgrains movement was restricted in Bihar w.e.f. August 2001 only, the Ministry in its post evidence reply stated as under:—

- (i) Orissa, Chhatisgarh and Rajasthan had also requested for restriction of movement of foodgrains from outside into their States to this Ministry. No wheat was moved to Bihar in August, 2001 as requested *vide* their letter dated 22.8.2001. Movement of rice to Bihar was regulated during August, 2001. However, subsequently the movement to Bihar was resumed Sept. 2001.
- (ii) Secretary (Food), Government of Bihar had written a letter to this Ministry in April, 2002 for stopping the movement of foodgrains and creation of additional storage capacity under SYGS. The case was considered for creation of additional storage capacity in the State of Bihar. However, movement to Bihar was not totally stopped. As per the decisions in the meetings of MD, FCI with the Senior Officers of the Government of Bihar and the Union Ministry of Food, the movement was scaled down to some extent from May 2002. The movement of foodgrains to Bihar from North India from April 2002 is shown below:—

(Figures in '000' MTs)

Month	Wheat	Rice	Total
April, 02	96.0	Nil	96.0
May, 02	33.8	Nil	33.8
June, 02	27.4	Nil	27.4
July, 02	54.7	25.1	79.8
Aug., 02	71.4	16.0	87.4

2.26 The complete details of latest movement plan of foodgrains from the month of October 2002 (Provisional) from food surplus states to food deficit States is given below:

Movement Plan for October' 2002 (Provisional)

Figures in 000' MTs

Zone/Region	Ex North				Rice	Ex	Ex	Ex	Ex	Total		
	SW	LLW	R	Total		MP	A.P.	Chhatt- isgarh	Maha- rashtra	SW	LLW	Rice	Total
1	2	3	4	5	6	7	8	9	10	11	12	13
NEF Zone												
Assam	40	40	100	180	—	—	—	—	40	40	100	180
Total	40	40	100	180	—	—	—	—	40	40	100	180
East Zone												
W. Bengal	110	40	88	238	7	—	—	5	110	40	100	250
Bihar	85	45	30	160	—	—	—	—	85	45	30	160
Jharkhand	55	15	6	76	—	—	24	—	55	15	30	100
Orissa	10	60	—	70	—	—	—	—	10	60	—	70
Total	260	160	124	544	7	—	24	5	260	160	160	580
West Zone												
Maharashtra	160	—	50	200	—	—	50	—	160	—	100	250
Gujarat	165	—	28	183	—	—	—	—	165	—	28	183
M.P.	100	—	—	100	—	—	25	—	100	—	25	125
Chhattisgarh	10	—	—	10	—	—	—	—	10	—	—	10
Total	415	—	78	493	—	—	75	—	415	—	153	568
South Zone												
Kerala	10	10	—	20	—	—	—	—	10	10	—	20
Karnataka	44	22	200	266	—	—	—	—	44	22	200	266
Tamil Nadu	—	22	20	42	—	100	—	—	—	22	120	142
A.P.	—	—	250	250	—	—	—	—	—	—	250	250
Total	54	54	470	578	—	100	—	—	54	54	570	678

1		2	3	4	5	6	7	8	9	10	11	12	13
North Zone													
Delhi	Road	10	—	—	10	—	—	—	—	10	—	—	10
J&K	Rail	3	—	49	52	—	—	—	—	03	—	49	52
J&K	Road	35	—	17	52	—	—	—	—	35	—	17	52
Rajasthan	Rail	50	—	—	50	—	—	—	—	50	—	—	50
Rajasthan	Road	50	—	—	50	—	—	—	—	50	—	—	50
H.P.	Road	5	—	5	20	—	—	—	—	15	—	5	20
U.P.													
Total	Rail	53	—	49	102	—	—	—	—	53	—	49	102
	Road	110	—	22	132	—	—	—	—	110	—	22	132
Total	Rail	822	254	821	1897	7	100	99	5	822	254	1032	2108
	Road	110	—	22	132	—	—	—	—	110	—	22	132
G. Total		932	254	843	2029	7	100	99	5	932	254	1054	2240

Source-wise Movement Plan for October 2002 (Provisional)

(Figures in 000 MTs)

	Wheat	Rice	Total
Punjab	876	516	1392
Haryana	220	200	420
U.P.	80	120	200
Uttaranchal	10	7	17
M.P.	—	7	7
Maharashtra	—	5	5
Chhattisgarh	—	99	99
A.P.	—	100	100
Total	1186	1054	2240

(iv) Disposal of Accumulated Stock of Foodgrains

2.27 The accumulation of stock in the godowns due to enhanced procurement and low lifting is a matter of great concern. The godown-wise quantity of foodgrains lying in the godowns for more than 2 years as on 1.8.2002 is as under:—

(Figures in MTs)

Region	Wheat	Rice	Paddy
1	2	3	4
East Zone			
Bihar	166605	26121	1476
Jharkhand	0	87	0
Orissa	316	7924	0
WB	27523	30176	0
NEF Zone			
Assam	1994	20943	0
NEF States	0	3828	0
North Zone			
Delhi	135635	2676	0
Haryana	16994	213636	1814
HP	0	0	0
J&K	0	8761	0
Punjab	102172	550171	26807
Rajasthan	464370	33046	0
UP	283068	294518	0
Uttaranchal	496	13396	0
South Zone			
AP	65656	25511	0
Kerala	960	143623	0

1	2	3	4
Karnataka	9248	83729	0
TN	76349	37329	0
West Zone			
Gujarat	389448	39559	0
Maharashtra	725138	216190	0
MP	168911	35051	0
Chhattisgarh	15790	100762	0
Country Total	2500673	1887037	30097

2.28 On being asked about the steps taken by the Government to liquidate the stock of foodgrains and increase offtake from Central Pool, the Ministry furnished as under:—

The following steps have been taken since April 2000 to liquidate the excess stocks of foodgrains:—

1.4.2000

- (i) The entitlement for BPL families was raised from 10 Kg. per family per month to 20 kg per family per month from April 2000.

2.11.2000

- (ii) It was decided to make foodgrains available at CIPs for BPL families for all welfare schemes, including SC/ST/OBC hostels scheme, implemented by the various Ministries of the Government of India.
- (iii) It was decided to make foodgrains 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 beggar homes, orphanages/Nari Niketans, etc. sponsored by the State Governments and the concerned administrative Ministry of the Government of India.

- (iv) A decision was taken to make foodgrains available at BPL rates for development schemes (where the beneficiaries belong to the BPL category) implemented by Non-Governments Organisations (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.

23.11.2000

- (v) FCI was permitted to make wheat available from the Central Pool for the purpose of export. A quantity of 70.87 lakh tonnes of wheat has been exported as on 30.6.2002.

1.12.2000

- (vi) The allocation of foodgrains for Below the Poverty Line (BPL) families was revised *w.e.f.* 1.12.2000. on the basis of population projections of the Registrar General as on 1.3.2000. As a result, the number of BPL families eligible for subsidised foodgrains has increased from 5.96 crores families to 6.52 crore families.

8.12.2000

- (vii) It was decided to permit FCI to offer rice from the Central Pool for purpose of export. The quantity of rice lifted for export upto 31.7.2002 during the current financial year is 47.93 lakh tonnes.

25.12.2000

- (viii) The Antyodaya Anna Yojana was announced for the one crore poorest of the poor BPL families. The scheme is now under implementation in all States/UTs. Each of the Antyodaya families is given 25 kg. of foodgrains @ Rs. 2 per kg. for wheat and Rs. 3 per kg. for rice.

1.1.2001

- (ix) The Food for Work Programme was introduced in eight drought affected States in January, 2001 by the Ministry of Rural Development. Under FFW the foodgrains are allocated to State Governments free of cost. The programme has been subsequently extended to cover floods and other national calamities. From January, 2001 till 7.3.2002, 39.33 lakh tonnes of foodgrains under FFW have been allotted to 11 States.

29.1.2001

- (X) The Government of India allocated one lakh MTs of foodgrains for distribution in the earthquake-affected areas of Gujarat on 29 January 2001.

1.5.2001

- (xi) It was decided to make additional allocation of foodgrains at BPL rates to 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 in the current financial year. The Governments of Andhra Pradesh, Gujarat, Himachal Pradesh, Madhya Pradesh, Maharashtra and Rajasthan were allocated additional foodgrains aggregating 19.53 lakh tonnes. The Government of Bihar was given additional allocation of 1.80 lakh MTs of wheat at BPL rate for flood relief.

10.7.2001

- (xii) It was decided to make available 20 lakh tonnes of wheat from the Central Pool for the purpose of export of wheat products.

12.7.2001

- (xiii) The entitlement for BPL families was raised from 20 kg per family per month to 25 kg per family per month.
- (xiv) The Central Issue Price (CIP) of wheat and rice was retained for BPL and reduced for the APL category as under, which were valid till 31.3.2002:

	(Rs. per quintal)	
	BPL	APL
Wheat	415	610
Rice	565	830

15.8.2001

- (xv) The Prime Minister announced the Sampoorna Gramin Rozgar Yojana (SGRY) on 15th August 2001. The Scheme was launched by the Ministry of Rural Development on 25.9.2001. Under the programme, it is envisaged to utilize 50 lakh MTs of foodgrains every year.

23.3.2002

With a view to further liquidate the stocks of foodgrains, the Government approved the following proposals:

- (i) to reduce the APL CIPs by Rs 100 per quintal in respect of rice and what for a period of three months from April-June 2002.
- (ii) To fix the scale of issue for APL, BPL and Antyodaya households @ 35 kg. per household per month and increase allocations to States/UTs accordingly.
- (iii) To fix the scale of issue for all welfare institutions and hostels uniformly @ 15 kg. per head per month and make an additional allocation equal to 5% of the BPL allocation of States/UTs at BPL CIPs on this account.
- (iv) To make open market sales of 50 lakh MTs of wheat and 10 lakh MTs of rice at prices to be determined by the existing High Level Committee of the FCI. FCI may be authorized to sell the stocks in the open market either through auction in prefixed lots or by fixation of sale prices keeping in view the prevailing market conditions.
- (v) To increase export of wheat and rice including lustre lost wheat, provide WTO compatible subsidies for exports of wheat, wheat products and rice in accordance with the decision taken on 5th February 2002.
- (vi) To fix no quantitative restrictions on the exports of rice, wheat and wheat products subject to the condition that the stocks in the Central Pool will not be lower than the buffer stock of 243 lakh MTs (100 lakh MTs of rice and 143 lakh MTs of wheat) at any point of time.
- (vii) To enter into counter trade and/or extend commodity assistance in the form of foodgrains to other countries on terms to be decided on a case-to-case basis.

(v) Storage Losses

2.29 The Region-wise details of the storage losses in godowns of Food Corporation of India for the years 1999-2000, 2000-2001 and 2001-2002 are given as under:—

(a) 1999-2000

(Qty. in MT)

Region/Zone	Wheat			Rice		
	Qty.	Loss	%	Qty.	Loss	%
1	2	3	4	5	6	7
North Zone						
Punjab	294646	-2584	-0.88	3747969	55750	1.49
Haryana	261899	-4481	-1.71	311256	3407	1.09
Uttar Pradesh	86631	749	0.86	349521	5588	1.60
Uttaranchal	—	—	—	—	—	—
Rajasthan	498036	-1970	-0.40	103786	2969	2.86
Delhi	385274	522	0.14	113071	1681	1.49
Jammu & Kashmir	—	—	—	—	—	—
Himachal Pradesh	—	—	—	—	—	—
North East Zone						
Assam	194444	1082	0.58	797353	4101	0.51
North East Region	28363	15	0.05	253632	819	0.32
East Zone						
Bihar	316339	1234	0.39	84127	523	0.62
Jharkhand	—	—	—	—	—	—
Orissa	314264	1335	0.42	261149	1063	0.41
West Bengal	324454	1270	0.39	176268	1100	0.62
PO Calcutta	259030	681	0.26	287696	2148	0.75
West Zone						
Gujarat	483767	2561	0.53	189961	2281	1.20
Madhya Pradesh	134039	349	0.26	781106	6471	0.83

1	2	3	4	5	6	7
Maharashtra	1113103	707	0.06	891773	4988	0.58
PO Kandla	33380	69	0.21	10760	52	0.48
South Zone						
Andhra Pradesh	270899	-121	-0.04	5902866	21687	0.37
Karnataka	382108	105	0.03	839310	3507	0.42
Kerala	315719	-356	-0.11	1265997	2501	0.20
PO Madras	44515	390	0.88	—	—	—
PO Vizag	18533	-134	-0.72	49535	434	—
Tamil Nadu	472813	22	0.01	1999613	6321	0.32
Grand Total	62,32,256	1,445	0.02	1,84,16,749	1,27,391	0.69

(-) indicates storage gain.

(b) 2000-2001

Region/Zone	Qty. in MT					
	Wheat			Rice		
	Qty.	Loss	%	Qty.	Loss	%
1	2	3	4	5	6	7
North Zone						
Punjab	443132	-4587	-1.04	5124722	61867	1.21
Haryana	197622	-1478	-0.75	347835	2912	0.84
Uttar Pradesh	37963	401	1.06	325883	5976	1.83
Uttanchal	—	—	—	—	—	—
Rajasthan	850631	-1862	-0.22	37549	665	1.77
Delhi	5585	7	0.13	18739	466	2.49
Jammu & Kashmir	—	—	—	—	—	—

1	2	3	4	5	6	7
Himachal Pradesh	6543	6	0.09	62092	56	0.09
North East Zone						
Assam	30577	186	0.61	392063	2879	0.73
North East Region	13432	52	0.39	14790	675	0.46
East Zone						
Bihar	428743	1235	0.29	121510	452	0.37
Jharkhand	—	—	—	—	—	—
Orissa	405393	1171	0.29	1061361	2094	0.20
West Bengal	444043	1197	0.27	444879	1896	0.43
PO Calcutta	—	—	—	—	—	—
West Zone						
Gujarat	833928	4387	0.53	190058	1862	0.98
Madhya Pradesh	16560	55	0.33	286730	2062	0.72
Chhattisgarh	9484	31	0.33	440524	3623	0.62
Maharashtra	828616	528	0.06	462132	3509	0.76
PO Kandla	256428	770	0.30	11197	104	0.93
South Zone						
Andhra Pradesh	144424	362	0.25	5630628	18295	0.32
Karnataka	387299	-14	0.01	1114799	8757	0.79
Kerala	169736	254	0.15	6197717	1307	0.02
PO Madras	—	—	—	—	—	—
PO Vizag	—	—	—	26525	95	0.36
Tamil Nadu	251372	-597	-0.24	1265260	4424	0.35
Grand Total	57,61,511	2,104	0.04	2,37,10,093	1,23,976	0.52

(—) indicates storage gain.

(c) 2001-2002

Region/Zone	Qty. in MT					
	Wheat			Rice		
	Qty.	Loss	%	Qty.	Loss	%
1	2	3	4	5	6	7
North Zone						
Punjab	1489205	-9019	-0.61	4296512	58274	1.36
Haryana	268645	-2685	-1.00	347835	2912	0.84
Uttar Pradesh	89829	677	0.75	325883	5976	1.83
Uttaranchal	—	—	—	—	—	—
Rajasthan	1039341	-3669	-0.35	37549	665	1.77
Delhi	27987	120	0.43	18739	466	2.49
Jammu & Kashmir	—	—	—	—	—	—
Himachal Pradesh	10393	27	0.26	62092	56	0.09
North East Zone						
Assam	30577	186	0.61	392063	2879	0.73
North East Region	13432	52	0.39	147890	675	0.46
East Zone						
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Kerala	169736	251	0.15	6197717	1307	0.02
PO Madras	—	—	—	—	—	—
PO Vizag	—	—	—	26525	95	0.36
Tamil Nadu	251372	-597	-0.24	1265260	4424	0.35
Grand Total	71,45,435	-4,935	-0.07	2,28,81,883	1,20,383	0.53

(-) Indicates storage gain

2.30 The storage losses in the years 1999-2000, 2000-01 and 2001-02 were to the tune of 0.69 percent, 0.52 percent and 0.53 percent respectively. In this connection, when the Committee asked about the action taken against the number of class-I and class-II officials of FCI responsible for storage losses, the Ministry in their post evidence reply furnished as under:-

"On account of storage and transit losses the action of recoveries from the pay of the delinquents was ordered by the Disciplinary Authorities in FCI as per details given below:

	1999	2000	2001	2002 (upto March)
Cat. I	—	8	13	2
Cat. II, III, & IV	457	346	496	359
Total	457	354	509	361

2.31 Action pending against the delinquents on account of storage & transit loss is as under:-

	1999	2000	2001	2002 (upto March)
Cat. I	3	9	11	12
Cat. II, III & IV	241	412	692	686
Total	244	421	703	698

2.32 "The Committee is astonished to know that no complaint relating exclusively to Storage and Transit losses of FCI was registered for the subject period in the Vigilance Division of the Ministry.

2.33 When asked by the Committee regarding the steps taken by FCI to prevent storage losses, the Ministry in their written reply stated that the following steps have been taken by them to prevent storage losses:-

- (a) adoption of 50 kg. packing in a phased manner.
- (b) installation of weighbridges.
- (c) administrative measures, such as tightening of security at depots, intensifying surprise checks & ensuring regular stock verification.
- (d) encouraging machine stitching of bags.
- (e) induction of Central Industrial Security Force at vulnerable depots to curb theft and pilferage.
- (f) to streamline procedure and documentation for transparency and accountability in operations.
- (g) identification of vulnerable points.
- (h) expediting fixation of responsibility, wherever called for.
- (i) inspection of depots and record by Sr. Regional Manager/ District Managers.
- (j) inspection of weighbridges by Joint Manager (Mechanical) and District Manager.
- (k) double line Machine stitching of bags.
- (l) improvement in size and quality of gunnies, etc."

(vi) Transit and Pilferage losses

2.34 Regionwise details of Transit & Pilferage Losses incurred during 1999-2000, 2000-2001 and 2001-2002 are as under:—

(a) 1999-2000

Zone/Region	Quantity in lakh MT Value in Rs. Crore (Figures-Operational)			
	Occurrence		Regularised	
	Qty. of Loss	Value of Loss	Qty. of Loss	Value of Loss
1	2	3	4	5
North Zone				
Punjab	—	—	—	—
Haryana	—	—	—	—
Uttar Pradesh	0.13	8.52	0.01	3.38
Uttanchal	—	—	—	—
Rajasthan	—	0.55	—	0.28
Delhi	0.10	—	—	—
Jammu & Kashmir	Not Reported			
Himachal Pradesh	—	—	—	—
North East Zone				
Assam	0.54	38.67	0.18	12.49
North East Region	0.28	17.91	0.20	13.26
East Zone				
Bihar	Not Reported			
Jharkhand	0.08	4.37	0.03	1.99
Orissa	0.14	9.39	0.13	8.48

1	2	3	4	5
West Bengal	0.24	14.56	0.13	8.36
West Zone				
Madhya Pradesh	0.09	5.79	0.06	5.25
Chattisgarh	—	—	—	—
Maharashtra	0.35	23.02	0.23	14.75
Gujarat	0.14	8.43	0.08	4.94
South Zone				
Andhra Pradesh	0.13	8.14	0.13	8.13
Karnataka	0.18	12.27	0.18	11.87
Kerala	0.13	8.75	0.13	8.75
Tamil Nadu	0.25	17.48	0.25	17.48
Grand Total	2.78	183.68	1.77	125.07

(b) 2000-2001

Quantity in lakh MT
Value in Ra. Crore
(Figures-Operational)

Zone/Region	Occurrence		Regularised	
	Qty. of Loss	Value of Loss	Qty. of Loss	Value of Loss
1	2	3	4	5
North Zone				
Punjab	—	—	—	—
Haryana	—	—	—	—
Uttar Pradesh	0.08	4.01	0.04	0.98
Uttanchal	—	—	—	—

1	2	3	4	5
Rajasthan	--	5.09	—	1.63
Delhi	0.01	0.25	0.01	0.25
Jammu & Kashmir	—	Not Reported		
Himachal Pradesh	—	--	--	—
North East Zone				
Assam	0.12	8.44	0.03	2.11
North East Region	0.07	5.24	0.03	2.59
East Zone				
Bihar	0.10	--	—	—
Jharkhand	0.06	3.67	0.02	1.47
Orissa	0.08	5.76	0.08	5.69
West Bengal	0.40	28.58	0.09	6.65
West Zone				
Madhya Pradesh	0.06	4.11	0.06	3.96
Chattisgarh	—	—	—	—
Maharashtra	0.21	15.05	0.12	7.68
Gujarat	0.05	6.37	0.04	2.92
South Zone				
Andhra Pradesh	0.08	5.88	0.07	5.49
Karnataka	0.11	8.61	0.11	8.61
Kerala	0.05	3.58	0.05	3.58
Tamil Nadu	0.12	9.94	0.12	9.94
Grand Total	1.52	114.56	0.80	63.53

(c) 2001-2002

Zone/Region	Quantity in lakh MT Value in Rs. Crore (Figures-Operational)			
	Occurrence		Regularised	
	Qty. of Loss	Value of Loss	Qty. of Loss	Value of Loss
1	2	3	4	5
North Zone				
Punjab	—	—	—	—
Haryana	—	—	—	—
Uttar Pradesh	0.47	27.67	0.11	3.50
Uttaranchal	—	—	—	—
Rajasthan	0.02	4.16	0.01	2.25
Delhi	—	—	—	—
Jammu & Kashmir	0.01	0.28	—	—
Himachal Pradesh	—	—	—	—
North East Zone				
Assam	0.20	40.00	0.03	2.11
North East Region	0.06	5.24	0.03	2.59
East Zone				
Bihar	Not Reported			
Jharkhand	0.01	1.00	0.01	0.43
Orissa	0.02	1.66	0.02	1.63
West Bengal	0.30	21.88	0.02	1.79
West Zone				
Madhya Pradesh	0.10	7.15	0.06	3.82

1	2	3	4	5
Chattisgarh	Not Reported			
Maharashtra	0.23	17.40	0.06	3.85
Gujarat	0.17	11.32	0.05	3.21
South Zone				
Andhra Pradesh	0.06	4.61	0.05	4.24
Karnataka	0.07	5.54	0.06	5.15
Kerala	0.03	1.98	0.03	1.98
Tamil Nadu	0.08	6.2	0.07	5.91
Grand Total	1.83	156.20	0.61	42.46

2.35 Region-Wise, Commodity-Wise Stocks of Foodgrains Stored in Cap

(as on 31-07-2002)

Figures in MTs

Region	Wheat	Rice	Paddy	Total
1	2	3	4	5
East Zone				
Bihar	3897	—	200	4097
Jharkhand	—	—	—	—
Orissa	3906	—	—	3906
West Bengal	—	—	—	—
North East Zone				
Assam	—	—	—	—
NEF States	—	—	—	—
North Zone				
Delhi	20738	—	—	20738
Haryana	391204	—	717	391921

1	2	3	4	5
Himachal Pradesh	—	—	—	—
Jammu & Kashmir	—	—	—	—
Punjab	2696345	—	24393	2720738
Rajasthan	740744	—	—	760744
Uttar Pradesh	516622	—	—	516622
Uttaranchal	59899	—	—	59899
South Zone				
Andhra Pradesh	322390	—	3362	325752
Kerala	11121	—	—	11121
Karnataka	192805	—	—	192805
Tamil Nadu	158611	—	—	158611
West Zone				
Gujarat	174371	—	—	174371
Maharashtra	164114	—	—	164114
Madhya Pradesh	182221	—	8290	190511
Chattisgarh	34376	—	—	34376
Grand Total (All India)	56,73,364	—	36,962	57,10,326

2.36 The transit and pilferage losses which occurred during 1999-2000, 2000-2001 and 2001-2002 were Rs. 183.69 crore, Rs. 114.56 crore, Rs. 156.20 crore respectively but the regularization was only to the tune of 125.07 crore, Rs. 63.53 crore, Rs. 42.46 crore respectively. When Committee desired to know the time limit under which the unregularised transit and pilferage losses will be regularized, the Ministry in their written reply have stated that instructions are already issued for regularization of transit and storage losses immediately after reporting. In the course of processing, the cases which are found clear and justified are regularized without much delay by the authorities delegated with such powers. But for cases which are found abnormal and without *prima facie* justification, investigation are conducted. For fixing responsibility, the procedure prescribed in the Staff Regulations is followed. Thus, regularization is a continuous and time consuming process.

2.37 On being asked the steps being taken to prevent/mitigate transit losses, the Ministry has stated that the following steps have been taken to prevent transit losses:—

- (a) special squad checking at selected transshipment and destination rail head points;
- (b) reduction in open wagon movement to the extent possible;
- (c) intensifying surprise checks at loading and unloading points; and
- (d) a set of instructions has been issued by FCI to control the transit losses prescribing a systematic approach to achieve transparency and accountability, etc.

2.38 Having been concerned with pilferage of foodgrains from FCI godowns, when the Committee asked the steps being taken by FCI to prevent pilferage, the Ministry informed that the following remedial measures have been taken to prevent theft of foodgrains in FCI godowns:—

- (i) Physical measures like installation of barbed wire fencing of the boundary walls. Provision of light for illumination of godowns and proper locking of the sheds to secure the godowns.
 - (ii) Deployment of security staff of FCI as well as Home Guards for safety of the foodgrain stocks.
 - (iii) Deployment of Central Industrial Security Force and State Armed Police at vulnerable godowns.
 - (iv) Periodic security inspections as well as surprise checks of the depots at various levels to detect and plug the theft/security lapses.
 - (v) In case of occurrence of thefts, lodging of FIRs with the local police stations for investigation of the cases.
- (vii) **Export and Import (EXIM) Policy on Foodgrains.**

2.39 The EXIM Policy in respect of various commodities including foodgrains is decided by the Ministry of Commerce and Industry in consultation with the Ministries/Departments concerned. Accordingly, the EXIM Policy in respect of foodgrains is finalised in consultation

with the Ministry of Agriculture and the Ministry of Consumer Affairs, Food and Public Distribution. As per the current EXIM Policy, the position at a glance regarding export and import of foodgrains is as follows:—

Sl. No.	Item	Policy and Condition relating to the Policy	
		Import	Export
1	2	3	4
1.	Paddy	State Trading regime Import through FCI. Import duty—80% w.e.f. 5.4.2000.	Restricted. Export permitted under licence.
	Rice—Basmati	50% or more brokens- Import freely allowed. Other basmati rice import canalised through FCI. Import duty—80% on husked (brown) rice and broken rice and 70% on Semi- milled and wholly milled rice w.e.f. 5.4.2000.	Free. Export allowed subject to registration of contracts with APEDA.
	Rice-Non Basmati	50% or more brokens and common and coarse varieties-import freely allowed. Other rice import canalised through FCI. Import duty-80% on husked (brown) rice and broken rice and 70% on semi- milled and wholly milled rice w.e.f. 5.4.2000.	Free.
2.	Wheat	State Trading regime. Import through FCI. However, import by Roller Flour Mills either directly or through	Export freely allowed subject to issue of Registration-cum- Allocation Certificate issued by APEDA.

1	2	3	4
		STC/MMTC PEC for milling purposes allowed. Import duty-50% w.e.f. 1.12.99.	
3.	Wheat Products	Restricted. Not permitted to be imported except against licence or in accordance with public notice.	Export freely allowed subject to issue of Registration-cum-Allocation Certificate issued by APEDA.
	Coarsegrains (Barley, Maize, Bajra, Ragi and Jowar)	State Trading regime Import through FCI.	Export freely allowed subject to issue of Registration-cum-Allocation Certificate issued by APEDA.
4.	Pulses	Free	Export freely allowed subject to issue of Registration-cum-Allocation Certificate issued by APEDA.

2.40 To deal with the problem of surplus stocks of wheat and rice the export of wheat and rice from the Central Pool started from November 2000 and February 2001 respectively. Some details in this respect are indicated below:—

Export of Wheat

(Figures in lakh tonnes)

Year	Target	Achievement	Rate (per tonne)	From	upto
2000-01	50	16 (approx.)	Rs. 4150/-	20.10.2000	31.3.2001
			Rs. 4300/-	01.04.2001	16.8.2001
2001-02	50	26.97	Rs. 4200/-	17.8.2001	30.11.2001
		(upto 31.1.02)	Rs. 4250/-	1.12.2001	31.3.2002

this connection, when the Committee asked whether FCI/Government has reconsidered it fit to export foodgrains as of their own, the Ministry in their written reply stated that FCI has been advised to prepare itself to undertake exports directly in view of its specialized functions and expertise in the area of procurement, storage and distribution of foodgrains.

2.43 Government has taken the following measures *inter alia* for export of foodgrains:

- (a) Wheat and rice are being offered from the Central Pool for export purposes.
- (b) Exporters have been allowed to lift stocks from the depots of FCI according to their choice.
- (c) An empowered Standing Committee on Exports has been set up to take expeditious decisions on matters relating to export of foodgrains regularly.
- (d) In order to establish a stable price regime, the Government has decided to fix the offer price for export of wheat and rice from the Central Pool for a period of 3 months, with an additional month given for lifting of stocks, and to announce the prices 45 days in advance before the commencement of the concerned quarter.

(viii) Construction of Godowns

2.44 There are three agencies in the public sector which are engaged in building large scale storage/warehousing capacity, namely Food Corporation of India (FCI), Central Warehousing Corporation (CWC) and 16 State Warehousing Corporations (SWCs). While the capacity available with FCI is used mainly for storage of foodgrains, the capacity available with CWC and SWCs is used for storage of foodgrains and also for certain other items.

Storage Capacity

2.45 Storage capacity need of FCI directly depends upon the Government of India policies with regard to the procurement & offtake of foodgrains and size of inventory of stocks carried on by FCI.

2.46 Due to unprecedented procurement of foodgrains during the last two years and decline in offtake, FCI is carrying huge inventory of stocks on Central Pool account thereby necessitating creation of additional storage capacity.

2.47 The State-wise storage capacity of FCI as on 1.7.2002 are as under:—

(Figures in Lakh MT)

State/UT	Covered Capacity			Cap Capacity			Grand Total	Per-centage Utili-sation
	Owned	Hired	Total	Owned	Hired	Total		
Andhra Pradesh	12.24	19.71	31.95	2.91	1.28	4.19	36.14	83
Arunachal Pradesh	0.17	0	0.17	0	0	0.00	0.17	33
Assam	1.99	0.97	2.96	0	0.00	0.00	2.96	30
Bihar	3.86	1.38	5.04	0.28	0	0.28	5.32	57
Chandigarh	0.40	0.71	1.11	0.08	0.4	0.48	1.59	54
Chhattisgarh	4.98	3.23	8.21	0.16	0.24	0.40	8.51	91
Delhi	3.36	0.05	3.41	0.34	0	0.34	3.75	74
Goa	0.15	0	0.15	0	0	0.00	0.15	60
Gujarat	4.90	3.49	8.39	0.6	1.51	2.11	10.50	82
Haryana	7.64	20.26	27.89	3.69	1.36	5.05	32.94	87
Himachal Pradesh	0.11	0.13	0.24	0	0	0.00	0.24	63
Jammu & Kashmir	0.79	0.41	1.20	0	0	0.00	1.20	65
Jharkhand	0.68	0.41	1.09	0	0	0.00	1.09	61
Karnataka	3.31	2.32	5.63	1.62	0.72	2.34	7.97	88
Kerala	5.65	0.24	5.89	0.21	0	0.21	6.10	93
Madhya Pradesh	3.37	3.82	7.19	0.25	2.52	2.77	9.96	82
Maharashtra	11.77	5.55	17.32	1.61	1.39	3.00	20.32	75

1	2	3	4	5	6	7	8	9
Assam	0.44	0.02	0.46	0	0.01	0.01	0.47	45
Bihar	0.85	0.2	1.05	0	0	0	1.05	50
Chandigarh	0.11	0.02	0.13	0.02	0	0.02	0.15	88
Chhattisgarh	1.88	0.3	2.18	0.42	0	0.42	2.80	118
Delhi	1.03	0.23	1.26	0.11	0	0.11	1.37	99
Goa	0.27	0	0.27	0.03	0	0.03	0.30	56
Gujarat	2.42	1.04	3.46	1.57	0.04	1.61	5.07	73
Haryana	3.67	1.14	4.81	0	0	0	4.81	105
Himachal Pradesh	0.05	0	0.05	0	0	0	0.05	81
Jammu & Kashmir	0	0.06	0.06	0	0	0	0.06	54
Jharkhand	0.34	0	0.34	0	0	0	0.34	90
Karnataka	1.89	1.65	3.54	0.72	0.26	0.98	4.52	91
Kerala	1.01	0	1.01	0	0	0	1.01	56
Madhya Pradesh	4.4	1.59	5.99	0.78	0.07	0.85	6.84	98
Maharashtra	4.84	1.73	6.57	5.04	0.88	5.92	12.49	77
Manipur	0	0	0	0	0	0	0.00	0
Meghalaya	0	0	0	0	0	0	0.00	0
Mizoram	0	0	0	0	0	0	0.00	0
Nagaland	0.13	0	0.13	0	0	0	0.13	89
Orissa	1.55	0.08	1.63	0.02	0	0.02	1.65	71
Pondicherry	0.07	0	0.07	0	0.02	0.02	0.09	96
Punjab	5.39	1.87	7.26	1.05	0	1.05	8.31	91
Rajasthan	1.87	1.1	2.97	0.74	0.12	0.86	3.83	104
Sikkim	0	0	0	0	0	0	0.00	0
Tamil Nadu	5.32	0.56	5.88	0.88	0.88	0	6.76	86
Tripura	0.24	0	0.24	0	0	0	0.24	65
Uttar Pradesh	9.02	0.85	9.87	0.53	0.27	0.8	10.67	85
Uttaranchal	0.62	0.12	0.74	0	0	0	0.74	92
West Bengal	3.41	1.6	5.01	0.56	0.26	0.82	5.83	53
Total	61.92	15.52	77.44	13.02	1.95	14.97	92.41	86

2.49 The storage capacity of SWCs as on 1.7.2002 are as under:—

(Figures in lakh MT)

State/UT	Covered Capacity			Capacity Owned	Grand Total	Percentage Utilisation
	Owned	Hired	Total			
1	2	3	4	5	6	7
Andhra Pradesh	1.04	0.42	1.46	0	1.46	92
Assam	1.95	0.68	2.63	0.03	2.63	71
Bihar	1.05	1.43	2.48	0	2.48	77
Chhattisgarh	4.21	2.44	6.65	0	6.65	99
Gujarat	1.35	0.71	2.06	0	2.06	88
Haryana	7.94	2.02	9.96	7.36	9.96	86
Karnataka	3.3	3.79	7.09	0	7.09	91
Kerala	1.62	0.17	1.79	0	1.79	39
Madhya Pradesh	9.18	2.76	11.94	0.32	11.94	86
Maharashtra	9.48	0.92	10.4	0.24	10.4	80
Meghalaya	0.11	0	0.11	0	0.11	91
Orissa	1.8	0.89	2.69	0	2.69	102
Punjab	42.31	28.3	70.61	0.00	70.61	103
Rajasthan	6.2	1.47	7.67	0	7.67	96
Tamil Nadu	5.98	0.38	6.36	0	6.36	84
Uttar Pradesh	22.45	16.80	39.25	0	39.25	92
West Bengal	1.37	1.21	2.58	0	2.58	63
Total	121.34	64.39	185.73	7.95	185.73	93

(ix) Creation of Storage Capacity

2.50 FCI has a Plan scheme for the construction of godowns. The provision available in this regard during the 9th Plan was Rs. 111.40 crore. The total expenditure during the 9th Plan period (upto February, 2002) was Rs. 106.90 crore and the capacity created (upto February, 2002) was 3.86 lakh MTs. During the 10th Plan, the approved allocation for construction of godowns by FCI is Rs. 185.46 crore.

2.51 The physical and financial targets as well as achievements in respect of creation of storage capacity during 2001-2002 as well as targets for 2002-2003 are as under:-

Agency	2001-2002 (BE)		2001-2002 (RE)		2002-2003 (BE)	
	Physical (lakh tonnes)	Financial (Rs. (crores)	Physical (in lakh tonnes)	Financial (Rs. crores)	Physical (lakh tonnes)	Financial (Rs. crores)
1	2	3	4	5	6	7
FCI						
Target	086	22.40	1.61	30.00	—	37.19
Achievement	0.39	22.74	1.33	23.21	—	—
CWC						
Target	2.00	94.00	0.57 CAP	176.94	3.25	96.50
Achievement	2.01+ 4.06 (CAP)	104.96	1.45 (upto Dec. 2001/2)	87.06	—	—
Contribution by CWC towards share capital of SWCs						
Target	—	1.00	—	1.75	—	3.50
Achievement	—	1.38	—	1.25	—	—

2.52 The entire outlay of godown construction by FCI is met from budgetary sources. So far as CWC is concerned, the entire expenditure on construction of godowns as well as contribution towards the share capital of State Warehousing Corporation for their storage construction programme is met out of the Internal and Extra Budgetary Resources (IEBR).

2.53 When the Committee asked what is the programme of capacity creation of FCI during Financial year (2002-2003) and also how many warehouses have been given guarantee by FCI under National Policy of handling, storage and transportation of foodgrains, the Ministry in their written reply stated that:—

The programme of storage capacity creation of FCI under the Annual Plan 2002-2003 is as under:—

		Capacity in '000 tonnes
S. No.	Centre/State/Capacity	Physical Target
1	2	3
I Works sanctioned earlier/works in progress		
a. Plain Area		
1.	Nellore (Phase-II/AP/10,000)	10,000
2.	Miryalguda/AP/20,000	10,000
3.	Nalgonda/AP/20,000	10,000
4.	Maloute (Ph. II) Punjab/10,000	10,000
5.	Rangpo/Sikkim/2,500	2,500
b. Hill and Remote Areas		
1.	Leh/J&K/2,500	2,500
2.	Kishtwar/J&K/2,500	2,500
c. North East Areas		
1.	Jiribam/Manipur/2,500	2,500
Total		50,000

1	2	3
II New Works		
A. Conversion of convertible plinths		
1. Plain Areas		
1. Kazipet/AP/10,000		10,000
2. Sevir/TN/5,000		5,000
3. Maddur/Karnataka/5,000		5,000
4. Mysore/Karnataka/2,970		2,970
5. B.G. Sirsa/Haryana/26,670		15,000
6. Manmad/Maharashtra/18,600		18,600
7. Godhra/Gujarat/25,000		15,000
8. Hanumangarh/Rajasthan/15,000		10,000
9. Baran/Rajasthan/5,000		5,000
Total		86,570
Grand Total		1,36,570

2.54 The Ministry have informed the Committee that FCI would complete the construction of 2 lakh tonne capacity godowns till 31.01.2002.

2.55 On being asked by the Committee about the progress in this regard and whether there is any proposal for additional capacity creation, the Ministry in their post evidence reply furnished as under:—

FCI have constructed covered godowns to the tune of 3.97 lakh tonnes during the Ninth Plan as per the break up given below:

1997-98	—	0.71
1998-99	—	0.41
1999-00	—	0.84
2000-01	—	0.39
2001-02	—	1.62
Total:		3.97 lakh tonnes

During the Tenth Plan, FCI proposes to build an additional covered storage capacity to the tune of 6.42 lakh tonnes with an estimated outlay of Rs. 185.50 crores.

During the year 2002-2003, CWC proposed to construct additional capacity of 3.25 lakh MT with financial outlay of Rs. 96.50 crores, including the cost of land as per details given below:

2.56 During the year 2002-03, CWC proposed to construct additional capacity of 3.25 lakh MT with financial outlay of Rs. 96.50 crores, including the cost of land as per details given below:

Construction Programme 2002-03

S. No.	Name of Centres	Capacity (in MT)
1	2	3
Haryana		
1.	Kundli CPS	5500
		20700 (Open)
	Sub Total	26200
Rajasthan		
1.	Kota-III	15000
2.	Hanumangarh-II	15000
3.	Srimadhapur	11000
4.	Bikaner	3800
5.	Bikaner	10000
	Sub Total	54800
Madhya Pradesh		
1.	Bhind	5000
2.	Sheopurkalan	10000
3.	Malanpur	6000
	Sub Total	21000

1	2	3
Uttar Pradesh		
1.	Chirgaon	4450
2.	Hardoi	3500
	Sub Total	7950
Andhra Pradesh		
1.	Bodhan	10000
2.	Chityal	2900
3.	Adilabad	5000
4.	Nandyal	5000
5.	CPS, Kakinada	9000
6.	Rajahmudry	5000
7.	Gadwal	10000
	Sub Total	46900
Karnataka		
1.	Dharwad	6000
2.	Soundatti	4000
3.	Bidar	10000
4.	Hubli	20000
5.	Sedam	7900
6.	Gadag	10000
7.	CPS White field Bangalore	8400
8.	Shikaripur	8900
	Sub Total	75200
Maharashtra		
1.	Nagpur	5000
	Sub Total	5000
Gujarat		
1.	Kandla-II	9000
	Sub Total	9000
Grand Total		325030

(x) Capacity creation at Micro level

2.57 When asked by the Committee about the Government's programme to create storage capacity at micro level in North-Eastern and Eastern Region, the Ministry in their written reply stated that under the 10th Five Year Plan, the Food Corporation of India has plans to create an additional storage capacity of 6.42 lakh MT with an estimated outlay of Rs. 185.50 crore.

2.58 The Centrally Sponsored Scheme of "Construction of Godowns" under which financial assistance was given to the State Governments/U.Ts for construction of small godowns from 1983-84 to 2001-02 has since been discontinued by the Planning Commission in the Tenth Plan.

2.59 The existing storage capacity available in the North-Eastern States (including Sikkim) and the average monthly off-take of foodgrains during 2001-2002 with the FCI is indicated below:—

Name of the State	Capacity (in thousand tonnes)	Average off-take per month during 2001-2002 (in thousand tonnes)
Arunachal Pradesh	17	4.28
Assam	295	47.80
Manipur	20	2.18
Meghalaya	19	4.74
Mizoram	19	3.93
Nagaland	30	4.03
Sikkim	08	1.59
Tripura	31	7.19
Total	439	75.74

2.60 FCI has an outlay of Rs. 3.72 crore under the Annual Plan 2002-2003 for the construction of godowns in the North-Eastern States. This will further strengthen the storage infrastructure in the said States.

2.61 During the current financial year, FCI plans to construct 2500 MT godown at Nandan Nagar in Tripura & 2500 MT godowns at Dimapur in Nagaland. The Government of Mizoram has been approached to allocate land for 500 MT godown at Kolasib. The State Government of Tripura has also been requested to provide suitable land for 5000 MT godown at Udhampur (Tripura). A godown of 2500 MT capacity is under construction at Jiribam (Manipur) but the construction is being hampered due to law and order situation. Regarding construction of godown by CPWD at Jiribam, the Ministry in their Post Evidence Reply furnished that land measuring 7.89 acres was acquired by the Revenue Department, Government of Manipur at Jiribam for FCI for construction of 2500 MT godown complex at this center. Administrative approval and expenditure sanction for construction of boundary wall was issued on 4.5.99 in favour of CPWD, to whom the work was entrusted on 'deposit basis'.

2.62 CPWD awarded the contract for construction of compound wall on 31.8.2000. However, due to serious law and order problem at Jiribam, the work could not be started right away. The construction work of compound wall has since commenced and 60% of the work has already been completed.

2.63 The sanction for the main godown work was also issued in favour of the CPWD on 8.3.2000. However, the contract could not be awarded earlier by the CPWD due to poor tender response from the contractors in view of the prevailing insurgency in the area. The main godown work has been awarded on 10.7.2001 after the third call of the tenders stipulating completion in May, 2002. The godown has reached just above the plinth level, the physical progress being only 15%. At present, all the works are lying suspended due to serious critical law & order problem and underground insurgent activities. The contractors engaged by CPWD often receive threats. In view of this, the progress of the work is at stand still and no target date for the completion of the work can be fixed.

2.64 In order to speed up the progress of the work, the Chief Secretary, Government of Manipur was personally requested by SRM, FCI shillong to provide security cover to CPWD when the Commissioner, Food Civil Supply, Government of Manipur was also present. The Chief Secretary, Government of Manipur had expressed his inability to provide security cover at that stage due to law & order problem and because of withdrawal of Army from Jiribam for J&K

resulting in extra pressure on the available state security forces. The Committee was informed that the capacity of Jiribam Railway Terminal is of 10 wagons because of which there is obstruction in foodgrain movement for North-East. During the tour of the Committee FCI had informed that the matter is being taken up with Railways so that full rake capacity can be operated at Jiribam. On being asked by the Committee regarding the efforts being made in this direction, the Ministry in its post evidence reply stated that it is true that the capacity of Jiribam Railway Terminal (MG) is of 10 wagons only. The latest position is that, at present, FCI depot at Jiribam is not operational due to deplorable condition of road and damage to a culvert between Jiribam and Imphal. Placement of wagons at Jiribam goods Shed is, therefore, not being made since long. The matter has been taken up with the State Government of Manipur several times but fruitful results could not be yielded. Foodgrains are being moved to Imphal by road from Dimapur B.G. railhead. FCI plans to construct a godown at Jiribam, but CPWD has not been able to proceed ahead due to law and order situation in the areas.

A godown of 2500 MT capacity at Rangpoo (Sikkim) within the existing complex is also under construction.

2.65 On being asked about the stage of progress relating to construction of godowns at Dimapur, Kolasib, Udhampur, Udaipur and Rangpoo during the current financial years, the Ministry furnished as under:

"The stage of progress relating to construction of godowns at Dimapur, Kolasib, Udhampur and Rangpoo during the current financial year is as follows:

1. Dimapur

During the recent visit of the M.D., FCI to Tripura, it was agreed in principle to add 2,500 MT capacity godown each in the existing complexes at Dimapur & Agartala (Nandan Nagar). The matter has been taken up with the CPWD for submission of a preliminary estimates for the same for according sanction.

2. Kolasib

The State Government of Mizoram has been requested for allocation of suitable land for 5,000 MT capacity godown at Kolasib.

3. Udaipur

The State Government of Tripura had requested the FCI to construct 5,000 MT capacity godown at Udaipur. However, the land offered by the State Government was not found suitable and they have, therefore, been requested to offer an alternate plot of land. The State Government has recently informed that they are looking for a suitable site for the purpose.

4. Rangpoo

Construction of 2,500 MT capacity godown by FCI in the existing complex at Rangpoo (Sikkim) has already been completed. The godown has become functional.

5. Udhampur

The centre at Udhampur is J&K and not in the NE Region. Under the Tenth Plan, there is a proposal for construction of 25,000 MT capacity rail fed godown at this centre. A piece of land has been identified for this purpose, and the matter has been taken up with the Railways for ascertaining the feasibility of a railway siding at this site. Railway feasibility report is awaited. Subject to suitability for rail fed godown, action for acquisition of land shall be taken.

It has been informed that under the Tenth Plan, FCI has plans to augment the storage capacity in the Eastern Region in Orissa by 15,000 MT."

Construction of godowns in Himachal Pradesh (HP)

2.66 During the visit of the Committee to the hill State of Himachal Pradesh, the Committee were informed that in H.P. region the Food Corporation of India is having the storage capacity of 25340 MTs. The details of storage capacity is being given here under:—

FCI's owned capacity	10840 MTs
Hired from CWC	5370 MTs
Hired from State Government	9130 MTs
Total	25340 MTs.

2.67 The Committee were informed that since the off take of foodgrains under the various welfare schemes in the state is steadily increasing, efforts are being made to augment the storage capacity and to this end the Food Corporation of India has constructed a godown of 1670 MTs at Chamba which would become operational during the current month itself and consequently, the total storage capacity would be raised to 27010 MTs. The Food Corporation of India, HQs have also conveyed sanction for construction of the godowns at the following centres during the current financial year:

- | | |
|--------------------------------------|----------|
| 1. Keylong (Lahaul & Spiti District) | 2500 MTs |
| 2. Reckong Peo (Kinnaur District) | 1670 MTs |

2.68 In addition to the above there are proposals for the construction of godowns by Central Warehousing Corporation at the following places:—

- | | |
|----------------------------|-----------|
| 1. Shimla | 5000 MTs |
| 2. Dehra (Kangra District) | 2500 MTs. |

2.69 The Ministry was asked about the latest position of cold storage construction by CWC in Bihar. The Ministry in their reply furnished as under:—

A meeting was taken up under the Chairmanship of Sh. M.M. Singh, Agriculture Production Commissioner, Government of Bihar on 10.6.2002, wherein Commissioner (Cooperative) and Director (Agriculture) were also present alongwith the Senior Government officers from Bihar State Agriculture Marketing Board, Bihar State Warehousing Corporation, Bihar State Cooperative Marketing Union etc. and it was agreed to transfer 36 acres of land at seven places, 17 acres of land at six places and 8 acres of land at Dehri-on-Sone by the Department of Agriculture, Government of Bihar, Managing Director, Bihar State Agriculture Marketing Board, Patna and Department of Water Resources respectively subject to selection of land by Central Warehousing Corporation Officers and valuation of land from Registration Department.

The Managing Director wrote a letter on 2.7.2002 to Sh. M.M. Singh, Agriculture Production Commissioner, Government of Bihar requesting him to get the allotment of land as per the original rates, terms and conditions without any deviation in the sites originally earmarked to Central Warehousing Corporation for undertaking the construction without further delay.

Agriculture Production Commissioner, Government of Bihar on 2.9.2002 however has advised that the Agriculture Department Officer should get the valuation of the respective lands from the Registration Department to enable the Department to take further necessary action.

(xi) National Policy on Handling, Storage and Transportation of foodgrains

2.70 The Government has announced a National Policy on handling, storage and transportation of foodgrains to reduce storage and transit losses at farm and commercial level, and to modernize the system of handling, storage and transportation of foodgrains in India. This provides for private sector participation in the development of integrated bulk handling, storage and transportation facilities and conventional storage facilities on Build-own-operate basis.

2.71 The main objectives of the policy are:

- (i) To reduce storage and transit losses at farm level where about 70% of the total foodgrain production is retained and consumed and also to encourage the farmers to adopt scientific storage methods.
- (ii) To modernize the system of handling, storage and transportation of foodgrains procured by the Food Corporation of India (FCI)
- (iii) To harness efforts and resources of public and private sectors, both domestic and foreign, to build and operate infrastructure for introduction of bulk handling, storage and transportation of foodgrains in the country.

2.72 the salient features of the Policy are:

- (i) Modernisation and Upgradation of Grain Handling System through Bulk Grain Handling Infrastructure by:
 - (a) Encouragement of mechanical harvesting; cleaning and drying at farm and Mandi (regulated grain market) level.

- (b) Transportation of grains from farm to silos by specially designed trucks.
 - (c) Construction of a chain of silos at procurement as well as distribution points.
 - (d) Transportation of grain from silos to railhead and thereafter to pre-determined destinations by specially designed trucks/rail wagons (with top filling and bottom discharge mechanism)/dedicated trains.
- (ii) Infrastructure status for Bulk Grain Handling and Transportation
- (a) The integrated bulk handling, storage and transportation of foodgrains have been accorded the status of infrastructure and incentives admissible to this sector have been extended.
- (iii) Guaranteed Utilisation of Infrastructure
- (a) For storage of foodgrains procured by FCI, integrated bulk handling facilities with silos of large capacity for wheat along with testing facilities for quality control would be created at about 20 identified central locations in producing and consuming areas as well as a few port towns.
 - (b) These facilities, including the infrastructure for bulk transportation to these centres, will be created and maintained in the private sector under the overall co-ordination of FCI. The design of special top filling and bottom discharge wagons would be decided with the approval of the Ministry of Railways.
 - (c) FCI will guarantee utilization of these facilities to the extent of 100% for the first ten years and 75% for the next ten years.
- (iv) Incentives for private sector participation.

The private sector participation in this sector will be sought and encouraged through:—

- (a) Build-Own-Operate (BOO) system.
- (b) Generation of funds through public issues by private enterprises.
- (c) Automatic approval for Foreign Direct Investment (FDI) upto 100%.
- (d) Loans from financial institutions, NABARD, external commercial borrowings.
- (e) Fiscal incentives as given below:—
 - (1) 100% deductions in profit for purposes of income tax for the first 5 years.
 - (2) 30% deductions in profits for the same purpose for next 5 years.
 - (3) Deductions of 40% of the profits derived by financial institutions financing such projects, as provided to financial corporations engaged, *inter-alia*, in providing long term finance for agricultural development.
 - (4) Customs duty exemption for items not manufactured in India, on a case-to-case basis subject to a list of such equipment being submitted in advance.
- (v) Private Sector Participation in Conventional Foodgrain Storage.

The private sector will also be encouraged to build conventional godowns in which they will store and maintain foodgrains procured by Government agencies, for which will be entitled to storage charges.

(vi) Implementation of the National Storage Policy.

According to the National Storage Policy, international competitive bids are to be invited for selection of Developer-cum-Operators for creation of integrated bulk handling, storage and transportation facilities for wheat. The selection of parties will be done in two stages. In the first stage, parties will be shortlisted based on technical and financial capabilities. In the second stage the shortlisted parties will be asked to submit detailed proposals in two parts, *viz.*, technical and financial.

FCI has appointed RITES as consultant for the finalisation of the draft bids and calling of tenders on their behalf. Eleven sites have been approved, out of which Nabha-Pipavav circuit has been entrusted to CWC to be executed on a pilot basis. The other 9 sites — (i) Barnala (3 lakh tonnes), (ii) Moga (3 lakh tonnes), (iii) Sirsa (3 lakh tonnes), (iv) Kaithal (3 lakh tonnes), (v) Hooghly (1 lakh tonnes), (vi) Chennai (1 lakh tonnes), (vii) Coimbatore (1 lakh tonnes) (viii) Bangalore (1 lakh tonnes), (ix) Navi Mumbai (2 lakh tonnes)—have been included in the draft document prepared by the RITES for inviting Expression of Interest (EoI) for shortlisting of parties.

2.73 On being asked about the construction of conventional godowns under the National Storage Policy, the Ministry in their written reply stated that the private sector is also encouraged to build conventional godowns in which they will store and maintain foodgrains procured by Government agencies, for which they will be entitled to storage charges. The following steps have been taken:

- (i) 73 Locations involving 5.72 lakh MTs in 14 States were identified for creation of conventional godowns on BOO basis.
- (ii) FCI issued advertisements in leading newspapers for inviting technical and financial bids from private parties for the construction of conventional godowns at these locations.
- (iii) Offers were received for only 45 locations.
- (iv) FCI have scrutinized the offers and found them to be unworthy of acceptance due to following main reasons:
 - Non-submission of land ownership documents/plan.
 - Non-submission of Earnest Money Deposit (EMD) from the scheduled/nationalised bank as per tender terms.
 - Non-submission of proof of experience.
- (v) FCI has acquired 36.65 lakh tonnes of storage capacity by giving seven years guarantee through the State Warehousing Corporations (SWC) in the States of Punjab, Haryana, U.P. & A.P.

(xii) Creation of Storage Capacity under 7 Year Guarantee Scheme

2.74 The Storage capacity approved by the Ministry under the Seven Years Guarantee Scheme for various States along-with the capacity realised upto 30.9.2002 is given below:—

(Fig. in lakh MTs)

State	Capacity Allocated			Capacity Realised		
	CWC	SWC	Total	CWC	SWC	Total
2001-2002						
Punjab	00.60	41.00	41.60	00.20	18.76	18.96
Haryana	02.00	08.00	10.00	01.91	06.74	08.65
U.P.	01.70	06.30	08.00	00.81	05.33	06.14
Uttanchal	—	00.50	00.50	—	—	—
Andhra Pradesh	01.66	20.00	21.66	00.58	09.90	10.48
Orissa	00.50	02.00	02.50	—	—	—
Chhattisgarh	02.00	00.50	02.50	—	—	—
2002-2003						
Bihar	00.50	02.50	03.00	—	—	—
Grand Total	08.96	80.80	89.76	03.50	40.73	44.23

2.75 When asked about the State Governments request to the Ministry of CAF & PD to build additional storage capacity under 7 Years Guarantee scheme of the Government of India, the Ministry in their written reply informed that few States have sent their requests for building additional storage capacity under 7 years guarantee scheme. Statement showing requests of States under seven years guarantee scheme alongwith action taken therein are as under:—

State	Date of Receipt	Qty. request	Position
1	2	3	4
Andhra Pradesh	20.12.2001	5 lakh MTs	The proposal has not been accepted in view of the existing capacity available in the State.

1	2	3	4
Orissa	2.5.2002	10.0 lakh MTs	Further comments called for from Chief Secretary, Orissa.
U.P.	16.4.2002	1.60 lakh MTs	There is no justification for further creation of additional storage capacity under the Seven Years Guarantee Scheme in U.P.
Maharashtra	21.8.2002	7.5 lakh MTs	Under examination.

2.76 Besides the Ministry have received the request for creation of additional storage capacity under Seven Years Guarantee Scheme from the States of Orissa, Bihar and Uttar Pradesh during the year 2002-2003.

2.77 The Ministry had requested the Government of Orissa to send a comprehensive proposal justifying the requirement of additional storage space in Orissa. It has been stated that no reply has been received by this Ministry so far. As regards Uttar Pradesh the request was examined and it was felt by the Ministry that there was no need for creation of any additional storage capacity under Seven Years Guarantee Scheme in the State. The matter was also discussed in a meeting between Secretary (FPD) and Agriculture Production Commissioner, Uttar Pradesh.

2.78 The Committee was informed that the Commissioner-cum-Secretary (FCS), Government of Bihar, wrote a letter on 11.4.2002 requesting for construction of 3 lakh tonne storage (2.50 lakh MTs for SWC and 0.50 lakh MTs for CWC) capacity under 7 years guarantee scheme. The Ministry has informed that 3 lakh tonne capacity has been allotted to Bihar. SRM, FCI Bihar region has identified the centres and requested the State Government for their finalization.

2.79 The Committee note with concern that despite the efforts of the Government, the storage losses in the godowns of Food Corporation of India (FCI) have not shown any satisfactory decreasing trend. The storage losses in the years 1999-2000, 2000-2001 and 2001-2002 were to the tune of 0.69%, 0.52% and 0.53% respectively. The Committee feel that the issue of storage losses requires regular monitoring both on part of the Government and the technical staff posted in the field. For this it is also essential that the traditional dunnage be replaced with modern alternate dunnage which has been found to be cost effective over traditional dunnage being used in FCI godowns since several years, a fact which has also been accepted by FCI. The Committee also feel that the steps taken to prevent storage losses are not enough. Regular inspections and constant monitoring are required for the purpose. The Committee, therefore, recommend that all efforts should be made by the Government to ensure that the losses do not further increase and the Government should contemplate fixing of responsibility for guilty officials in this regard. Also concrete steps should be taken by issuing circulars to Zonal Managers and Senior Regional Managers of FCI to replace traditional dunnage with alternate dunnage without further loss of time. Steps taken in this regard should be communicated to the Committee within three months time.

2.80 The Committee note that the stock of surplus foodgrains available with the Government has been steadily increasing and its disposal is becoming a problem. The Committee, further note that as on 1.1.2002, there was 58.03 MT of surplus stock of foodgrains available with the Government. The Committee feel that timely steps to dispose of the stocks in a time bound manner and also in accordance with First-In-First Out (FIFO) principle is quite essential. The Committee also feel that if the corrective steps are not taken in time, it may become very difficult for the Government to manage the food policy of the country effectively. The Committee, therefore, strongly recommend that a comprehensive plan for time bound disposal of the stocks accumulated be prepared by the Government in order to save the accumulated grain from further deterioration and prevent unnecessary expenses on its handling and storage. Further, a policy should be formulated so that the quantity of foodgrains above buffer norms and need of different on-going schemes should be disposed in open tender within time at all cost.

2.81 The Committee note that the Buffer Stocking Norms for the Ninth Five Year Plan (1997-2002) and earlier plans had been fixed according to the need of the country at that time. The Committee have come to know that as on 1.1.2002, the stocks of wheat and rice in the Central Pool have increased to a record level of 58.03 million MTs as against the buffer stock requirement of 16.80 million MTs. The Committee have been informed that the 5th Technical Group on Buffer Stocking Policy has been constituted to finalise the revised norms for Buffer Stocking Policy on Foodgrains for the Tenth Five Year Plan. The Committee further note that the country from being deficient in foodgrains earlier, has now become surplus in the production of foodgrains. The Committee, therefore, desire that Buffer Stocking Policy be revised in the light of prevailing need of foodgrains in the country during the plan period.

2.82 The Committee note that the quantity of stocks exceeding the buffer norms has been increasing drastically (nearly 4 fold) i.e. from 5.66 Million Tonnes during 1.4.1999 to 22.04 MTs during 1.4.2002. The agricultural scenario of the country has dramatically changed over the years. After the Green Revolution, the recourse to imports has gradually ended and foodgrain requirements of the country are being managed from within. Now foodgrain stocks in the country are in surplus and as such a situation has arisen where the country can export foodgrains in abundance and register its name in the list of exporters. The Committee, therefore, strongly recommend that FCI with such a large manpower and commercial skill available with them, should undertake export on their own.

2.83 The Committee note that the Centrally sponsored scheme of 'Construction of Godowns' which has been operative since 1983-84 under which financial assistance was given to the State Governments/UTs for construction of small godowns upto 2000 MTs has been discontinued by the Planning Commission in the Tenth Plan. The Committee feel that after discontinuation of the scheme, there is no agency/scheme to cater to the needs of small farmers for storage of their produce. The Committee, therefore, recommend that a comprehensive survey should be conducted for assessing storage need of States at micro level and if need be, the storage capacity be strengthened accordingly so that the farmers do not suffer for want of storage facilities.

CHAPTER III

DISTRIBUTION

The foodgrains procured and stored by the Government are distributed amongst the poor and the needy. To accomplish this task PDS evolved as a major instrument of the Government's economic policy for ensuring availability of foodgrains to the public at affordable prices as well as for enhancing the food security for the poor. It is an important constituent of the strategy for poverty eradication and is intended to serve as a safety net for the poor whose number is more than 330 million and are nutritionally at risk. PDS with a network of about 4.63 lakh Fair Price Shops (FPS) is perhaps the largest distribution network of its type in the world.

3.2 PDS is operated under the joint responsibility of the Central and the State Governments. The Central Government has taken the responsibility for procurement, storage, transportation and bulk allocation of foodgrains, etc. The responsibility for distributing the same to the consumers through the network of Fair Price Shops (FPS) rests with the State Governments. The operational responsibilities including allocation within the State, identification of families below poverty line, issue of ration cards, supervision and monitoring the functioning of FPS rest with the State Governments.

3.3 Statement indicating State-wise number of households, BPL households, Fair Price Shops and ration cards are as under:—

(As on 22.1.2002)

State/UT	Projected % BPL As Population 2000 (in Lakhs)	BPL Group	No. of Households		Fair Price Shops			Ration Cards (In Lakhs)			No. of Total cards per FPS
			Expert	House-holds 2000 (In lakhs)	Rural	Urban	Total	BPL	APL	Total	
1	2	3	4	5	6	7	8	9	10	11	12
Andhra Pradesh	754.66	25.68	158.21	40.63	32860	7578	40438	113.60	53.97	167.57	414
Arunachal Pradesh	11.92	40.86	2.42	0.99	1032	103	1135	0.95	2.73	3.68	324
Assam	261.96	40.86	44.93	18.36	28687	3660	32347	18.84	25.72	44.56	138
Bihar	999.42	54.96	162.24	89.17	47293	10242	57535	84.26	88.74	173.00	301
Goa	15.95	14.92	3.20	0.48	429	161	590	0.13	3.04	3.17	537
Gujarat	482.52	24.21	87.57	21.20	10346	3732	14078	33.75	72.83	106.58	757
Haryana	198.31	25.05	31.48	7.89	4991	2471	7462	5.54	37.68	43.22	579
Himachal Pradesh	67.11	40.86	12.57	5.14	3684	260	3944	3.11	9.30	12.41	315
Jammu & Kashmir	99.45	40.86	18.02	7.36	2237	689	2926	3.36	10.12	13.48	461
Karnataka	520.91	33.16	94.37	31.29	14912	5400	20312	63.26	49.43	112.69	555

1	2	3	4	5	6	7	8	9	10	11	12
Kerala	322.62	25.43	61.10	15.54	12279	1982	14261	20.40	43.05	63.45	445
Madhya Pradesh	797.47	42.52	141.15	60.01	21037	3863	24900	43.65	134.18	177.83	714
Maharashtra	911.15	36.86	177.27	65.34	35005	10802	45803	56.70	139.45	196.15	428
Manipur	25.18	40.86	4.07	1.66	1753	175	1928	0.67	1.13	1.80	93
Meghalaya	24.34	40.86	4.49	1.83	3257	572	3829	0.97	0.98	1.95	51
Mizoram	9.52	40.86	1.67	0.68	771	232	1003	0.68	1.62	2.30	229
Nagland	16.84	40.86	3.02	1.24	138	213	351	0.96	1.05	2.01	573
Orissa	358.57	48.56	67.91	32.98	20324	3841	24665	41.23	39.85	81.08	329
Punjab	235.36	11.77	39.76	4.68	9514	4401	13915	5.02	50.70	55.12	396
Rajasthan	535.59	27.41	88.67	24.31	14403	4555	18958	22.87	81.36	104.23	550
Sikkim	5.59	41.43	1.05	0.43	519	359	878	N.A.	N.A.	0.66	75
Tamilnadu	617.74	35.03	138.82	48.63	20324	7481	27805	65.51	95.5	161.01	579
Tripura	37.82	40.86	7.22	2.95	1185	174	1359	2.28	4.50	6.78	499
Uttar Pradesh	1701.88	40.85	273.61	111.77	65557	11905	77462	95.48	159.96	255.44	330

1	2	3	4	5	6	7	8	9	10	11	12
West Bengal	790.06	35.66	145.23	51.79	15673	4842	20515	46.88	112.07	158.95	775
A&N Islands	3.86	34.47	0.81	0.28	286	118	404	0.12	0.74	0.86	213
Chandigarh	8.88	11.35	2.03	0.23	41	177	218	0.00	2.12	2.12	972
D&N Haveli	1.90	50.84	0.36	0.18	78	N.A.	78	0.16	0.17	0.33	423
Daman & Diu	1.40	15.80	0.26	0.04	7	6	13	0.02	0.28	0.30	2308
Delhi	139.64	14.69	27.82	4.09	428	2739	3167	N.A.	36.55	36.55	1154
Lakshadweep	0.71	25.04	0.11	0.03	21	14	35	0.01	0.13	0.14	400
Pondicherry	11.11	37.40	2.24	0.84	170	233	403	0.95	1.72	2.67	663
Total	9969.44		1803.66	652.04	369741	92980	462721	731.36	1260.07	1992.09	431

(i) Targeted Public Distribution System (TPDS)

3.4 PDS, as it stood earlier, had been widely criticised for its failure to serve the population below the poverty line, its urban bias, negligible coverage in the States with the highest concentration of the rural poor and lack of transparent and accountable arrangements for delivery. Realizing this, the Government Streamlined PDS by issuing special cards to families Below Poverty Line (BPL) and selling foodgrains to them at specially subsidized prices, with effect from June, 1997. Under the Targeted Public Distribution System (TPDS), the States are required to formulate and implement foolproof arrangements for identification of the poor, for delivery of foodgrains to FPS and for its distribution in a transparent and accountable manner at the FPS level.

3.5 The scheme, when introduced, was intended to benefit about 6 crore poor families for whom a quantity of about 72 lakh tonnes of foodgrains was earmarked annually. The identification of poor under the scheme is done by the States as per States-wise poverty estimates of the Planning Commission based on the methodology of the "Expert Group on estimation of proportion and number of poor" chaired by Prof. Lakdawala. The allocation of foodgrains to the States/UTs is made on the basis of average consumption in the past, i.e., average annual off-take of foodgrains under PDS during the past ten years. The quantum of foodgrains in excess of the requirement of BPL families @ 10 kg. per family per month was provided to the States as transitory allocation for which a quantum of 103 lakh tonnes of foodgrains was earmarked annually. Keeping in view the consensus on increasing the allocation of foodgrains to BPL and to better target food subsidy, the Government of India increased the allocation to BPL families from 10 kg. to 20 kg. per family per month at 50% of economic cost and allocation to APL at economic cost *w.e.f.* 1.4.2002. The allocation for APL has been retained at the same level as at the time of introduction of TPDS. The allocation of foodgrains for the BPL families @ 20 kg. per family per month had been made from December 2000, on revising the basis of population projections (of the Register General) as on 1.3.2000, instead of the previous population base of 1995. The BPL allocation of foodgrains has been further increased from 20 kg. to 25 kg. per family per month *w.e.f.* July, 2001 and currently 35 kg. per family.

3.6 The end retail price is fixed by the States/UTs after taking into account margins for wholesalers/retailers, transportation charges, levies, local taxes etc. Under TPDS, the States were required to issue foodgrains at a margin of not more than 50 paise per kg., over the above the CIP for BPL families. Flexibility to States/UTs has been given in fixing the retail issue prices by removing the restriction of 50 paise per kg. over and above the CIP for distribution of foodgrains under TPDS except with respect to Antyodaya Anna Yojana where the end retail price is to be retained at Rs. 2 per kg. for wheat and Rs. 3 per kg. for rice.

3.7 All States/UTs have launched TPDS, after completing the task of identification of the poor and issue of special/distinctive cards to the identified poor (BPL/AAY) families.

3.8 Statement showing the allocation and offtake of foodgrains for the years 1999-2000, 2001-20001 and 2001-2002:—

(In 000' tonnes)

Year	Allocation			Offtake		
	Rice	Wheat	Total	Rice	Wheat	Total
1999-2000	13724.6	10175.4	23900.0	11189.2	5617.7	16806.9
2000-2001	16091.2	11368.0	27459.2	7633.9	3843.8	11477.7
2001-2002	17076.3	12931.8	30008.1	8042.5	5524.4	13566.9

3.9 Due to the enormous task of distribution of foodgrains, it was required that the system be made more transparent and accountable. For this the Citizens' Charter, issued in November, 1997 for adoption by the State Governments, is an important milestone in the ongoing efforts of the Government to provide services under the PDS in a more transparent and accountable manner. This Charter is intended to be a model for the State Governments. It contains, *inter alia*, basic information of interest to the consumers and a model procedure and time schedule for the services. The Charter contains essential information, *viz.*, entitlement of BPL families., fair average quality of foodgrains, information regarding FPS, procedure for the issue of ration cards, inspection and checking, right to information, vigilance and public participation.

3.10 Besides the Citizens Charter, detailed guidelines were issued by the Department of Food and Public Distribution in June, 1999 for greater involvement of Panchayati Raj Institutions (PRIs) in the functioning of TPDS and to bring in a more transparent and accountable system of distribution as a measure of social audit. These include:—

- Consumers right to information regarding Fair Price Shops (FPS), entitlement, price, number of cards attached to FPS, etc.
- Display of stock position at FPS.
- List of BPL beneficiaries to be displayed at FPS and office of Gram Panchayat for public scrutiny.
- Formation of FPS Committees by Gram Panchayat for inspecting FPS records and to keep a watch on the functioning of FPS. FPS Committee's report to be placed before a larger body, i.e., Gram Sabha for onwards transmission to the State Government for taking necessary action.
- Responsibility of the Gram Panchayats in occasional checking of ration cards for their genuineness and correct entries of units.
- Redressal of grievances.

3.11 With the objective of revamping and strengthening the PDS and to ensure that the benefit of PDS reaches the poor, the Minister of Consumer Affairs, Food and Public Distribution addressed a letter on 13th January, 2000 to all Chief Ministers and Administrators of UTs, calling for active participation by Panchayati Raj Institutions in the PDS and a better computerized monitoring mechanism.

3.12 It was impressed upon the State Governments to issue licenses under section 3 of the Essential Commodities Act, 1955 whereby the rights, duties, responsibilities, obligations and liabilities of the FPS owners could be defined. Some of the responsibilities would be:—

- (i) Display of information, such as beneficiary's entitlement of various essential commodities, issue prices, name of fair price shop keeper, timing of opening and closing of FPS, weekly closing days, stock position, etc.

- (ii) Display of procedure for lodging the complaints with reference to quality and quantity of ration and other problems being faced by the beneficiaries.
- (iii) Maintenance of records of ration cards holders, stock position, issue register, issue prices etc.
- (iv) Furnishing of copies of certain documents like ration card, register, stock register and sales register concerning PDS to the interested groups.
- (v) Display of samples of foodgrains being supplied through Fair Price Shops.

3.13 The huge PDS network can play a more meaningful role only if the system translates the macro level self-sufficiency, in the foodgrains production achieved by the country into micro level, self-sufficiency, *i.e.*, ensuring availability of food for the poor households. TPDS, with its focus on the poor, is a step towards this end.

3.14 Vigilance Committees have been in existence since the inception of the rationing system. The Central Government has been requesting the State Governments from time to time to activate PDS Vigilance Committees and reconstitute them, if not done so, by associating members from amongst the card holders and consumer activists as well as Members of Parliament.

3.15 In the Model Citizens' Charter issued in November, 1997, constitution of Vigilance Committees by the State Governments at the level of Panchayat/Ward, Taluk, District and State/UT has been emphasised. In the guidelines issued in June, 1999 for the involvement of the Panchayati Raj Institutions in the implementation of TPDS, it is mentioned that the Gram Panchayat/Gram Sabha should be encouraged to form PPS Committees. The main functions of Vigilance Committee are to ensure smooth functioning of PDS and redressal of problems related with it.

3.16 Vigilance Committees at the following levels at present have been reported to be functioning in most of the States:—

- (i) FPS level
- (ii) Block/Mandal/Taluk level
- (iii) District level
- (iv) State level

(ii) The Study Report on PDS Diversion by Tata Economic Consultancy Services, New Delhi

3.17 The Standing Committee of Parliament on Food, Civil Supplies and Public Distribution had recommended in its second report on Demand for Grants (1996-97) that a comprehensive study should be carried out to know the extent of diversion of commodities from FPS to the open market throughout the Country. Accordingly, M/S Tata Economic Consultancy Services (TECS) was commissioned to carry out a study to ascertain the extent of diversion of PDS commodities in March, 1997.

3.18 TECS carried out a sample survey in all States and four Union Territories selecting 71 representative district. In each sample district 12 FPS and 120 beneficiaries were surveyed (average 10 beneficiaries per FPS). Based upon the survey, diversion of four commodities, viz., wheat, rice, sugar and edible oil was estimated. Kerosene was excluded from the scope of the study since its diversion had been estimated in an earlier study by TECS commissioned by the Ministry of Petroleum and Natural Gas. TECS, in its study, has assessed diversion of wheat, rice, sugar and edible oils, both at the national level and at the State level. At the national level, TECS has assessed the extent of diversion as follows: wheat-36%, rice-31%, sugar-23% and edible oil-55%.

3.19 The above findings were discussed in a meeting of the State Food Secretaries' held on 10.8.1998. The States were generally of view that while some diversion of foodgrains was there, TECS report had overstated the extent of diversion. However, the State Governments have been impressed on the need to eliminate whatever diversion of PDS commodities is there, in view of the heavy subsidy involved in these commodities. The measures suggested by TECS in its study Report to curb diversion are given below:—

- (i) Minimise monthly variation in entitlement to FPS owners and ask FPS to display entitlement for current and previous months;
- (ii) Use local and electronic media to create awareness about entitlement, date of arrival of commodities in FPS, etc.;

- (iii) Individual bags to be measured at FPS in presence of FPS owners to check under measurement;
- (iv) Issue ration cards with photographs to eliminate existence of bogus ration cards;
- (v) FCI and State godowns have to improve storing facilities and checking methods;
- (vi) To increase the margin of FPS owner, as low margin results in malpractices like adulteration, under measurement and diversion to open market.

3.20 Relevant extracts of these measures as suggested in the Study Report were sent to each State/UT by the Department of Food and Public Distribution for appropriate action with particular emphasis on elimination of bogus ration cards so as to minimise diversion.

3.21 The action taken by State Governments mainly relates to formation of Vigilance Committees, strict vigilance on the activities of FPS, regular inspection of Fair Price Shops, elimination of bogus ration cards, display of the boards indicating stock and entitlement/availability in FPS.

3.22 On being asked by the Committee that whether it has come to the notice of the Government that foodgrains meant for BPL people have been diverted to open markets and what steps have been taken to stop such diversion, the Ministry in their written reply stated that Public Distribution System (PDS) is an operation of vast magnitude involving multiple agencies with a network of 4.53 lakh Fair Price Shops in the country. In such an operation, instances of diversion of subsidized foodgrains meant for the BPL into open market cannot be ruled out.

3.23 Complaints received in this regard by the Government of India are sent to the respective State Governments for investigation and suitable action.

The Government of India has taken the following steps to curb diversion.

1. In order to streamline the functioning of PDS and make it more accountable and effective, Government of India has issued the Public Distribution System (Control) Order, 2001 under section 3 of the Essential Commodities Act, 1955. As per this Order the States/UTs are required to eliminate bogus ration cards as well as bogus unit in ration cards as a continuous exercise to check diversion of essential commodities. The PDS Control Order empowers the State Governments to initiate legal action against any authority or person who willfully indulges in substitution, adulteration, diversion or theft of stocks from Central godowns to fair price shops and at the premises of fair prices shops.
2. Detailed guidelines were also issued in June, 1999 for involvement of Panchayati Raj Institutions (PRIs) in the functioning of TPDS and to bring in a more transparent and accountable system of distribution as a measure of social audit.
3. A model citizens charter which contains, *inter alia*, basic information of interest to the consumers and a model procedure and time schedule for services has been and sent to all the States for adoption. All States/UTs have adopted the 'Citizen Charter'.

(iii) The PDS (Control) Order, 2001

3.24 In order to maintain supplies and securing availability and distribution of essential commodities, the Public Distribution System (Control) Order, 2001 had been notified on 31.08.2001. The Order mainly contains provisions with regard to the following:—

- (i) Identification of families below the poverty line;
- (ii) Ration cards;
- (iii) Scale and Issue Price;
- (iv) Distribution of foodgrains;
- (v) Licensing; and
- (vi) Monitoring.

3.25 The Order requires all State Governments/UTs to ensure that the BPL and Antyodaya families identified are really the poorest. It also requires the State Governments/UTs to get the lists of BPL and Antyodaya families reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families. It further requires the State Governments/UTs to conduct periodical checking of ration cards to weed out ineligible and bogus ration cards. The State Governments/UTs are also required to issue Utilisation Certificates confirming that the foodgrains have been lifted and distributed to the intended beneficiaries under the TPDS. An offence committed in violation of the provision of this order shall invoke criminal liability under the Essential Commodities Act, 1955.

3.26 The Minister of Consumer Affairs, Food and Public Distribution has addressed a letter to all Chief Ministers of States and Administrators of UTs, emphasising the need to review the functioning of PDS and to ensure that provisions of the PDS (Control) Order, 2001 are fully complied with.

3.27 On being asked by the Committee that whether the said order has been implemented in States/UTs, the Ministry in their written reply furnished that the Public Distribution System (Control) Order, 2001, which has come into force on 31.8.2001 under section 3 of the Essential Commodity Act, 1955, is applicable in all States/UTs of the country. In compliance with the PDS Control (Order), 2001 the State Governments/UT Administrations of A&N Islands, Bihar, Chandigarh, Dadra & Nagar Haveli, Goa, Haryana, Himachal Pradesh, Meghalaya, Nagaland, Pondicherry, Punjab, Rajasthan and Tripura have started furnishing requisite information *w.e.f.* September, 2001. Other States have been reminded to comply with the provisions of the Order.

3.28 On being asked by the Committee regarding the number of persons punished for contravention of provisions of PDS (Control) Order, 2001 the Ministry in their written reply stated that the PDS (Control) Order, 2001 provides for stringent punishment order under section 7 of the Essential Commodities Act, 1955 for violation of any of the clauses 3,4,6 and 7 of the Order relating to identification of families living below poverty line, issue of ration cards, distribution of foodgrains and licensing of Fair Price Shops. No information has been received from the States/UTs regarding the persons punished for contravention of provisions of the PDS (Control) Order, 2001.

(iv) Allocation of Foodgrains from Central Pool*Allocation of Foodgrains to States/UTs for PDS/TPDS*

3.29 Since 1st June, 1997, allocation of rice and wheat for population below poverty line (BPL) and above poverty line (APL) were made to the States/UTs on monthly basis as fixed under the TPDS guidelines. With a view to enabling the State Governments to plan timely lifting of the allotted quantities of foodgrains and to make distribution cost effective, allocations of rice and wheat are now made to the States/UTs on a bi-monthly basis from November, 1999. Under the revised procedure, the States/UTs and FCI have been allowed a validity period of 90 days for arranging lifting of the allotted foodgrains reckoned from the first day of the month preceding to the bi-monthly allocation period to the last date of the allocation period. The States/UTs can deposit payment of the cost of foodgrains allotted in more than one instalment as convenient to them but on or before 25th of the last month of the validity period.

3.30 The following table shows the allotment and offtake of rice and wheat under PDS/TPDS during the financial years 1996-97 to 2001-2002. This includes allocation and offtake for Defence, CRPF/BSF and Bhutan too.

Allotment and Offtake of Rice and Wheat under PDS/TPDS

(In lakh tonnes)

Year	Rice		Wheat		Total	
	Allotment	Offtake	Allotment	Offtake	Allotment	Offtake
1996-97 (P)	151.00	111.44	107.07	85.20	258.07	196.64
1997-98 (P)	128.32	99.01	101.11	70.80	229.43	169.81
1998-99 (P)	129.34	107.43	101.15	79.49	230.49	186.92
1999-2000 (P)	138.92	113.14	103.70	57.62	242.62	170.76
2000-2001 (P)	162.59	77.42	122.91	39.71	285.50	117.13
2001-2002 (P)#	171.90	58.16	131.07	35.32	302.97	93.48

(v) Additional Allocations of Foodgrains

3.31 At present additional allocations of foodgrains to States/UTs under TPDS are made at economic cost or open sale rates, whichever are lower. However, in the case of natural calamities like droughts, earthquakes, floods, cyclones, etc., special additional allocation of foodgrains to some States have been made at BPL rates for distribution to the cyclone affected families (both BPL and APL). The total additional allocation of rice and wheat made to States/UTs from April, 2000 to March, 2001 was 15.94 lakh tonnes of rice and 8.52 lakh tonnes of wheat. The total additional allocation made so far during 2001-2002 (upto 26.2.2002) is 8.86 lakh tonnes of rice and 12.47 lakh tonnes of wheat.

3.32 The following table shows the allotment and offtake of foodgrains (rice and wheat) under BPL and APL and Additional Allocation from 1997-98 to 2001-2002 (upto December, 2001):—

(in lakh tonnes)

Year		Allotment			Offtake					
		BPL	APL+ ADDL	AAY	BPL		APL+ADDL		AAY	
					Qty.	%	Qty.	%	Qty.	%
1	2	3	4	5	6	7	8	9	10	11
(June, 97- March, 98)	Rice	31.84	69.09	N.A.	24.78	77.83	52.05	75.34	N.A.	N.A.
	Wheat	27.34	52.61	N.A.	19.23	70.74	35.47	67.42	N.A.	N.A.
	Total	59.18	121.70	N.A.	44.01	74.37	87.52	71.91	N.A.	N.A.
1998-99	Rice	39.79	87.78	N.A.	33.49	84.17	72.72	82.84	N.A.	N.A.
	Wheat	31.38	67.82	N.A.	26.22	83.56	52.02	76.70	N.A.	N.A.
	Total	71.17	155.60	N.A.	59.71	83.90	124.74	80.87	N.A.	N.A.
1999-2000	Rice	40.32	96.92	N.A.	37.31	92.53	70.89	73.14	N.A.	N.A.
	Wheat	32.37	69.39	N.A.	30.18	91.82	25.99	37.45	N.A.	N.A.
	Total	72.06	166.31	N.A.	59.69	82.83	97.06	58.14	N.A.	N.A.

1	2	3	4	5	6	7	8	9	10	11
2000-01	Rice	88.76	71.81	0.35	58.75	66.19	17.41	24.24	0.18	51.42
	Wheat	70.95	42.52	0.21	36.46	51.39	1.81	4.26	0.17	80.95
	Total	159.71	114.33	0.56	95.21	59.61	19.22	16.81	0.35	62.50
2001-02	Rice	75.09	47.40	6.55	41.58	55.37	11.39	24.03	5.19	79.24
April to Dec., 2001	Wheat	62.83	31.86	6.14	26.75	42.58	4.59	14.41	3.96	64.82
	Total	137.92	79.26	12.69	68.33	49.54	15.98	20.16	9.17	72.26

3.33 As per the present policy, coarsegrains procured by FCI/State Agencies are disposed of by calling open tender on "as is where is" basis.

3.34 On being asked by the Committee that whether the family income criteria for BPL family has been revised, the Ministry in their post evidence reply stated that the allocations under the TPDS to the families living below the poverty line are based on the State-wise number of BPL families as per the poverty estimates of the Planning Commission for the year 1993-94, adopting the methodology of Expert Group of Estimation of Proportion and number of poor under the Chairmanship of late Prof. Lakdawala, applied to the population projection of 1995. With effect from 1.12.2000, the base was shifted to the population projection of the Registrar General as on 1.3.2000.

3.35 The poverty estimates of the Planning Commission for the year 1993-94 are based on the consumer expenditure data of the NSS in the 50th round indexed for inflation on the base year (1973-74). The consumer expenditure data of the NSS (in the 55th round) has been released which estimates the poverty ratio for the country as a whole at 26.10% (1999-2000).

(vi) Other Welfare Schemes

3.36 In addition to the allocation of foodgrains for the Targeted Public Distribution System (TPDS), foodgrains are also allotted to States/UTs from the Central Pool for the Welfare Schemes implemented by various Central Ministries/Departments. At the time of introduction of TPDS in June 97, the Government had decided that the subsidy provided for in the budget of the Department of Public Distribution should be confined mainly to TPDS. Pursuant to this decision, the

Ministry of Finance (Department of Expenditure) decided that foodgrains should be issued by FCI from the Central Pool for the Welfare Schemes at economic cost from 1997-98 financial year. The subsidy involved in the supply of foodgrains to States/UTs for the Welfare Schemes was to be absorbed in the budgets of the respective nodal Ministries/Departments. However, Government of India decided on 2.11.2000 that foodgrains will be issued at BPL rates for various welfare schemes implemented by the Ministries of the Government of India.

3.37 Allocation of funds to the States/UTs under various welfare scheme is made by the respective nodal Central Ministries/Departments. The Department of Food and Public Distribution allocates the requisite quantities of foodgrains for the schemes.

(a) *Mid day Meal Scheme*

3.38 The Mid day Meal Scheme was launched by the Ministry of Human Resource Development (Department of Education) during 1995-96. The Scheme covers students (class-V) in the Government Primary Schools/Primary Schools aided by Government and the Primary Schools run by local bodies. Foodgrains (wheat and rice) are supplied free of cost@100 gram per child per school day where cooked/processed hot meal is being served and 3 kgs. per student per month for 10 months in a year, where foodgrains are distributed in raw form. The price charged by the FCI upto 31.10.2000 for the supplies under the scheme was the economic cost of the foodgrains w.e.f. 1.11.2000 the Government has decided that the price for the foodgrains supplied under the welfare schemes would be the price applicable for persons living below poverty line (BPL). Accordingly w.e.f. 1.11.2000 FCI is charging BPL rates from the Ministry of HRD (now Department of Elementary, Education and Literacy) for the supplies made under the Scheme. The allocation/offtake during 2000-2001 and 2001-2002 has been as under:

	(in '000 tonnes)					
	Allocation	Offtake	%Offtake	Allocation	Offtake	%Offtake
2000-2001	1657.0	1117.90	67.47	823.0	401.40	48.77
2001-2002 (upto Jan. 2002)	1883.00	1091.59	57.97	1000.00	581.93	58.19

(b) Wheat Based Nutrition Programme

3.39 This scheme is implemented by the Deptt. of Women & Child Development, Ministry of Human Resource Development. The Foodgrains allotted under this scheme are utilized by the States/UTs under Integrated Child Development Scheme (ICDS) for providing nutritious/energy food to children below 6 years of age and to expectant/lactating women. The Deptt. of Food & Public Distribution makes allocations of foodgrains requested by the nodal Department of Women & Child Development. Further sub-allocations of the allotted quantities are done by the nodal Department based on the demands received from the respective States/UTs. The responsibility for actual implementation of the Scheme at the ground level rests with the States/UTs. Prior to 1997-98, the foodgrains were supplied under the scheme at Central Issue Prices applicable for normal PDS. From 1997-98 till Oct. 2000 the foodgrains were supplied at economic cost. The foodgrains are supplied to the States/UTs under the scheme at BPL rates from 1.11.2000. The allocation/offtake during 2000-2001 and 2001-2002 is as under:

(in '000 tonnes)

	Rice			Wheat		
	Allocation	Offtake	%Offtake	Allocation	Offtake	%Offtake
2000-2001	14.00	0	0	75.00	27.00	36
2001-02 (upto Jan. 2002)	100.00	24.00	24.0	250.00	63.00	25.20

(c) Scheme for supply of Foodgrains to SC/ST/OBC Hostels

3.40 The Ministry of Social Justice & Empowerment is the nodal Central Ministry for implementation/monitoring of the Scheme introduced in October, 1994. The residents of the hostels having 2/3rd students belonging to these categories are eligible to get 15 kg foodgrains per resident per month. Rice and/or wheat can be drawn depending on the food habits.

3.41 At the time of introduction of the Scheme in 1994, the foodgrains were issued under the Scheme @ 50 paise per kg less than the CIP from normal PDS. From 1997-98 to Oct. 2000 foodgrains were issued under this Scheme at economic cost. The foodgrains are supplied by FCI under this scheme at BPL rates from 1.11.2000. The annual requirement of foodgrains under the scheme is 2.45 lakh MTs. Foodgrains are supplied by FCI against authorisation issued by District Collectors/and other designated District authorities in favour of the hostels.

3.42 There was very poor offtake of foodgrains under this Scheme during the period 1998-2000 due to decision to charged economic cost of the foodgrains. The offtake is likely to pick up during 2001-2002 because of the decision to charge BPL rates from 1.11.2000. A quantity of about 1.96 lakh MTs of foodgrains has been allocated so far under the Scheme during 2001-2002, upto 31.1.2002 against which offtake has been 47,848 tonnes of rice and 3710 tonnes of wheat.

(d) *Annapurna scheme*

3.43 The Ministry of Rural Development (Deptt. of Rural Development) is the nodal Ministry for this Scheme. The Scheme, commenced from 2000-2001. Indigent senior citizens of 65 years of age or above who though eligible for old age pension under the National Old Age Pension Scheme (NOAPS) but are not getting the pension are covered under the Scheme. 10 kgs of foodgrains per person per month are supplied free of cost under the Scheme. Allocation/offtake under the Scheme is as under:

(In '000 tonnes)

	Rice			Wheat		
	Allocation	Offtake	%Offtake	Allocation	Offtake	%Offtake
2000-2001	82.5	10.00	12.12	82.5	9.00	10.90
2001-02 (upto Jan. 02)	81.0	30.0	37.0	81.0	42.0	51.58

3.44 A quantity of 1.65 lakh MTs of Foodgrains (wheat and rice) at economic cost was allotted to the Ministry of Rural Development during the year 2000-2001. The offtake was 9,000 MTs of wheat and 10,000 MTs of rice during 2000-2001. For 2001-2002, 1.62 lakh tonnes of foodgrains have been allocated for the Scheme. The offtake has been 0.62 lakh MTs of foodgrains upto January, 2002. The implementation of the Scheme at the ground rests with the States/UTs. Under this scheme, Gram Panchayats are required to identify and display a list of eligible persons after giving wide publicity.

(e) Supply of subsidized foodgrains to Indigent People living in Welfare Institutions

3.45 The Ministry of Social Justice and Empowerment is the nodal central Ministry for this Scheme. The Government decided on 2.11.2000 to allot foodgrains at BPL rates for distribution to categories of indigent people living in welfare institutions such as beggar homes, orphanages, Nari Niketans etc. at the rate of 5 kg per head per month. Accordingly the foodgrains are supplied by FCI to the States/UTs at BPL rates. The nodal ministry has issued guidelines under this Scheme to the States/UTs. As recommended by the Ministry of Social Justice and Empowerment, 1058 MTs of rice per month has been allotted to Orissa, as requested by the State Government at BPL rates for 2,11,665 beneficiaries under the State Emergency Feeding Programme and destitute/physically handicapped residents of old age homes.

(f) Allocation of foodgrains 'free of cost' to drought affected States for Food for Work programmes (FFW)

3.46 The Food For Work Programme was launched in the drought affected States of Chhatisgarh, Gujarat, Himachal Pradesh, Maharashtra, Madhya Pradesh, Orissa and, Rajasthan by the Ministry of Rural Development in January, 2001 as part of the Employment Assurance Scheme (EAS). This Scheme was extended to cover States affected by other natural calamities. Special allocations have been made for the Food For Work programme in the flood affected areas of Bihar, Kerala and Orissa. The Food For Work programme can now be linked to any Scheme. The States have also been given the flexibility to determine the wage and material components of the works to be under taken under the Food for Work Programme. The distinction between the BPL and APL population has also been done away with in the matter of providing employment to the people. The Government has also decided that the Food for Work Programme may be continued upto 31.3.2002 in those States/areas which are formally notified as 'natural calamity affected.'

3.47 The Ministry of Rural Development examines the requirement of foodgrains received by it from the State Governments and makes recommendations to the Department of Food and Public Distribution for issue of allocation orders. The Ministry of Rural Development also intimates District-wise requirement of foodgrains. The FCI supplies foodgrains to the States free of cost. The Ministry of Rural Development, however, reimburses the cost of foodgrains supplied to FCI at BPL rates. The allocation/offtake under the Programme is as under:—

(In '000 tonnes)

	Rice			Wheat		
	Allocation	Offtake	%Offtake	Allocation	Offtake	%Offtake
From Jan.2001 to 20.2.02	2706.66	1984.78	73.33	1126.80	1093.09	97.00

(g) Sampoorna Gramin Rozgar Yojana

3.48 The Prime Minister in his Independence Day Speech, on 15.8.2001 announced the introduction of a universal Food for Work Programme in all the States/UTs for organizing various employment generation programmes titled as "Sampoorna Gramin Rojgar Yojana". Under the Scheme 50 lakh tonnes of foodgrains will be allotted to the States/UTs free of cost annually. The economic cost of foodgrains is Rs. 5000 crores. The Ministry of Rural Development, which is the nodal Central Ministry for the programme, had launched the Scheme on 25.9.2001. The Department of Food and Public Distribution makes allocation of foodgrains under the Scheme. The allocation/offtake under scheme is as under:--

(in '000 tonnes)

	Rice			Wheat		
	Allocation	Offtake	%Offtake	Allocation	Offtake	%Offtake
2001-02 (upto 20.2.02)	1931.66	276.33	14.30	814.66	71.68	8.79

(vii) Antyodaya Anna Yojana (AAY)

3.49 In order to make TPDS more focused and targeted towards the category of people which sleeps without two square meals a day, the Prime Minister announced the "AAY" on 25th December, 2000. This section of the population can be called "hungry". A National Sample Survey in 1993-94 pointed towards the fact that about 5% of the population in rural areas and over 1% of the population in the urban areas in the country sleeps without two square meals a day.

3.50 The AAY was conceived for the "poorest of the poor" for about one crore families. 98,54,135 families have been identified under this scheme. The Antyodaya families constitute 15.33% of the BPL families in the country.

3.51 AAY contemplates identification of one crore poorest families out of a total of 6.52 crores BPL families covered under TPDS. This scheme aims to make PDS benefits more substantial in terms of both quantity as well as in nutrition terms, for this section of the population. The identified families are being provided foodgrains at rate below the rate charged for the BPL families viz., Rs. 2/- per kg. for wheat and Rs. 3/- per kg. for rice against the CIP of Rs. 4.15 per kg. for wheat and Rs. 5.65 per kg. for rice for the BPL families. The estimated annual allocation of foodgrains for Antyodaya families would be 30 lakh tonne.

3.52 Statewise number of poorest of the poor families are as under:-

Sl. No.	State/UT	Total Population Projected as on 1.3.2000 (In lakhs)	Average size of House-holds as per Census	Percentage of BPL Population in the State	Total No. of BPL House-holds in the State (in lakhs)	Poorest of the Poor House-holds in the State (15.33% of BPL (In lakhs)
1	2	3	4	5	6	7
1.	Andhra Pradesh	754.66	4.77	25.68	40.63	6.228
2.	Arunachal Pradesh	11.92	4.93	40.86	0.99	0.151
3.	Assam	261.96	5.83	40.86	18.36	2.815
4.	Bihar	731.11	6.16	54.96	65.23	10.000
5.	Chhattishgarh	249.25	5.65	42.52	18.75	2.874
6.	Delhi	139.64	5.02	14.69	4.09	0.626
7.	Goa	15.95	4.99	14.92	0.48	0.073
8.	Gujarat	482.52	5.51	24.21	21.20	3.250

1	2	3	4	5	6	7
9.	Haryana	198.31	6.30	25.05	7.89	1.209
10.	Himachal Pradesh	67.11	5.34	40.86	5.14	0.787
11.	Jammu & Kashmir	99.45	5.52	40.86	7.36	1.129
12.	Jharkhand	268.31	6.16	54.96	23.94	3.665
13.	Karnataka	520.91	5.52	33.16	31.29	4.797
14.	Kerala	322.62	5.28	25.43	15.54	2.382
15.	Madhya Pradesh	548.22	5.65	42.52	41.25	6.324
16.	Maharashtra	911.15	5.14	36.86	65.34	10.017
17.	Manipur	25.18	6.19	40.86	1.66	0.255
18.	Meghalaya	24.34	5.42	40.86	1.83	0.281
19.	Mizoram	9.52	5.70	40.86	0.68	0.105
20.	Nagaland	16.84	5.57	40.86	1.24	0.189
21.	Orissa	358.57	5.28	48.56	32.98	5.055
22.	Punjab	235.36	5.92	11.77	4.68	0.717
23.	Rajasthan	535.59	6.04	27.41	24.31	3.726
24.	Sikkim	5.59	5.33	41.43	0.43	0.067
25.	Tamilnadu	617.74	4.45	35.03	48.63	7.455
26.	Tripura	37.82	5.24	40.86	2.95	0.452
27.	Uttaranchal	75.84	6.22	40.85	4.98	0.763
28.	Uttar Pradesh	1626.04	6.22	40.85	106.79	16.371
29.	West Bengal	790.06	5.44	35.66	51.79	7.939
30.	Andaman & Nicobar	3.86	4.75	34.47	0.28	0.043
31.	Chandigarh	8.88	4.38	11.35	0.23	0.035
32.	D&N Haveli	1.90	5.28	50.84	0.18	0.028
33.	Daman & Diu	1.40	5.30	15.80	0.04	0.006
34.	Lakshdweep	0.71	6.23	25.04	0.03	0.004
35.	Pondicherry	11.11	4.97	37.40	0.84	0.128
Total		9969.44		36.15	652.04	99.954

3.53 Detailed guidelines were issued to the States/UTs for identification of the Antyodaya beneficiary families and implementation of the scheme. All the States/UTs are now reported to be implementing AAY.

(a) Identification of Beneficiaries

3.54 The most crucial element for ensuring the success of Antyodaya Anna Yojana is the correct identification of Antyodaya families. It is estimated that there are 6.52 crore families below poverty line in the country as on 1.3.2000. These families are being provided foodgrains under the TPDS at BPL rates. One crore Antyodaya families would constitute about 15.33% of the BPL families in the country. The identification of these families will have to be carried out by the State Governments/UT Administrations, *from amongst the number of BPL families within the state.*

3.55 The following steps have been suggested for identification of Antyodaya families:

- (a) The number of Antyodaya families has been indicated for each State/UT. The States/UTs may, in turn, distribute this number among the various districts, keeping in view the incidence of poverty and backwardness etc. for which primary data would be available with the States/UTs from various sources.
- (b) Similarly, in the districts the number of Antyodaya families can again be distributed among various Panchayats and the municipal areas.
- (c) District Collectors may then start the process of identification after giving it wide publicity. This work may be taken up as a campaign so that people are aware of the process and procedure adopted for identification of beneficiaries under the scheme.
- (d) District Collectors may press into service all district level officers working with them for supervising the process of identification in various Development Blocks.
- (e) At the Block level, each Panchayat may be assigned to an Officer of Revenue, Development or some other Department who should be held accountable for proper identification of beneficiaries.

- (f) In each Panchayat, in the first phase, a tentative list of the poorest of the poor may be drawn up keeping in view the overall number of the families allotted to the Panchayat.
- (g) The State Government/UT Administration may devise a suitable form for identifying the beneficiary families under the scheme. The data contained in the form should be verified by the Officer nominated for this purpose. The Officer verifying should be held accountable for the verification.
- (h) Once the tentative list for a Panchayat is ready, in the second phase, a meeting of the Gram Sabha may be held. This meeting should be attended by the officer, who has been assigned the particular Panchayat. The officer should ensure that the meeting of Gram Sabha is held when there is a quorum.
- (i) The tentative list may be read-out in the meeting of the Gram Sabha and the Gram Sabha may finalise the list of beneficiaries and arrange the names in the order of priority with the family mentioned at Sl. No. 1 as the most deserving.
- (j) Once the list is approved by the Gram Sabha, it may be consolidated at the Block and then at the District level.
- (k) In the case of urban areas, the State Governments/UT Administrations may also undertake a similar exercise by involving the Urban Local Bodies. The Preliminary identification may be done Ward-wise by the Chief Executive of the Urban Local Body with the help of the officers/officials working under him. the preliminary list of beneficiaries may be given wide publicity and also displayed at the Ward Level inviting objections. After going through this process, the consolidated list for the Urban Local Body may be placed before the House of the Urban Local Body and its approval obtained.

- (l) In cases where elected bodies in rural/urban areas are not in position, the State Government/UT Administration may evolve a suitable mechanism for identification of beneficiaries in an impartial and objective manner.

(b) Issue of Ration Cards

3.56 After the identification of Antyodaya families, distinctive ration cards to be known as "Antyodaya Ration Card" should be issued to the Antyodaya families by the designated authority. The ration card should have the necessary details about the Antyodaya family, scale of ration etc.

(c) Allocation of Foodgrains by Government of India

3.57 Once these ration cards are issued, the allocation of foodgrains will be made by the Government of India to the State Governments/UT Administrations for distribution to the Antyodaya families through Fair Price Shops.

3.58 The Government of India expects that the State Government/UT Administrations will be able to complete the identification of beneficiaries within a period of two months. In case a State Government/UT Administration completes the process earlier, the Government of India will allocate foodgrains in favour of that State Government/UT Administration earlier.

3.59 Correct and honest identification of Antyodaya families will be the key to the success of Antyodaya Anna Yojna. It should, therefore, be the endeavor of the State Government/UT Administration that only the deserving and the needy are identified and they get the benefits of Antyodaya Anna Yojna. The Antyodaya families list should reflect the poorest of the poor district.

3.60 The Government of India will link the allocation of foodgrains to States/UTs to the receipt of utilization certificates from them to the effect that the foodgrains have actually reached the Antyodaya Families.

3.61 At present a monthly quantity of 1.31 lakh tonnes of rice and 1.10 lakh tonnes of wheat is being allotted to the States/UTs under Antyodaya Anna Yojana. The allocation, offtake and % offtake of rice

and wheat under AAY during 2001-2002 (upto January 2002) has been as under:

(in '000 tonnes)

	Rice			Wheat		
	Allocation	Offtake	%offtake	Allocation	Offtake	%Offtake
2001-2002 (upto Jan. 2002)	769.035	619.613	80.570	711.487	477.609	67.128

3.62 Antyodaya Anna Yojana has been implemented in all States and Union territories in the country after completion of the task of identification and issue of distinctive ration cards to the beneficiaries. State-wise details of estimated number of Antyodaya families and the actual number of families identified are given below:

As on 22.3.2002

Sl. No.	State/UT	No. of Antyodaya Families	No. of Antyodaya Families actually identified
1	2	3	4
1.	Andhra Pradesh	622,800	622,800
2.	Arunachal Pradesh	15,100	15,100
3.	Assam	281,500	281,500
4.	Bihar	1000,000	999,982
5.	Chhattisgarh	287,400	287,000
6.	Delhi	62,600	32,000
7.	Goa	7,300	7,300
8.	Gujarat	325,000	325,000
9.	Haryana	120,900	111,838
10.	Himachal Pradesh	78,700	78,700
11.	Jammu & Kashmir	112,900	112,900

1	2	3	4
12.	Jharkhand	366,500	366,500
13.	Karnataka	479,700	476,197
14.	Kerala	238,200	238,200
15.	Madhya Pradesh	632,400	632,400
16.	Maharashtra	1001,700	1001,700
17.	Manipur	25,500	25,500
18.	Meghalaya	28,100	28,100
19.	Mizoram	10,500	10,500
20.	Nagaland	18,900	18,900
21.	Orissa	505,500	505,500
22.	Punjab	71,700	71,700
23.	Rajasthan	372,600	372,600
24.	Sikkim	6,700	6,700
25.	Tamil Nadu	745,500	522049
26.	Tripura	45,224	45,224
27.	Uttaranchal	76,300	76,300
28.	Uttar Pradesh	1637,100	1617,400
29.	West Bengal	793,900	732,855
30.	A & N Islands	4,300	4,300
31.	Chandigarh	3,500	2,100
32.	D & N Haveli	2,800	2,800
33.	Daman & Diu	600	600
34.	Lakshadweep	400	400
35.	Pondicherry	12,800	9,000
Total		9,994,624	9,642,045

3.63 State-wise allocation and offtake of food grains under the scheme since inception (upto February, 2002) are given below:

(Fig. in '000 tonnes)

S. No.	State/UT	Allocation			Offtake			Month from which allocation is made
		Wheat	Rice	Total	Wheat	Rice	Total	
1	2	3	4	5	6	7	8	9
1.	Andhra Pradesh	186.84	0.000	186.84	175.072	0.000	175.072	March, 2001
2.	Arunachal Pradesh	0.756	0.000	0.756	0.242	0.000	0.242	January, 2002
3.	Assam	21.114	0.000	21.114	16.658	0.000	16.658	November, 2001
4.	Bihar	80.000	75.000	125.000	30.549	48.719	79.178	October, 2001
5.	Chhattisgarh	86.220	0.000	86.220	83.246	0.000	83.246	March, 2001
6.	Delhi	0.320	1.280	1.600	0.127	0.498	0.625	January, 2002
7.	Goa	0.796	0.000	0.796	0.670	0.000	0.670	September, 2000
8.	Gujarat	10.725	42.900	53.625	10.356	39.791	50.147	July, 2001
9.	Haryana	0.600	24.580	24.580	0.000	20.397	20.397	May, 2001
10.	Himachal Pradesh	13.975	9.641	23.616	13.683	9.606	23.289	March, 2001
11.	Jammu & Kashmir	17.176	5.408	22.584	4.072	3.195	7.267	July, 2001
12.	Jharkhand	32.985	49.482	82.467	23.409	30.718	53.527	June, 2001
13.	Karnataka	57.763	14.442	72.205	56.110	14.025	70.135	August, 2001
14.	Kerala	71.460	0.000	71.460	54.586	0.000	54.586	March, 2001
15.	Madhya Pradesh*	57.120	132.620	189.720	51.492	117.951	169.443	March, 2001
16.	Maharashtra	84.964	157.834	242.818	73.998	136.820	210.818	May, 2001
17.	Manipur	1.276	0.000	1.276	0.140	0.000	0.140	January, 2002
18.	Meghalaya	2.812	0.000	2.812	1.972	0.000	1.972	November, 2001
19.	Mizoram	2.893	0.000	2.893	2.893	0.000	2.893	April, 2001
20.	Nagaland	1.900	0.465	2.365	1.852	0.500	2.352	October, 2001
21.	Orissa	75.828	0.000	75.828	74.646	0.000	74.646	September, 2001
22.	Punjab	0.000	17.930	17.930	0.000	7.119	7.119	May, 2001

1	2	3	4	5	6	7	8	9
23.	Rajasthan	1.284	110.496	111.780	0.548	99.986	100.534	March, 2001
24.	Sikkim	1.008	0.000	1.008	0.954	0.000	0.954	September, 2001
25.	Tamil Nadu	22.423	0.000	22.423	8.960	0.000	8.960	January, 2002
26.	Tripura	6.786	0.000	6.786	5.576	0.000	5.576	September, 2001
27.	Uttar Pradesh*	69.381	150.975	220.356	0.000	0.000	0.000	September, 2001
28.	Uttaranchal*	6.690	2.850	9.540	0.000	0.000	0.000	July, 2001
29.	West Bengal*	45.803	45.805	91.608	22.744	23.477	46.221	October, 2001
30.	A & N Islands	0.514	0.201	0.715	0.300	0.128	0.431	July, 2001
31.	Chandigarh	0.265	0.000	0.265	0.265	0.000	0.265	October, 2001
32.	D & N Haveli	0.620	0.240	0.860	0.570	0.206	0.776	March, 2001
33.	Daman & Diu	0.110	0.055	0.165	0.085	0.029	0.114	April, 2001
34.	Lakshadweep	0.030	0.000	0.030	0.000	0.000	0.000	December, 2001
35.	Pondicherry	0.900	0.000	0.900	0.832	0.000	0.832	November, 2001
Grand Total		932.734	842.154	1774.888	716.600	552.648	1269.308	

* State Governments of MP, UP, Uttaranchal and West Bengal also issue foodgrains from their own stocks in addition to the stocks lifted from FCI. Hence figures given are provisional.

3.64 The Committee observe that it has been claimed by the Government that poverty ratio of the country has decreased from 35.97% to 26.1%. The committee note that the earlier criteria adopted for identification of Below Poverty Line (BPL) families was based on the methodology dopted by Expert Group by Estimation of Proportion and Number of Poor constituted by the Planning Commission under the Chairmanship of Late Prof. Lakdawala. However, the Consumer expenditure data of the National Sample Survey (in the 53th round), which has been released, estimates the poverty ratio of the country at 26.10% (1999-2000). The Committee note that when the modalities for both the surveys is not the same, the Government should not compare these two figures and thus should not claim a reduction in poverty level in the country. The Committee, therefore, desire that the data released by National Sample Survey should not be taken into account to give a wrong picture of the poverty situation in the country which in turn can negatively affect the poverty alleviation programmes.

3.65 The Committee note that the offtake of foodgrains for various Welfare Schemes like Mid day Meal, Wheat based Nutrition Programme, Supply of foodgrains to SC/ST/OBC/Hostels, Annapurna, Supply of subsidized foodgrains to indigent people living in welfare institutions are very less. The Committee feel that as these schemes are meant for poor children, expectant mothers, poor students, the old and indigent people, the foodgrains in these schemes should be given free of cost, keeping in view the fact that the Government have enough foodgrains in their stock. The Committee, therefore, strongly recommend that foodgrains should be provided free of cost by the Government for these schemes so that they do not suffer.

3.66 The Committee note that the Public Distribution System (Control) Order, 2001 which was notified on 31.8.2001 contains many important provisions with regard to ration cards, licensing, identification of families Below Poverty Line (BPL), sale and issue prices, distribution of foodgrains, monitoring etc. The Committee also note that any offence committed in violation of the provisions of this Order shall involve criminal liability under the Essential Commodities Act, 1955. The Committee note that a few States have already implemented this Order and compliance from few other States is awaited. The Committee feel that though the provisions of this Order are very good but only proper implementation of these provisions can go a long way in improving the Public Distribution System to a large extent. The Committee, therefore, strongly recommend that the Government should ensure effective implementation of the Public Distribution System (PDS) Control Order 2001 by all the States and the matter, if need be, taken up with the State Governments at the highest level.

3.67 The Committee feel that the diversion of foodgrains from Fair Price Shops (FPSs) to the open markets is a very serious matter which needs to be looked into urgently. The Committee have been continuously perusing this matter and they have recommended in their Second Report on Demands for Grant (1996-97) that a comprehensive study should be carried out to know the extent of diversion of Public Distribution System (PDS) commodities. In this regard, the survey conducted by M/s Tata Economic Consultancy

Services (TECS) revealed that diversion of Public Distribution System (PDS) commodities occurs in wheat, rice, sugar and edible oil, However, the State Governments in the meeting of State Food Secretaries claimed that TECS report had overstated the extent of diversion. The Committee desire that the matter of diversion of foodgrains should not be diluted and be taken up seriously. The Committee, therefore, recommend that stringent measures be adopted by the Government to curb diversion of foodgrains in order to restore the confidence of the beneficiaries in the Public Distribution System (PDS).

3.68 The Committee feel that the Fair Price Shops (FPSs) are the basis of implementation of the Public Distribution System whose proper operation should be the first priority of the Government. Many a times the network of FPSs are not able to serve the desired purpose. Under Section 3 of Essential Commodities Act, 1955, it should be made mandatory for the FPS owners to invariably display informations like beneficiary's entitlement of various essential commodities, issue prices, timing of closing and opening of the shops, weekly closing days, stock position and the name of the shop owner etc. Also a register for recording complaints with regard to quality and quantity of stock and their redressal etc. be maintained at these shops. The Committee feel that these steps, if implemented seriously, would go a long way in restoring the confidence of the beneficiaries who are fed up with the system. The Committee, therefore, desire that the above measures should be made mandatory for Fair Price Shop owners and action taken in this regard be communicated to the Committee with in three months time.

3.69 The Committee note that one of the major reasons for diversion of foodgrains has been due to very less margin for the Fair Price Shop (FPS) owners. The Committee feel that because of less margin, the dealer is tempted to indulge in malpractices. The Dealers Association has also been constantly demanding an increase in their margin to improve their lot. The Committee, therefore, desire that the matter be taken up with State Governments to increase the margin for FPS owners suitably to curb malpractice's like adulteration, under measurement and diversion of foodgrains meant for PDS to open market.

3.70 The Committee note that the vigilance mechanism prevalent for monitoring the Fair Price Shops is not very effective. It is felt by the Committee that the Public Distribution System should be made more transparent and accountable. The huge Public Distribution System network would be meaningful only if the system takes care of the needs of the poor people and deliver the goods. For this, strong network of vigilance committees is very essential as has been stressed from time to time by the Committee. The Committee, therefore, strongly recommend that all the State Governments should be persuaded to make effective their Public Distribution System. For this, Vigilance Committees, where they do not exist, may be constituted without further delay.

NEW DELHI;
17 December, 2002
26 Agrahayana, 1924 (Saka)

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

PART II

**MINUTES OF THE SEVENTH SITTING OF THE STANDING
COMMITTEE ON FOOD, CIVIL SUPPLIES AND
PUBLIC DISTRIBUTION HELD ON THURSDAY,
THE 5TH SEPTEMBER, 2002**

The Committee sat from 11.00 to 15.00 hours.

PRESENT

Shri Devendra Prasad Yadav—*Chairman*

MEMBERS

Lok Sabha

2. Shri Mansinh Patel
3. Shri Ram Naresh Tripathee
4. Shri Namdeo Rao Harbaji Diwathe
5. Shri Shyam Bihari Mishra
6. Shri Abdul Hamid
7. Smt. Preneet Kaur
8. Shri Rameshwar Dudi
9. Shri Sisram Ola
10. Shri A.P. Abdullakutty
11. Shri Baju ban Riyan
12. Shri Rajbhar Babban
13. Shri Ezhilmalai Dalit
14. Shri Jai Prakash
15. Dr. A.D.K. Jeyaseelan
16. Shri Bali Ram Kashyap
17. Shri Tejveer Singh
18. Shri Dip Gogoi

Rajya Sabha

19. Smt. Bimba Raikar
20. Smt. Gurcharan Kaur
21. Shri Lajpat Rai
22. Shri M.A. Kadar
23. Dr. Swami Sakshi Ji Maharaj
24. Shri Vijay Singh Yadav
25. Shri Arul Sharma
26. Shri R.N. Arya
27. Shri. C. Perumal
28. Shri Rishang Keishing
29. Shri Ravula Chandra Sekar Reddy
30. Shri S.K. Khabiruddin Ahmed

SECRETARIAT

- | | | |
|---------------------|-----|-------------------------|
| 1. Shri N.K. Sapra | --- | <i>Joint Secretary</i> |
| 2. Shri A.S. Chera | — | <i>Deputy Secretary</i> |
| 3. Shri R.S. Mishra | — | <i>Under Secretary</i> |

WITNESSES

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

- | | | |
|------------------------|---|-----------------|
| 1. Shri R.D. Kapur | — | Secretary |
| 2. Shri M.R. Ranjan | — | AS & FA |
| 3. Shri R.N. Das | — | J.S. (S&EO) |
| 4. Shri A.K. Mohapatra | — | J.S. (FCI) |
| 5. Ms. Rajni Razdan | — | J.S. (STG) |
| 6. Shri Sanjay Kaul | — | Joint Secretary |

Food Corporation of India (FCI)

1. Shri Bhure Lal — Chairman
2. Shri Naresh chaturvedi — M.D.

Central Warehousing Corporation (CWC)

1. Shri N.K. Choubey — M.D.

2. At the outset, the Chairman welcomed the Secretary and other representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution). The Secretary thereafter introduced his colleagues to the Committee.

3. The Committee then discussed with the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution), Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) various points arising out of List of Points on the subject "Procurement, Storage and Distribution of Foodgrains". The queries raised by Members were resolved by the concerned witnesses. The evidence was concluded.

The witnesses then withdrew.

4. A verbatim record of the sitting has been kept separately.

The Committee then adjourned.

MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE
ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION
HELD ON TUESDAY, THE 17th DECEMBER, 2002

The Committee sat from 15.00 hours to 15.30 hours.

PRESENT

Shri Devendra Parsad Yadav—*Chairman*

MEMBERS

Lok Sabha

2. Shri Mansinh Patel
3. Shri Ram Naresh Tripathee
4. Shri Namdeorao Harbaji Diwathe
5. Shri Abdul Hamid
6. Shri Rameshwar Dudi
7. Shri Tara Chand Bhagora
8. Shri Sisram Ola
9. Shri A.P. Abdullakutty
10. Shri Baju Ban Riyan
11. Dr. A.D.K. Jeyaseelan
12. Shri Ball Ram Kashyap
13. Shri Dip Gogoi

RAJYA SABHA

14. Shri Lajpat Rai
15. Shri Vijay Singh Yadav
16. Dr. (Ms.) P. Selvie Das
17. Shri Ravula Chander Sekar Reddy
18. Shri S.K. Khabiruddin Ahmed

SECRETARIAT

1. Shri A.S. Chera — *Deputy Secretary*
2. Shri R.S. Mishra — *Under Secretary*

2. The Committee considered and adopted the Draft Twentieth Report on Procurement, Storage and Distribution of Foodgrains relating to the Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution without amendment.

3. The Committee, thereafter, authorized the Chairman to make consequential changes arising out of the factual verification of the Report by the Department of Food and Public Distribution of the Ministry of Consumer Affairs, Food and Public Distribution and present/lay the same in both the Houses of Parliament.

The Committee, then, adjourned.