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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2016-17)**

SIXTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2017-18)**

FIFTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2017/ Phalguna, 1938 (Saka)

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AFFAIRS AND PUBLIC DISTRIBUTION (2016-17)**

(SIXTEENTH LOK SABHA)

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

**DEMANDS FOR GRANTS
(2017-18)**

**Presented to Lok Sabha on 20.03.2017
Laid in Rajya Sabha on 20.03.2017**



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2017/ Phalguna 1938(Saka)

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Standing Committee on Food, Consumer Affairs and Public Distribution (2016-17).

Shri J.C. Divakar Reddy, Chairperson

Lok Sabha

2. Shri Anto Antony
3. Shri R. K. Bharathimohan
4. Shri Babu Lal Choudhary
5. Shri Sanjay Haribhau Jadhav
6. Shri Dinesh Kashyap
7. Shri Dharmendra Kumar
8. Shri Ravinder Kushawaha
9. Smt. Sakuntala Laguri
10. Dr. Swami Sakshi Ji Maharaj
11. Shri Sunil Kumar Mondal
12. Shri Kamlesh Paswan
13. Shri Ram Chander Paswan
14. Shri C.S. Putta Raju
15. Smt. Priyanka Singh Rawat
16. Shri Midhun Reddy
17. Shri Bhola Singh
18. Shri Sukhbir Singh Jaunapuriya#
19. Shri Shibu Soren
20. Shri Bhagwanth Khuba#
21. Shri Nandi Yellaiah

Rajya Sabha

22. Shri Shadi Lal Batra
23. Smt. Misha Bharti
24. Shri Ripun Bora
25. Shri Vinay Katiyar
26. Smt. M. C. Mary Kom
27. Ms. Rekha
28. Dr. K. Keshava Rao
29. Shri Amar Shankar Sable
30. Shri Veer Singh
31. Vacant@

LOK SABHA SECRETARIAT

- | | | |
|----------------------------------|---|-------------------------|
| 1. Shri P.V.L.N. Murthy | - | Joint Secretary |
| 2. Shri Lovekesh Kumar Sharma | - | Director |
| 3. Shri Khakhai Zou | - | Additional Director |
| 4. Smt. Darshana Gulati Khanduja | - | Sr. Executive Assistant |

*Shri Prabhubhai Nagarbhai Vasava, M.P. (Lok Sabha) ceased to be a Member of the Standing Committee on FCA & PD w.e.f. 19th October, 2016.

#Bhagwanth Khuba, M.P. (Lok Sabha) and Shri Sukhbir Singh Jaunapuriya, M.P. (Lok Sabha) have been nominated as Members of the Standing Committee on FCA & PD w.e.f. 19th October, 2016.

@ Shri Mithun Chakraborty, MP (RS) ceased to be a member of the Committee upon his resignation from the membership of Rajya Sabha w.e.f. 28.12.2016.

INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2016-17) having been authorized by the Committee to submit the Report on their behalf, present this Fifteenth Report on Demands for Grants (2017-18) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Committee examined/scrutinized the detailed Demands for Grants (2017-18) of the Ministry, which were laid on the Table of the House on 7th February, 2017. The Committee took evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on 23rd February, 2017.

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 17 March, 2017.

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

**NEW DELHI;
March, 2017
Phalguna 1938 (Saka)**

**J.C. DIVAKAR REDDY,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution.**

CHAPTER – I

IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS

The Tenth Report of the Committee on Food, Consumer Affairs and Public Distribution on Demands for Grants (2016-17) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) was presented to Lok Sabha on 3 May, 2016 and laid on the Table of Rajya Sabha the same day. The Report contained 12 Observations/Recommendations.

1.2 The Minister concerned is required to make Statement under Direction 73-A of Directions by the Speaker, Lok Sabha about the status of implementation of Recommendations contained in the Original Report of the Committee within six months of presentation of Report to the Parliament. Statement under Direction 73-A in the context of the Tenth Report was made by the Minister of Consumer Affairs, Food and Public Distribution on 09.08.2016 in Lok Sabha and 12.08.2016 in Rajya Sabha.

1.3 On the basis of the Action Taken Notes received on 15 July, 2016 from the Department of Food and Public Distribution in respect of the Tenth Report, the Committee presented the Action Taken Report to the Parliament on 15.03.2017. The Committee commented on the Action Taken Notes furnished by the Department at Para Nos. 1.7, 1.10, 1.13, 1.16, 1.19., 1.22, 1.25 and 1.28 of the Thirteenth Report. An analysis of the Action Taken Notes revealed that the Government has accepted 66.67% Recommendations of the Committee. The Committee did not desire to pursue 8.33% Recommendations. 16.66% Recommendations have not been accepted by the Government thus requiring reiteration. Replies in case of 8.33% Recommendations are of interim nature.

1.4 The Committee note that the Action Taken Replies regarding the action taken by the Government on the Observations/Recommendations contained in the Tenth Report of the Committee were furnished by the Government within the stipulated three months and the Statement of the Minister under Direction 73-A was made within the stipulated six months period. An analysis of the action taken by the Government reveals that 66.67% Recommendations have been accepted, The Committee did not desire to pursue 8.33% Recommendations. 16.66% Recommendations have not been accepted and 8.33% of Recommendations are in the various stages of implementation. The Committee hope and trust that the Department will continue to adhere to the stipulations laid down under Direction 73-A in future, in letter and spirit and inform them of the status of implementation of the recommendations which were of interim nature or in respect of those that have not been accepted by the Committee and commented to in their Action Taken Report.

CHAPTER – II

INTRODUCTORY

The Ministry of Consumer Affairs, Food and Public Distribution consists of two Departments, namely, the Department of Food and Public Distribution and the Department of Consumer Affairs. The Department of Food and Public Distribution as also the Department of Consumer Affairs work under the overall guidance of Union Minister of Consumer Affairs, Food and Public Distribution. The main functions of the Department of Food and Public Distribution are:-

- (i) Formulation and implementation of National policies relating to procurement, movement, storage and distribution of foodgrains;
- (ii) Implementation of the Public Distribution System(PDS) with special focus on the poor;
- (iii) Provision of storage facilities for the maintenance of central Reserves of foodgrains and promotion of scientific storage;
- (iv) Formulation of national policies relating to export and import, buffer stocking, quality control and specifications of foodgrains;
- (v) Administration of food subsidies relating to rice, wheat and coarse grains;
- (vi) Policy matters relating to Sugar and Sugarcane sector, fixation of Fair and Remunerative Price (FRP), fixation of statutory minimum prices of sugarcane payable by sugar factories, development and regulation of sugar industry (including training in the field of sugar technology) and sugar supply for PDS;
- (vii) Monitoring, price control and supply of edible oils.

2.2 For carrying out its functions, the Department is assisted by one Attached Office namely Directorate of Sugar and Vegetable Oil (DS&VO) and following three subordinate offices:-

- (i) National Sugar Institute, Kanpur;
- (ii) Eleven Quality Control Cells (QCCs) located at New Delhi (headquarter), Kolkata, Hyderabad, Bangalore, Bhopal, Bhubaneshwar, Lucknow, Pune, Chennai, Guwahati and Patna.
- (iii) Indian Grain Storage Management and Research Institute (IGMRI) Headquarter located at Hapur (Uttar Pradesh) with 2 field stations located at Hyderabad, and Ludhiana.

2.3 In addition, there are three Central Public Sector Enterprises (S.No. (i), (ii) & (iii) and one Regulatory Authority (S. No. (iv) under the administrative control of the Department, namely:

- (i) Food Corporation of India (FCI)
- (ii) Central Warehousing Corporation (CWC) and
- (iii) Hindustan Vegetable Oils Corporation Ltd.(HVOC)
- (iv) Warehousing Development and Regulatory Authority.

2.4 The mandate of the Department of Food and public Distribution is primarily for: (i) Management of foodgrains, (ii) Management of sugar and (iii) Management of edible oils. In respect of management of sugar and edible oils, the Department also caters to the requirements of the sugar through Public Distribution System and regulate the sugar manufacturing and management of edible oils in the country through a multi-pronged strategy viz. assessment of the domestic demand for edible oils and its availability from domestic sources and difference is met through import of edible oils so as to maintain their price at reasonable level.

2.5 The Minister for Consumer Affairs, Food and Public Distribution laid on the Table of the Lok Sabha, the Detailed Demands for Grants (2017-18) relating to the Department of Food and Public Distribution on 7 March, 2017. The Detailed Demands for Grants, for the Department of Food and Public Distribution shows a budgetary provision of Rs. 201475.69 crore for the year 2017-18. This includes Rs. 75 crore for plan activities and Rs. 201400.69 crore, for non-plan programmes and Schemes.

2.6 The Committee in the present Report have examined various issues related to implementation of various schemes and programmes under the jurisdiction of the Department, in the context of Demands for Grants 2017-18. The detailed analysis along with observations/ recommendations of the Committee on various issues have been given in the succeeding Chapters of the Report.

CHAPTER –III

General Performance of the Department

Change in Budget Format (Merger of plan & non-plan activities)

Administrative Reform Commission in its 14th Report, Finance Commission as well as High Level Committee set up by the then Planning Commission recommended for merger of Plan and Non-Plan activities. Accordingly, Ministry of Finance decided to do away with the Plan/Non-Plan distinction effective from FY 2017-18.

3.2 Budget Allotment for the year 2016-17 & 2017-18 is given as under:-
(Rs. in crore)

Section	BE 2016-17	RE 2016-17	%Exp. w.r.t.RE 2016-17	BE 2017-18
Revenue	142102.51	141098.96	97.64	150952.64
Capital	10601.60	51093.55	45.72	50523.05
Total	152704.11	192192.51	83.84	201475.69

3.3 The scheme-wise details of BE, RE and Actual Expenditure incurred by Department of Food and Public Distribution on its plan & non-plan schemes during 2014-15, 2015-16 & 2016-17 & BE for 2017-18 is at Annexure I.

3.4 On being enquired about the manner in which Department of Food and Public Distribution utilized the entire plan fund during the financial year 2016-17, the Ministry stated as under:-

“(A) Construction of Godowns by FCI/ State Governments:

In so far as Schemes for ‘Construction of godowns by FCI/State Govt.’ is concerned, a sum of Rs.50.00 Crore has been allocated in RE 2016-17 for FCI in the form of equity and Rs.2.00 Crore has been allocated for State Govt. in the form of Grant-in-Aid. Against this an amount of Rs.34.00 crore has been released to FCI and an amount of Rs.1.64 Crore has been released to State Govt. of Mizoram as on 31.01.2017.

There is uncertainty about FCI being able to spend the balance of Rs.16.00 crore during the current financial year due to unavailability of land and other issues pending with the State Govt. of some North Eastern States. There is additional demand of Rs.10.00 Cr. from Govt. of Arunachal Pradesh and Rs.4.25 Cr. from Govt. of Nagaland for construction of food storage godowns in border areas of Arunachal Pradesh and ongoing projects in Nagaland. It has therefore been proposed that an amount of Rs.14.25 Crore may be transferred from the balance fund of Rs.16.00 crore available against allocation for FCI to State Govt. Accordingly, it has been proposed that an amount of Rs.14.25 Crore may be allocated in Supplementary stage (3rd batch) as a technical grant to meet the demand of State Govt. of Arunachal Pradesh (Rs.10.00 Cr.) and Nagaland (Rs.4.25 Cr.). Thus there will be full utilization of the funds allocated in RE 2016-17.

(B) Assistance to Warehousing Development and Regulatory Authority

The implementation of Transformation Plan is in progress with the assistance of Primary Consultant, Ernst & Young LLP. Funds will be utilized for annual quantitative survey, Service charges of Primary Consultant, Deployment of IT Systems through System Integrator and support. The fund will be used for carrying the regular activities like Farmers awareness programmes, Warehousemen training, Publicity, Inspections of warehouses, etc. BE 2017-18 under the scheme has been Rs. 15.00 crore, which is proposed to be spent as follows:

Salaries	-	Rs. 3.85 crore
Transformation Plan	-	Rs. 7.35 crore
General Activities of WDRA	-	Rs. 3.80 crore

(C) Strengthening of PDS Operations:

(i) End to end Computerization of TPDS Operations:

A proposal has already been submitted to Ministry of Finance for extension of the scheme by one year i.e. upto March, 2018. The entire project funds approved for the scheme are expected to be utilized during the extended project period.

(iii) Strengthening of PDS and Capacity Building :

(a) PDS Training : & (b) PDS Evaluation, Monitoring and Research

Under the Plan Scheme component i.e. PDS-Training, funds are released to the State/UT Government on receipt of appropriate and complete proposals from the State/UT Governments. Release of funds is further subject to receipt of Utilization Certificates (UCs) from these State/UTs for the releases made to them under the scheme in the past. Matter will be vigorously followed up with the State/UTs for sending appropriate and complete proposals and also for furnishing Utilization Certificates for the releases made under the schemes in the past, in time.

Under the Plan Scheme component i.e. PDS-Evaluation, Monitoring and Research, funds are released to Agencies/Institutions/Organizations for conducting evaluation study of implementation of TPDS/NFSA after finalization of appropriate Agency/Institution/Organization through inviting of bids or outsourcing by choice and finalization of term of references with them which takes time. Bids have been received from interesting agencies for carrying out an evaluation study on implementation of NFSA in various States. Funds available in BE 2017-18 are expected to be utilized in full for conducting the study.

(c) Financial Assistance to States for Generating Awareness amongst TPDS beneficiaries about their entitlement and redressal mechanism:

The Department of Food and Public Distribution will utilize the entire plan fund during the financial year 2017-18 to create mass awareness regarding various aspects of National Food Security ACT (NFSA) 2013 and other schemes of the Department of Food and Public Distribution through Radio jingles, advertisement, movie, etc.

(iv) Consultancies, Training and Research:

(a) Consultancies for Research/ monitoring in domestic / global markets for foodgrains :

The expenditure will be done by re-imburement to FCI on receipt of bills.

(b) e-Governance :

Fund allocation for financial year 2017-18, under **Major Head 2408, Food and Ware Housing, 01.004-Research and Evaluation, (Minor Head) 03.01.50- Other Charges (e-Governance) is zero.** In this connection, the IFD of the Department has been asked to grant an allocation of Rs. 15 lakhs from funds available with the department which can be utilized for purpose of e-

Governance, purchase of scanner & computer etc. This will enable the department to implement the e-Office programme.

(v) Strengthening of Quality Control Mechanism:

Under the Plan Component “Strengthening of Quality Control Mechanism” during 2016-17, Budgetary allocation was Rs. 2.00 crore which was revised to Rs. 1.8 crore at RE stage. Actual expenditure upto January, 2017 is Rs. 1.47 crore.

(v) Financial Assistance to States/UTs Food Commission for Non-Building Assets :

An amount of Rs 55.60 lakh has been released to two States (Odisha and Bihar) as central assistance for non-building assets to State Food Commission against the RE amount of Rs 100 lakh. Utilization Certificate have been sought from the State Governments for this amount for releasing the balance amount of central share.

(D) National Sugar Institute, Kanpur:

The Institute do not have any fund allocation during the financial year under Plan Budget and availability of the funds is through Non-Plan budget only.”

3.5 When asked as to how the Government proposes to utilize the higher allocation made for the year 2017-18, i.e., 201475.69 crore, the Ministry in its post evidence reply stated that higher allocation in BE 2017-18 of Rs. 201475.69 crores includes provision for Ways and Means Advance (WMA-Loans for FCI) of Rs. 50000 crores against WMA of Rs. 10000 crores provided in BE 2016-17. Limit of this loan has been increased by the Ministry of Finance to overcome FCI's cash flow problems and to ensure availability of foodgrains to public in an unhindered manner on a rate of interest cheaper than other sources of funds available with FCI like Cash Credit Limits (CCL), Short Term Loans (STL). Ways and Means Advance released to FCI is adjusted/ repaid by the FCI during the same financial year.

Excluding the provision of WMA, allocation in BE 2017-18 comes to Rs. 151475.69 crores and allocation in BE 2016-17 comes to Rs. 142704.11 crore. Accordingly, additional funds provided in BE 2017-18 is only Rs. 8771.58 crores which is even insufficient keeping in view the increased requirement for 2017-18 due to increase in MSP and other incidentals, increase in off take due to implementation of NFSA by all States and built up arrears in respect of FCI and

States. The subsidy budget demanded during BE 2017-18 is ₹ 1,69,060 crores including ₹ 124060 crores for FCI and ₹ 45000 crores for DCP States. Therefore, the allocation of ₹ 1,45,138.60 crores for this subsidy budget is only 85.85 % of the original demand. Besides above, ₹ 4500 crores has also been provided for assistance to States/UTs under NFSA in BE 2017-18.

3.6 In reply to a query about the status of implementation of the various Schemes/Programmes/Projects and the difficulties being faced by the Department in their implementation, the Department stated as under:-

“(A) Construction of Godowns by FCI/ State Governments :

Schemes/projects for augmentation of storage capacity:-

(i) Under the **PEG Scheme**, construction of conventional godowns has been undertaken in 20 States in PPP mode. FCI guarantees 10 years usage of storage capacities to the private investors and 9 years to CWC and SWCs. Total capacity sanctioned i.e. tenders finalised for godowns so far is 151.12 LMT. Out of this, 135.88 lakh MT has been completed and 10.06 lakh MT is under construction. Thus, this scheme is almost in its final stage.

(ii) Under the **Plan Scheme**, funds are released to the FCI in the form of equity for construction of storage godowns. Funds are also released as Grant-in-aid to the State Govts. of North Eastern Region for construction of intermediate storage godowns. Till 31.12.2016, cumulative capacity of 1,37,680 MT has been created by FCI.

The main difficulty faced in the implementation of this scheme is issues with regard to identification and acquisition of land by State Govts. Besides, the North Eastern region has special problems like difficult terrains, inclement weather, law and order problem, etc.

(B) Assistance to Warehousing Development and Regulatory Authority

The following General Activities of WDRA have been taken up and completed upto 31.01.2017:-

Sl	Activity	Achievement
i.	Organization of Awareness Programmes farmer, traders and mill owners, etc.	62 programmes (2016-17)
ii.	Training for warehouse managers of WDRA registered warehouses	67 warehousemen trained in two programmes (2016-17)
iii.	Registration of warehouses	1351
iv.	Appointment of Accreditation Agencies	11

Current status of implementation of the Transformation Plan –

- i. Qualitative survey on warehousing has been completed.
- ii. TNS India Pvt. Ltd. has been engaged through competitive bidding process for three annual quantitative survey on warehousing in India on 21.9.2015. First annual quantitative survey on warehousing for 2015-16 has been conducted by TNS India Pvt. Ltd. and submitted survey report on 31.5.2016. Second annual quantitative survey on warehousing from 2016-17 has been conducted by TNS India Pvt. Ltd. and submitted survey report on 24.01.2017 to WDRA.
- iii. The new Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017 have been framed in supersession of existing rules notified in the year 2010 in consultation with stakeholders and vetted by Legislative Department. The said rules are being notified in official Gazette shortly. These rules facilitate the following:-
 - a. Allow institutions and companies also to be considered as warehousemen apart from just individuals.
 - b. Flexibility has been given to WDRA to prescribe the required security deposit to be taken from warehousemen, and
 - c. Permitting warehousemen to approach WDRA for registration directly and obviating the need for an accredited agency for this purpose.
- iv. Guidelines on Repositories and creation and management of electronic Negotiable Warehouse Receipts have been issued on 20.10.2016.
- v. Ernst & Young LLP (EY) has been engaged as Primary Consultant through competitive bidding process for the Implementation of Transformation Plan. EY started its work from 02.05.2016. and will cover
 - Phase I – Design Phase-Deliverable 1 to 17
 - Strategy for registering Repository,
 - IT System for WDRA
 - Finance / Business processes
 - Organisation Design
 - Phase II - Implementation Phase
 - Phase III - Support post Go-live
- vi. The RFP for 'Call for Application' for registration of repositories was issued on 25.10.2016. Two applicants (NCDEX & CDSL) have been finalized

for setting up repositories and Letter of Intent (LoI) has been issued to them on 23.12.2016.

vii. The RFP for engagement of System Integrator for deployment of IT Systems for WDRA for Office automation, Business process automation, WDRA Portal, Monitoring and Surveillance systems, Warehouse Quality Reporting and its support, has been issued on 31.01.2017 with due date for opening 28.02.2017 and pre-bid meeting is scheduled on 09.02.2017.

(C) Strengthening of PDS Operations:

(i) End to end Computerization of TPDS Operations:

Initially the implementation of the scheme was slow and uneven. However, the Ration Cards (NFSA) have been completely digitized in all States/UTs. Online Allocation has been implemented in 29 States/UTs. The Supply Chain has been computerized in 20 States/UTs. The transparency portal are set up by all States/UTs. The online grievance redressal facility and/or Toll free helpline number have been implemented in all States/UTs. A proposal for extension of the scheme has been submitted to Ministry of Finance to complete all the activities under the scheme by March, 2018.

(ii) Strengthening of PDS and Capacity Building :

(a) PDS Training & (b) PDS Evaluation, Monitoring and Research

Under the Plan Scheme component i.e. PDS-Training, funds are released to the State/UT Government on receipt of appropriate and complete proposals from the State/UT Governments. Release of funds is further subject to receipt of Utilization Certificates (UCs) from these State/UTs for the releases made to them under the scheme in the past. Matter is regularly followed up/pursued with the State/UTs for sending appropriate and complete proposals and for furnishing Utilization Certificates for the releases made under the schemes in the past.

Under the Plan Scheme component i.e. PDS-Evaluation, Monitoring and Research, funds are released to Agencies/Institutions/Organizations for conducting evaluation study of implementation of TPDS/NFSA after finalization of appropriate Agency/Institution/Organization through inviting of bids or outsourcing by choice and finalization of term of references with them which takes time.

(c) Financial Assistance to States for Generating Awareness amongst TPDS beneficiaries about their entitlement and redressal mechanism:

Financial assistance to States for generating awareness among TPDS beneficiaries about their entitlement and redressal mechanism is a component of 'Strengthening of PDS & Capacity Building'.

(vi) Consultancies, Training and Research:

(a) Consultancies for Research/ monitoring in domestic / global markets for foodgrains :

The funds under the scheme are released to States/UTs on the basis of proposal received from them. The utilization of the budget allocation has been low during 2015-16 and 2016-17 as proposals are not forthcoming from States/UTs and UCs are pending with them.

(b) e-Governance :

e-Governance is a sub-scheme for implementation of ICT Activities in the department. As part of E-governance, e-Office is a Mission Mode Project under the National e-Governance Programme (NeGP), implemented in the department since 2010. Considerable progress has been achieved in implementing its products such as the File Management System (FMS), Knowledge Management System (KMS), Leave Management System (LMS), e-PAR and Personnel Information Management System (PIMS). Employee Services like e-Notice Board, e-Pay Slip, e-Income Tax Statement have also been made available to all Staff of the Department. The Collaboration and Messaging System (CAMS) has also been installed and is open to users. Many Sections in the Department are already working through e-files and efforts are on to increase the uses of e-files. Regular training and repeated sessions were given to all staff members to make them comfortable with e-Office products and bring about the behavioural change for switching to e-Office. The number of e-Files (being opened every month) as a percentage of the total files (being opened every month) in the Department has increased to about 65% in January, 2017 from 15% in March, 2016. A vendor has been engaged to digitize old records/ files of the Department.

(vii) Strengthening of Quality Control Mechanism:

Under the plan component “Strengthening of Quality Control Mechanism” 3 Sub-Components namely, (i) Opening of 7 new Quality Control Cells, (ii) Upgradation of laboratories at IGMRI, Hapur and (iii) Capacity Building were envisaged. 2 Sub-Components i.e. upgradation of laboratories at IGMRI, Hapur and Capacity Building are being implemented smoothly. However, under Sub-Component of opening of 7 new QCCs, only 3 new QCCs at Chennai, Guwahati and Patna were made operational in 2015-16.

(v) Financial Assistance to States/UTs Food Commission for Non-Building Assets :

Setting up of State Food Commission in most of the States/UTs is under consideration/finalization. Therefore there is no difficulty faced by the Department.

(D) National Sugar Institute, Kanpur:

The institute faces no problem in implementing/executing its various activities/schemes/programmes except for those which are to be executed through CPWD. At times, the institute faces problem in achieving the desired physical and financial progress in schemes to be executed through CPWD.”

3.7 When asked about the concrete steps taken by the Department to set timelines for submission of Utilization Certificates, the Committee were informed as under:-

“(A) Construction of Godowns by FCI/ State Governments :

Department has been issuing instruction in concerned financial sanction to the concerned State Government to furnish Utilization Certificate of the amount spent in the project as per project approval. Besides, regular reminder is also sent to concerned State Government to furnish the UCs timely and no further allocation is made to the defaulter of UC.

(B) Assistance to Warehousing Development and Regulatory Authority:

Utilization Certificate is submitted to the Department in the month of April for the preceding financial year by WDRA. In addition, monthly Utilization Certificate is submitted on 1st of next month by WDRA.

(C) Strengthening of PDS Operations:

(i) End to end Computerization of TPDS Operations:

Under “End-to-end Computerization of TPDS Operations” funds are released to States/UTs in three installments i.e. 60%, 30% and 10% respectively subject to fulfillment of certain specific conditions. The 2nd and subsequent installment is released to States/UTs only after furnishing the Utilization Certificate of Central share of funds of previous installment. States/UTs are requested from time-to-time through letters, VCs, meetings, conferences etc. to expedite completion of all activities under the project and submit UCs for the financial assistance released to them.

(ii) Strengthening of PDS and Capacity Building :

(a) PDS Training & (b) PDS Evaluation, Monitoring and Research

General Financial Rule (GFR) 212(1) stipulates that the Utilization Certificate should be submitted within twelve months of the closure of the financial year by the Institution or Organization concerned. Matter is regularly followed up/pursued with the State/UTs for furnishing Utilization Certificates, pending, if any.

(b) Financial Assistance to States for Generating Awareness amongst TPDS beneficiaries about their entitlement and redressal mechanism:

The grants/loans released under the publicity-cum-awareness campaigns for which UCs has not been received is being recovered from Food Subsidy & Sugar subsidy.

(iii) Financial Assistance to States/UTs Food Commission for Non-Building Assets :

Utilization Certificate is submitted to the Department in the month of April for the preceding financial year by the States.

(D) National Sugar Institute, Kanpur:

The utilization certificates, wherever required, are submitted in time and for facilitating the same adequate steps are taken by the institute.”

3.8 The Committee note that BE for plan expenditure during the year 2016-17 was Rs. 150 crore which was reduced to Rs. 147 crore at RE stage but actual expenditure was only Rs. 104.1951 crore. In case of non-plan schemes also, BE during the year 2016-17 was Rs. 152554.11 crore which was raised at RE stage to Rs. 192045.51 crore but actual expenditure as on 31.12.2016 was only Rs. 155330.62 crore. This trend of increases in BE at RE stage and less than actual projected expenditures had been viewed seriously by the Committee in their earlier Reports which in their considered opinion reflects poorly and is indicative of lack of proper planning by the Department that needs to be avoided. The Committee are also not convinced with the reasons cited by the Department for less than projected expenditure on factors such as identification and acquisition of land by States, difficult terrains, inclement weather, law and order problem in North-East regions etc. The Committee are of the considered opinion that such issues should be taken care of at the planning stage and with better coordination with State/UTs. The Committee are, therefore, not satisfied with the overall performance of the Department in so far as expenditure during 2016-17 is concerned.

The Committee further note that BE for 2017-18 shows a quantum jump over that of 2016-17 at Rs. 150952.64 crore on the Revenue side and Rs. 50523.05 crore on the Capital side and a total of Rs. 201475.69 crore against Rs. 152704.11 crore in BE 2016-17 an increase of Rs. 48771.58 crore while the expenditure with respect to BE 2016-17 stands at 83.84% only. The Committee feel this situation needs a massive improvement when viewed in the context of the increase of about Rs. 50,000 crore in the

outlay for 2017-18. The Committee, however, hope that with the merger of plan and non-plan activities from the year 2017-18, the Ministry will now focus on revenue and capital expenditure instead of Plan and Non-plan expenditure and thereby improve the overall performance in the ensuing financial year. The Committee further expect the Ministry to make all out effort to further strengthen its monitoring over the implementation of all the schemes/projects and ensure timely completion.

CHAPTER- IV

MANAGEMENT OF FOOD

The Department of Food and Public Distribution is concerned with the formulation and implementation of various national policies on foodgrains relating to procurement, movement, scientific storage, distribution and sale. The aim of such policies is to ensure that interests of farmers as well as consumers are saved, which is done by providing remunerative prices to the farmers and making foodgrains available at reasonable prices to consumers, especially to the vulnerable sections of the society. The main elements of the Government's food management policy are procurement, storage and movement of foodgrains; distribution through public distribution system and maintenance of buffer stocks.

(a) Decentralised Procurement

4.2 Under Decentralized Procurement Scheme (DCP), foodgrains is procured, stored and distributed by the State Governments themselves. Under this scheme, the States procure, store and issue foodgrains under TPDS and other welfare schemes of the Government of India. The decentralized system of procurement has the objectives to ensure that MSP is passed on to the farmers, to enhance the efficiency of procurement of PDS and to encourage procurement in non-traditional States, thereby extending the benefits of MSP to local farmers as well as to save costs. This also enables procurement of foodgrains more suited to local taste for distribution under the PDS.

4.3 Under the Decentralised Procurement Scheme, the State Governments undertakes procurement of paddy, wheat and levy rice on behalf of Government of India. Purchase Centres are opened by the State governments and their agencies as per their requirements. The State Governments procure, store and distribute foodgrains under the TPDS and other Welfare Schemes. Under the normal system, the responsibility of the state Government is only to procure wheat and rice and deliver the same to Central Pool through FCI. Since non-decentralized procurement involves one additional handling transactions of FCI

taking over the stock and releasing the stock to the State Govt., DCP mode of procurement is more effective, especially in States which have potential for procurement as well as substantial requirement under PDS.

4.4 If the stocks procured by a DCP State is more than its requirement under TPDS/NFSA/OWS, then the surplus is handed over by the State to FCI for distribution to other deficit States. In case stocks procured by a DCP State is less than its requirement, the deficit portion is supplied by FCI from other surplus states. For the surplus stocks handed over by the surplus DCP states to FCI, the Acquisition cost is reimbursed by FCI to the State Government on the basis of the Cost Sheet issued by GOI. In the DCP States, FCI carries out procurement only in those areas where the State makes specific request for the same keeping in view lack of infrastructure, man power etc. and its inability to carry out the procurement in those areas. 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.

4.5 When asked about the States/UT Governments that have opted for Decentralized Procurement Scheme, the Ministry stated that at present the following States/UTs have so far adopted the DCP System:-

S.N.	State/UT	DCP adopted for
1.	A&N Islands	Rice
2.	Bihar	Rice/Wheat
3.	Chhattisgarh	Rice/Wheat
4.	Gujarat	Wheat
5.	Karnataka	Rice
6.	Kerala	Rice
7.	Madhya Pradesh	Rice/Wheat
8.	Odisha	Rice
9.	Tamil Nadu	Rice
10.	Uttarakhand	Rice/Wheat
11.	West Bengal	Rice/Wheat
12.	Punjab	Wheat
13.	Rajasthan (in 9 District)	Wheat
14.	Andhra Pradesh	Rice
15.	Telangana	Rice
16.	Maharashtra	Rice

S.N.	State/UT	DCP adopted for
17.	Jharkhand (1 District)	Rice

* Under progress(data as on 08.02.2017)

भारतीय खाद्य निगम, मुख्यालय

WHEAT PROCUREMENT FOR CENTRAL POOL BY DCP STATES

The Ministry further furnished the data relating to procurement of Rice and Wheat by the DCP States during the last four years as under:-

भारतीय खाद्य निगम, मुख्यालय

RICE PROCUREMENT FOR CENTRAL POOL BY DCP STATES

(Fig. in LMT)

S.No.	STATES/ UTs	KMS 2013-14	KMS 2014-15	KMS 2015-16	KMS 2016-17*
	DCP States				
1	A.P. ^	7.90	7.27	43.36	20.76
2	Telangana ^^	11.43	13.20	15.79	10.98
3	Chattisgarh	42.90	34.23	34.42	46.38
4	Karnataka	0.00	0.88	0.55	0.00
5	Kerala	3.59	3.74	3.82	1.33
6	M.P.	10.45	8.07	8.49	13.14
7	Odisha	28.01	33.57	33.69	16.29
8	Tamilnadu	6.84	10.51	11.92	0.14
9	Uttrakhand	4.63	4.65	5.98	6.48
10	West Bengal	13.59	20.32	15.68	2.29
11	Bihar	9.42	16.14	12.25	2.83
12	Jharkhand				0.00
13	Maharashtra				1.96
	DCP Total	138.76	152.58	185.95	122.58
	% Share of Total	43.57%	47.62%	54.34%	43.01%

[Figures in lakh tonnes]

SL No	STATES/ Uts	RMS 2013-14	RMS 2014-15	RMS 2015-16	RMS 2016-17
	DCP States				
1	Gujarat	0.00	0.00	0.73	0.00
2	Punjab	-	8.69	3.91	7.11
3	Rajasthan	0.55	0.89	0.00	0.00
4	M.P.	63.55	70.94	73.09	39.92
5	Uttrakhand	0.05	0.01	0.04	0.02
6	West	0.02	0.00	0.00	0.00

	Bengal				
7	Bihar		0.00	0.00	0.00
	DCP Total	64.17	80.53	77.77	47.05
	(% share of Total)	25.57%	28.74%	27.69%	20.49%

4.6 When enquired whether there is any need for making reforms in the Decentralised Procurement Scheme, the Ministry stated that regular interactions are made by GOI with the State Govt. and suitable amendments are made as per the need from time to time. The Ministry also informed that Problems reported by State Govts. are suitably addressed by GOI from time to time and necessary amendments are made in the scheme.

4.7 As regards the reasons for not adopting the DCP Scheme by the remaining States/UTs and efforts made to persuade them to adopt the scheme, the Ministry stated since adoption of DCP mode requires substantial responsibility on the part of the State Govt. like arrangements for funds, storage space, gunny, manpower etc. they hesitate to adopt the same. However, regular efforts are made to persuade them to adopt the DCP mode by addressing their concerns. In the process, now 17 States are procuring Wheat/Rice under DCP Scheme.

4.8 Further elaborating on the DCP Scheme during evidence, the representative of the Department stated as under:-

“Sir, 27,000 crore was a provision made under the decentralized procurement part of food subsidy where the States are encouraged to procure and distribute locally rather than getting stocks through FCI from Punjab and Haryana. So, States had arrears because of which we had requested additional allocation and the Finance Ministry gave Rs.30,000 crore in the Revised Budget. After the Parliamentary approval, funds will be made available and will get disbursed.”

4.9 The Committee regret to note that even after 20 years of launching of the Decentralized Procurement Scheme (DCP) and despite the various steps taken to convince the States/UTs to adopt it, the scheme has been adopted by only 14 States/UTs for Rice and 8 States for Wheat respectively. Considering that the DCP Scheme has the objective to ensure MSP to farmers, encourage procurement in non-traditional States besides enabling procurement of foodgrains more suited to local taste, the Committee are fully convinced that the remaining States/UTs should also adopt the DCP Scheme at the earliest. It has become all the more essential for the States/UTs to adopt the scheme in order to save the transportation cost as a result thereof to reduce food subsidy bill. The Committee, therefore, strongly desire that the Department should make all possible efforts to convince the remaining States/UTs and to provide maximum assistance to enable them to adopt DCP Scheme in this fiscal itself. The Committee further feel that to encourage the remaining States to adopt the DCP Scheme, the Department need to interact proactively with States to ascertain reasons for their lack of interest to adopt the scheme and suggest remedial measures including extending some concessions or incentives for limited period till those States are able to implement the scheme in a satisfactory manner.

(b) Food Subsidy

4.10 Food Subsidy is paid to the Food Corporation of India (FCI) for reimbursement of the difference between the economic cost of food grains and their issue price, carrying cost of buffer stocks, and on account of levy sugar, import of sugar etc. The economic cost comprises of procurement price, procurement incidentals and distribution cost. Ten States have undertaken the responsibility of not only procuring foodgrains from within the States but also distributing the same to the targeted population under TPDS and other welfare schemes. Under this scheme of Decentralized procurement, State specific economic cost is determined by the Government of India and the difference between the economic cost so fixed and the Central Issue Prices is passed on the State as food subsidy. Besides the demands of FCI, the item of Food Subsidy also includes other schemes.

Further following subsidy has been allocated for FCI and DCP States during the last three years:

(Rs. in crore)

Year	FCI		Total (FCI)	DCP States		Total (DCP States)
	Regular	NFSA		Regular	NFSA	
Allocated						
2014-15	45000.00	52000.00	97000.00	10800.00	10375.81	21175.81
2015-16	45000.00	67000.00	112000.00	10000.00	12919.00	22919.00
2016-17	103334.61	---	103334.61	27000.00	---	27000.00
Released						
2014-15	41995.35	50000.00	91995.35	10800.00	10375.81	21175.81
2015-16	45000.00	67000.00	112000.00	10000.00	12919.00	22919.00
2016-17	103334.61	---	103334.61	25523.42	---	25523.42

BE for food subsidy to FCI during 2017-18 is Rs. 107138.60 crore. Procurement operations of FCI are funded in following manner :

- (a) Budget Provision (Subsidy).
- (b) Cash Credit Limit (CCL) of Rs. 54,495 crore from a Consortium of 68 Banks led by SBI.
- (c) Ways and Means Advance (limit is Rs. 50,000 crore). This advance is released to FCI as per requirement and it is adjusted / repaid by the FCI during the same financial year.
- (d) Short Term Loans
- (e) Bonds – Rs. 13,000 crore

Likely arrears upto 2016-17 - Rs. 59,945 crore
Short allocation 2017-18 - Rs. 16,921 crore
Total gap in budget allocation - Rs. 76,866 crore

A statement showing state-wise release of subsidy under DCP Scheme is given as under:-

Statement indicating the subsidy released to DCP States during the last three years i.e. 2014-15, 2015-16 and 2016-17

(Rupees in crores)

Sl. No.	Name of the State	Subsidy released		
		2014-15	2015-16	2016-17*
1	Bihar	1146.41	2540.92	1495.24
2	Punjab	75.00	300.00	1963.70
3	Madhya Pradesh	5668.11	5737.29	5354.97
4	Andhra Pradesh	2254.42	1364.25	3212.82
5	West Bengal	2578.38	2465.86	2035.93
6	Chhattisgarh	3332.71	3328.93	3141.28
7	Uttarakhand	385.42	408.67	346.80
8	Tamil Nadu	914.55	936.89	1961.60
9	Odisha	3785.00	3331.39	3737.72
10	Kerala	744.84	834.42	419.25
11	Rajasthan	90.97	155.11	0.00
12	Telangana	200.00	1390.08	1716.71
13	Gujarat	0.00	55.57	27.17
14	DBT (Chandigarh, Puducherry & D&N Haveli)	0.00	69.62	110.23
	Total	21175.81	22919.00	25523.42

* As on 09.02.2017

4.11 Justifying the increased BE during 2017-18, the Department stated that increased BE 2017-18 is due to increase in MSP of foodgrains, other incidentals and increase in offtake due to implementation of NFSA. Further, the Department is advocating States to adopt DCP mode of operation which is more economical than the expenditure incurred towards supplying foodgrains through FCI as recommended by the High Level Committee and the need underlined by the Hon'ble Finance Minister in his Budget Speech 2016-17.

4.12 It is noted from the above statements that there is huge increase in Food subsidy continuously during the last three years. When enquired as to how the Government would meet the challenge of every increasing demand of funds for food subsidy, the Ministry stated that Department is fully aware about the need for containing the increase in food subsidy and are making regular efforts in this regard. The Government has taken several measures to contain the food subsidy, which includes:

- Encouraging decentralized procurement and distribution of foodgrains.
- Issue of bonds by the FCI at lower coupon rates, backed by Government guarantee.
- Improving the operational efficiency of the FCI.
- Negotiating with the banks of the consortium of food credit to reduce the rate of interest on cash credit.
- Bringing in overall cost-effectiveness in the operation of FCI.
- Bringing down the level of surplus food grains stock through more liquidation under Open Market Sale Scheme and optimization of procurement through increasing market competitiveness.

4.13 BE for Food Subsidy to DCP States during 2017-18 is Rs. 38000 crore. Against a demand of Rs. 45,000 crore, allocation in BE 2017-18 is Rs. 38,000 crore.

Likely arrears upto 2016-17	- Rs. 9,327 crore
Short allocation 2017-18	- Rs. 7,000 crore
Total gap in budget allocation	- Rs. 16,327 crore

4.14 Asked how the gap between requirement of funds vis-à-vis actual funds available for food subsidy can be bridged, the Ministry stated that the gap between requirements of funds vis-a-vis availability of funds for food subsidy can be bridged to some extent by following measures:

- Allocation of additional funds in the Budget.
- Increasing Central Issue Price (CIP) of food grains which has not been revised upward for more than 12 years.
- Enhancing the operational efficiency of FCI
- Reduction in taxes/ statutory charges by the States.
- Additional borrowings by FCI.

4.15 Regarding the steps being taken by the Department to convince Ministry of Finance for sufficient allocation to meet the pending food subsidy arrears, the Ministry stated that various communications have been made to Ministry of Finance viz. DO from the Hon'ble Minister for CA, F&PD on 13.12.2016, Secretary (F&PD) on 28.12.16 & 09.01.17 and AS&FA on 26.09.16, 10.10.16 & 20.01.17 in this regard. In its various meetings and communication made to Ministry of Finance from time to time the Department had requested Ministry of Finance to

increase the Budget Allocation in respect of Food Subsidy to clear subsidy arrears and to make adequate budgetary provision in the upcoming financial year combined with equity infusion against buffer stock held by FCI so that subsidy arrears do not increase. In response to the efforts made by the Department, Ministry of Finance has taken following decisions:

- (a) Government of India shall endeavour to clear 95% of food subsidy bills every year.
- (b) Subsidy amount will be released first and Ways and Means Advance (WMA) should be utilized only after subsidy amount is exhausted but before resorting to CCL or STL in order to save interest cost; and
- (c) To clear the arrears, a NSSF loan of ₹ 45000 crores has been provided to FCI for five years on a cheaper rate of interest than CCL/STL. For adjustment of this NSSF loan, Ministry of Finance is to make additional allocation of Food Subsidy to the extent of ₹ 45000 crores over next five years in five equal installments of ₹ 9000 crores.

4.16 On being asked about the opinion of experts in food management in this regard, the Ministry stated that the Expenditure Management Commission constituted by Ministry of Finance vide its report dated 26.02.2016 recommended that as an immediate step, the timely reimbursement of subsidies, increase in the frequency of releases and appropriate enhancement in the quantum of ways and means advances could result in savings in food subsidy bill. The Commission also observed that reduction in food grain subsidy would require a combination of measures to moderate increase in MSP, limit procurement and increase in Central Issue Prices (CIP).

4.17 The Ministry has also informed that National Food Security Act (NFSA) is now being implemented in all the 36 States/UTs. The GoI does not release State-wise subsidy to FCI. However the total Subsidy released to FCI is as follows :

(Rs. in crore)

Years	2016-17 (RE)
Subsidy released by GoI	103334.61

4.18 When enquired whether there is any scope for the private sector to play any role in containing the ever increasing food subsidy, the Ministry stated that involvement of private sector in procurement and storage of food grains at comparative rates can help in lowering the pace of increase in food subsidy. As far as MSP and CIP of food grains are concerned, it is decided by the GOI. The expenses at comparative rates towards incidentals like transportation, storage can result in lowering of food subsidy. However, so far, no study has been initiated by this Department in this regard.

4.19 Elaborating further on the aspect of food subsidies during evidence, the representative of the Department stated as under:-

“Sir, our estimates for 2016-17 for food subsidy was about Rs.1,17,000 crore for FCI. As per the estimates for 2016-17, we were required to have about Rs.1,17,000 crore of subsidy. As per the norms, 95 per cent of that subsidy is to be released in that year. So, we were expecting about Rs.1,11,000 crore of subsidy to be able to meet the demand of the current year. The Budget provisions were Rs.1,03,000 crore. I must thank the Finance Ministry which has released the budget provisions in advance. Normally, such a huge amount is released on a monthly basis by the Government. However, in the month of November-December, the Government release full subsidy of Rs.1,03,000 crore in advance which resulted in savings in interest cost. However, in the Revised Estimates a figure of Rs.1,04,000 crore has come, which is being taken up by our Ministry with the Ministry of Finance for restoration at least to budgetary level. For the next year, for the Financial Year 2017-18, we estimate that the subsidy burden would be about Rs.1,24,000 crore.”

4.20 The Committee note that the amount of food subsidy related to FCI and DCP States is continuously on the rise due to increase in MSP of Wheat and Rice vis-à-vis Central Issue Price (CIP), increased off take of foodgrains under TPDS etc. Implementation of NFSA in all States/UTs has also considerably contributed to ever increasing food subsidy bill. While appreciating the various steps taken by the Department to reduce food subsidy bill such as issue of bonds by FCI at lower coupon rates, improving the operational efficiency of FCI, negotiating with the bank of the consortium of food credit to reduce the rate of interest on cash credit etc., the Committee, however, desire the Department to make vigorous efforts to explore all possibilities of containing food subsidy bill without compromising on the regular supply and availability of subsidized foodgrains. They further note that the assertion of the Department that involvement of private sector in procurement and storage of foodgrains at comparative rates could help in lowering the pace of increase in food subsidy and the expenses at comparative rates towards incidentals like transportation, storage etc. could result in lower food subsidy. However, they also note that no study has been initiated by the Department on this aspect. The Committee, therefore, desire the Department to initiate a study from independent consultants on this aspect so that food subsidy outgo could be reduced to some extent.

(c) Hill Transport Subsidy

4.21 The Hill Transport Subsidy (HTS) Scheme is meant for the States/UTs which are predominantly hilly with little or no railways and poor road communications. The scheme is in operation since 1.8.1975 and is presently applicable to the following States/UTs:-

1. Arunachal Pradesh
2. Himachal Pradesh
3. Jammu & Kashmir
4. Manipur
5. Meghalaya
6. Mizoram
7. Nagaland
8. Sikkim
9. Tripura
10. Andaman & Nicobar Islands
11. Lakshadweep

4.22 In such States/UTs, the Food Corporation of India (FCI) is required to open godowns at Principal Distribution Centres (PDCs) wherever possible, or reimburse the State Governments/UTs the cost of transportation of foodgrains, on actual basis, for lifting of foodgrains from base depots of FCI to the designated PDCs. Important distributing centres are declared as Principal Distribution Centres (PDCs) in consultation with the State Governments/UT Administrations.

4.23 Road Transportation Charges (RTC) are paid to the State Governments by the FCI for lifting foodgrains from FCI depots/ rail-heads other than the designated Base Depots. In predominantly hilly States with difficult and inaccessible terrain moving grains by road to the interior is heavy and such cost gets added to the Central Issue Price of the foodgrains delivered to such States. If sufficient relief is not provided the end retail price of foodgrains may become out of reach for the beneficiaries dependant on PDS.

4.24 The Scheme covers only the quantities of foodgrains supplied by the FCI to the States/UTs for distribution to the consumers through the network of Public Distribution System.

4.25 The funds released and amount yet to be released towards HTS Schemes for the year 2014-15, 2015-16 and 2016-17 (State/UT-wise/Year-wise) is at Annexure II.

4.26 Funds under HTS scheme are released promptly to the States in all cases in which proper claims in the prescribed format with the requisite documents are made. However, total amount of funds yet to be released year wise/state wise for the last three years is indicated in the statement at Annexure II. Major part of the pendency is accounted for non submission of required documents by the concerned States and other discrepancies found in the claims. Rest of the pending claims are under scrutiny/process in FCI for reimbursement.

4.27 When enquired about the procedure being followed by the States/UTs to claim the Hill Transport Subsidy, the Ministry informed that these transport charges cover the expenditure incurred by State government for moving the stocks from base depots (designated by FCI) upto the approved Principal Distribution Centres (PDCs). PDCs are approved by the Government of India. These charges are reimbursed by the FCI on actual basis as certified by the State Government. States have to submit their claim within 15 days of movement of stock to the concerned offices of FCI. On receipt of the bills from State Government, bills are settled within 10 days by FCI. For settlement of HTS claims, the State Govts. have to submit following documents to FCI alongwith the bills:

1. Copy of Sub-allocation made by State.
2. Executed original Release Order/ Authenticated copy.
3. Truck-wise details of transportation of food grains.
4. Stock Receipt Certificate from PDC.
5. Distance and Rate Notification from State.
6. Linkage of payment made by State through the Treasury to the transporters bank account.

7. Six point Certificate from State regarding (i) Certificate of delivery & transportation of stocks from FCI covering the shortest distance and receipt of the stock at destination PDC in good condition; (ii) Certificate of entry of stock in PDC/Depot register/relevant TPDS rationing register; (iii) Certificate of rate at which HTS is claimed by State Govt. has been fixed through due tendering process giving wide publicity and after assessing the market rates and duly notified. (iv) Certificate of the transportation charges have been paid to the transporters by ECS / RTGS /NEFT/Cheque; (v) Certificate of the transport charges claimed for transportation of Stock Ex-FCI delivery depot to aforesaid destinations have not been passed on to the consumers under PDS and (vi) Certificate of the bill is prepared on the strength of the receipted challan(s) duly countersigned by the local administrative Officer and verification by representative of vigilance Committee.

4.28 The Committee note that under Hill Transport Subsidy, (HTS) the Union Government reimburses the transportation cost of foodgrains from base depot of FCI upto the designated principal distribution centres in States which are predominantly in hilly areas. The Committee note that an amount of Rs. 4464.51 crore is pending with FCI for being paid to States/UTs viz. Mizoram, Tripura, Arunachal Pradesh, Himachal Pradesh, J&K, Lakshadweep and Sikkim, while no claim has been received from Meghalaya and Nagaland on account of transportation of foodgrains under HTS. The Department did not indicate the reasons for non-submission of HTS bills by the two States of Meghalaya and Nagaland which proves that Government is not serious towards settlement of claims. The Committee, therefore, recommend that Department/FCI should find out the reasons for non-submission of HTS claims by these two States and make sincere efforts for liquidation of outstanding dues of these States/UTs so that State/UT Governments are able to lift the foodgrains regularly for distribution to the poor and needy population in the States/UTs. They further recommend that the entire amount pending settlement be reimbursed to the concerned States within six months of presentation of this Report. They desire to be apprised of the progress made in this regard.

(d) Public Distribution System (PDS)

4.29 The Public Distribution System (PDS) was evolved as a system of management of scarcity and for distribution of food grains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country. PDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society.

4.30 PDS is operated under the joint responsibility of the Central and the State governments. The Central Government, through FCI, has assumed the responsibility for procurement, storage, transportation and bulk allocation of food grains to the State Governments. The operational responsibility including allocation within State, identification of families below the poverty line, issue of Ration Cards and supervision of the functioning of FPS, rest with the State Government. Under the PDS presently the commodities namely wheat, rice, sugar and kerosene, are being allocated to the States/UTs for distribution.

4.31 The Committee have been informed that PDS, till 1992, was a general entitlement scheme for all consumers without any specific target. Revamped Public Distribution System (RPDS) was launched in June 1992 in 1775 blocks throughout the country with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas. Targeted Public Distribution System (TPDS) was introduced with effect from June 1997 with focus on the poor. Under the TPDS, States are required to formulate and implement foolproof arrangements for identification of the poor for delivery of food grains and for its distribution in a transparent and accountable manner at the FPS level.

4.32 The Department is taking all necessary measures to closely monitor the implementation of Targeted Public Distribution System (TPDS) by State/UT Governments. Utilisation Certificates (UCs) for the foodgrains allocated to State Government are obtained regularly from the State Governments. Public Distribution System (Control) Order, 2015 has been notified on 20/03/2015

which mandates the State and UT Governments to carry out all required action to ensure smooth functioning of TPDS. As provided under the said Order, the State and UT Governments are responsible for implementing TPDS and competent to take action against those indulging in malpractices in TPDS by invoking provisions of relevant clauses of the said Order. State Governments/UT Administrations have reported action taken such as issue of show cause notice, lodging of FIRs, suspension/ cancellation of FPS licenses, arrest, prosecution/ conviction etc. As and when complaints are received by the Government from individuals and organizations as well as through press reports, they have been sent to State/UT Governments concerned for inquiry and appropriate action.

(i) TPDS - National Food Security Act, 2013

4.33 The National Food Security Act, 2013 (NFSA) was enacted by the Government in the year 2013 to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity. The Act inter-alia entitles upto 75% of the rural population and upto 50% of the urban population for receiving subsidized foodgrains under TPDS thus covering about two-thirds of the population. Eligible households comprise of priority households and AAY households. Persons belonging to priority households are entitled to receive 5 kg of foodgrains per person per month at subsidized prices of Rs. 3/2/1 per kg of rice/wheat/coarse grains. AAY households, which constitute the poorest of the poor, are entitled to receive 35 kg of foodgrains per household per month @ Rs. 3/2/1 per kg for rice/wheat/coarse grains.

4.34 The Act also contains provisions for nutritional support to pregnant women & lactating mothers and children upto fourteen years of age. Pregnant women and lactating mothers are entitled to meals, free of charge, during pregnancy and six months after the child birth as well as maternity benefit of not less than Rs. 6,000. Children upto 14 years of age are entitled to nutritious meals as per the prescribed nutritional standards. In case of non-supply of entitled foodgrains or meals, the beneficiaries will receive food security allowance. For effective implementation and monitoring, the Act also provides

for setting up of grievance redressal mechanism at the District and State levels. Separate provisions have also been made for ensuring transparency and accountability. NFSA provides for Central assistance to States/UTs to meet the expenditure incurred on intra-State movement of foodgrains and fair price shop dealers' margins. For this purpose, against Rs. 2500 crore allocated in BE 2016-17, Rs. 2200 crore has already been released.

4.35 Upto May, 2014 only 11 States/UTs have implemented the Act. During 2016, special attention was given for its implementation wherein remaining States/UTs were constantly pursued through meetings, conferences, video conferences (VCs), correspondence, visits etc. to expedite implementation of the Act. As a result, the Act is now being implemented in all the States/UTs and covers about 80 crore persons under the Act.

4.36 The Committee have also been informed that under NFSA coverage for receiving subsidies foodgrains has been delinked from poverty estimates. NFSA coverage is under following two categories namely;

- (i). AAY Households, and
- (ii). Priority Households

The eligible households i.e. the households covered under priority households and AAY are entitled to receive foodgrains (rice, wheat or coarse grains or any combination thereof) under TPDS @ Rs 3/-, 2/- & Re 1/- per kg respectively with entitlements of priority households being @ 5kgs per person per month and AAY families getting @ 35 kg per family per month as per the AAY scheme.

4.37 The following statement indicates state-wise number of complaints on TPDS received in the department from individuals, organisations & through media reports etc from 2014 to 2016 (upto 31.12.2016):-

S. No.	State/UT	2014	2015	2016
1	Andhra Pradesh	4	8	5
2	Arunachal Pradesh	1	1	-

3	Assam	5	34	32
4	Bihar	55	106	81
5	Chhattisgarh	3	6	9
6	Delhi	78	113	91
7	Goa	-	-	1
8	Gujarat	16	8	12
9	Haryana	26	35	34
10	Himachal Pradesh	-	4	5
11	J&K	-	5	3
12	Jharkhand	16	32	29
13	Karnataka	6	16	22
14	Kerala	1	16	22
15	Madhya Pradesh	7	17	24
16	Maharashtra	25	48	62
17	Manipur	1	6	4
18	Meghalaya	2	7	9
19	Mizoram	-	-	-
20	Nagaland	3	-	2
21	Odisha	8	22	43
22	Punjab	5	10	7
23	Rajasthan	31	33	59
24	Sikkim	-	-	-
25	Tamil Nadu	7	22	33
26	Telangana	-	10	1
27	Tripura	-	-	1
28	Uttarakhand	8	24	21
29	Uttar Pradesh	137	197	461
30	West Bengal	11	32	29
31	A&N Island	-	-	1
32	Chandigarh	3	6	2
33	D& N Haveli	1	-	1
34	Puducherry	-	-	-
TOTAL		460	818	1106

(ii) Deletion of Bogus Ration Cards

4.38 Public Distribution System (Control) Order, 2001 and TPDS Control order 2015 mandates the State/UT Governments to issue ration cards to eligible applicants and to conduct periodical checking of ration cards to weed out ineligible and bogus ration cards as well as bogus units in ration cards.

A plan scheme on end-to-end computerization of TPDS operations is being implemented in States/UTs on cost sharing basis during 12th Plan. Following are the key activities and their expected outcomes in the first phase:

- (i) Digitization of Beneficiary Database - Enable correct identification of beneficiaries; removal of bogus cards and better targeting of food subsidies.
- (ii) Online Allocation of foodgrains - System generated allocation of foodgrains to bring transparency in allocation of foodgrains, up to the Fair Price Shops level.
- (iii) Computerisation of Supply Chain Management - Timely availability of foodgrains to intended beneficiaries at FPS; check leakages/diversion.
- (iv) Grievance Redressal Mechanism and Transparency Portals - Introduce transparency & public accountability in the implementation of TPDS through transparency portals, online grievance registration and toll free helpline numbers.

Digitization work has been completed in all States/UTs. Further, about 73% ration cards have been seeded with Aadhaar numbers. Presently, as per reports available from State/UTs, 2.33 crore bogus/ineligible ration cards have been deleted in 29 States/UTs.

Statement showing the number of bogus/ineligible rations cards deleted/cancelled by the State/UT Governments (During 2013 - 2016)						
Sl.	States/UTs	2013	2014	2015	2016	State/UT Total
1	Andaman & Nicobar	0	0	37	0	37
2	Andhra Pradesh	0	8,49,000		1,18,000	9,67,000
3	Arunachal Pradesh	13,875	993	43	0	14,911
4	Assam	0	0	0	1,08,681	1,08,681
5	Bihar	0	21,712	16,401	3,256	41,369
6	Chandigarh	0	0	0	0	0
7	Chhattisgarh	1,03,000	7,10,000	1,43,000	1,50,000	11,06,000
8	Dadra & Nagar Haveli	0	0	0	549	549
9	Daman & Diu	0	0	262	101	363
10	Delhi	0	8	16,807	3,604	20,419
11	Goa	1,782	93	1,09,145	0	1,11,020

12	Gujarat	11,07 3	64,079	45,833	22,11 9	1,43,104
13	Haryana	67,24 3	22,903	43,515	19,64 8	1,53,309
14	Himachal Pradesh	3,025	235	0	0	3,260
15	Jammu and Kashmir	0	0	0	0	0
16	Jharkhand	0	19	7,914	3,34,5 15	3,42,448
17	Karnataka	1,17, 058	19,45,6 89	9,33,935	1,51,4 35	31,48,117
18	Kerala	0	0	0	0	0
19	Lakshadweep	0	76	872	442	1,390
20	Madhya Pradesh	0	1,313	0	3,89,1 24	3,90,437
21	Maharashtra	1,00, 543	85,160	8,20,780	11,55, 908	21,62,391
22	Manipur	0	0	0	0	0
23	Meghalaya	0	0	0	0	0
24	Mizoram	743	47	53	101	944
25	Nagaland	0	0	0	0	0
26	Odisha	0	0	0	6,50,4 71	6,50,471
27	Puducherry	18,75 7	10,629	56,121	9,886	95,393
28	Punjab	7,982	93,267		0	1,01,249
29	Rajasthan	0	0	26,329	12,97, 077	13,23,406
30	Sikkim	0	0	0	11,71 4	11,714
31	Tamil Nadu	1,23, 956	96,406	1,14,175	75,04 4	4,09,581
32	Telangana	3,21, 372	11,71,3 54	83,048	5,21,7 90	20,97,564
33	Tripura	6,208	11,814	66,236	92,72 8	1,76,986
34	Uttar Pradesh	2,76, 079	19,117	2,33,847	25,86, 541	31,15,584
35	Uttarakhand	0	0	0	0	0
36	West Bengal [§]	27,52 ,498	16,77,3 11	21,84,15 2	0	66,13,961
	Grand Totals	39,25 ,194	67,81,2 25	49,02,50 5	77,02, 734	2,33,11,658

Cards deleted due to detection of Ghost / fraudulent / duplicate / ineligible / migration / deaths, etc. during the the process of digitization, de-duplication, Aadhaar seeding in run up /implementation of NFSA

[§] West Bengal has individual Ration Cards system

4.39 The Committee note that the Public Distribution System has become, over the years, an important part of the Government's policy for management of food economy in the country. Further, the National Food Security Act, 2013 (NFSA) that entitles upto 75% of the rural population and 50% of the urban population for receiving subsidized foodgrains under the Targeted Public Distribution System (TPDS) has been implemented by all States/UTs. The Committee further note that digitization work has been completed in all States/UTs and upto 73% ration cards have been seeded with Aadhaar Numbers. Public Distribution System (Control) Order, 2001 and TPDS Control order 2015 mandates the State/UT Governments to issue ration cards to eligible applicants and to conduct periodical checking of ration cards to weed out ineligible and bogus ration cards as well as bogus units in ration cards. As per reports available from States/UTs, 2.33 crore bogus/ineligible ration cards have been deleted in 29 States/UTs. While appreciating the steps taken by the Government in this regard, the Committee, however, urge the Department to conduct such periodical checking on a regular basis to eliminate bogus ration cards as well as bogus units in the ration card with a view to curb the various problems in the existing Public Distribution System such as leakages and diversion and improve the transparency and efficiency in the functioning of PDS for the benefit of the intended beneficiaries i.e. poorest of the poor.

(f) Strengthening of PDS Operations

4.40 The Department is implementing an umbrella scheme of strengthening of PDS, which has following five components:

- (1) Computerisation of TPDS operations
- (2) Strengthening of PDS and Capacity Building
- (3) Consultancy, Training and Research
- (4) Financial Assistance for State Food Commission for non-building assets; and
- (5) Strengthening of Quality Control Mechanism.

An allocation of Rs 61.33 crore was sought for the umbrella scheme in year 2017-18. but no allocation has been provided in the BE. The matter is being pursued vigorously with the Ministry of Finance to make allocation for all the five components.

As stated above, Strengthening of Quality Control Mechanism and Financial Assistance for State Food Commission for non-building assets are two of the five components under the umbrella scheme of Strengthening of PDS and the matter regarding budgetary allocation for the umbrella scheme is being followed up with the Ministry of Finance.

Strengthening of Quality Control Mechanism was one of the five components under the Umbrella Scheme “Strengthening of PDS”. A proposal was prepared to continue the scheme beyond plan period and an amount of Rs. 3 crore was proposed for the year 2017-18 for this component at the time of pre-budget discussion. However, no fund under BE 2017-18 was received. Keeping in view the need, to meet the expenditure upto Sep, 2017, a demand of Rs. 20 lakhs from contingency funds of India has been put up to budget division of the Department and a demand of Rs. 80 lakhs from Supplementary demand for grants of the Department to run the activities under the scheme for 2017-18. It is understood that DFPD is also taking up the matter with the Ministry of Finance for continuation of this scheme and allocation of the same.

Under the scheme of Financial Assistance for State Food Commission for non-building assets, one time assistance of Rs. 50 lakh is admissible to State/UTs which set up State Food Commission under NFSA on exclusive basis. The non-building assets for which assistance is provided include computers, air-conditioners, photo copiers, fax machines, telephone, EPABX system, furniture etc.

(i) Computerisation of Targeted Public Distribution System operations

4.41 The Committee have been informed that a Central Sector Scheme on TPDS computerization was approved by the Planning Commission for the 11th Plan Period with an outlay of Rs. 376 crore which covered Computerization of TPDS operations on pilot basis in three districts each of four pilot States, namely, Andhra Pradesh, Assam, Chhattisgarh and Delhi. This Scheme was only till Block level and did not cover the FPS automation component. In the light of the directions of the Hon'ble Supreme Court vide order dated 14.09.2011, all States/UTs are required to undertake end to end computerization of TPDS in a time bound manner. Hon'ble Supreme Court has also directed that Government of India shall provide necessary infrastructure and financial support to all States/UTs for end-to-end Computerization of TPDS.

4.42 In view of the above, the Plan scheme has been expanded to cover all States / UTs for end-to-end Computerization of TPDS operations. A Plan Scheme on 'End-to-end Computerization of TPDS Operations' in all States/UTs for the 12th Five Year Plan (2012-2017) had been prepared with an estimated outlay of Rs. 4273.47 crore on 50:50 cost sharing with States/UTs except for North Eastern States, where the sharing will be on 90:10 basis.

4.43 Government has approved the funding requirement of Rs. 884.07 crore during 2012-17 for Component-I of the Scheme which comprises activities, namely, digitization of ration cards/beneficiary and other databases, computerization of Supply-Chain Management, setting up of Transparency Portal and Grievance Redressal mechanism. Out of Rs. 884.07 crore, Government of India's share is Rs. 489.37 crore and State/UT's share is Rs. 394.70 crore.

The pilot Plan scheme on "Computerisation of TPDS Operations" has been subsumed in the Plan Scheme on "End-to-end Computerisation of TPDS Operations" to be implemented under 12th Five Year Plan (2012-17).

4.44 To improve quality of delivery of services under TPDS and to assess replicability of new technologies, a pilot Non-Plan scheme on Smart card based delivery of TPDS commodities was approved for Chandigarh UT and Haryana in December, 2008 with an outlay of Rs. 142.28 crore. Under this scheme, the existing ration cards are to be replaced by smart cards. These smart cards will contain bio-metric features of adult members of the ration card holder families. TPDS commodities to smart card holder families will be issued from fair price shops only after verification of genuineness of the smart card holder through smart card transaction terminal. The smart cards as well as smart card transaction terminals will store details of transactions of TPDS commodities issued. This scheme has also now been subsumed in the Plan Scheme on End-

to-end Computerisation of TPDS Operations to be implemented in all States/UTs under 12th Five Year Plan (2012-17).

(ii) End-to-End Computerization of TPDS Operations

4.45 The scheme is a Mission Mode Project (MMP) under the National e-Governance Programme. The progress of implementation of Component – I of the scheme is as follows:-

- (a) Digitization of FPS database, godowns database has been completed by all States/UTs. Digitalization of ration cards/beneficiary data base has also been completed in all States/UTs.
- (b) Online allocation of foodgrains has been implemented fully in 29 States/UTs. Supply chain has been computerized in 19 States/UTs.
- (c) Toll free helpline for TPDS have been established in all 36 States/UTs. Online grievance redressed mechanism for registration and tracking of grievance is now available in 33 States/UTs.
- (d) The Department in consultation with NIC, Deity and UIDAI, has prepared and circulated guidelines for Fair Price Shops (FPS) automation and the same were shared with States/UTs in November, 2014 and updated in May, 2015. So far, more than 1,77,391 FPSs are automated across the country. The States/UTs are expected to automate 3 lakh FPSs by March, 2017.
- (e) The 'Cash Transfer of Food Subsidy Rules, 2015' was notified on 21.08.2015, under the National Food Security Act, 2013. The Rules stipulate that the DBT Scheme shall be implemented in identified areas for which there is a written consent of the States Government for implementation of the scheme. Section (5) of the Rules stipulate that the amount of food subsidy payable to beneficiaries shall be computed by multiplying entitled quantity of foodgrains with difference between 1.25 times applicable Minimum Support Price (MSP) and the Central Issue Price (CIP) or as may be revised from time to time by the Central Government. Direct Benefit Transfer (DBT) is being implemented on pilot basis in UTs of Chandigarh and Puducherry w.e.f. September, 2015 and part of Dadra and Nagar Haveli from March, 2016.

4.46 The Department has also suggested two models to States/UTs for ensuring distribution of foodgrains under PDS to eligible households only- one, cash transfer of food subsidy under which subsidy component would be credited to bank accounts of beneficiaries who are free to buy foodgrains from anywhere in the market to ensure their foodgrains entitlement. Second, Automation of Fair Price Shops (FPS) which involves installation of Point of Sale (PoS) devices at FPS for authentication of beneficiaries, recording of sales to beneficiaries at FPSs; and uploading of transaction data in Central server. With these arrangements for delivery of foodgrains to the beneficiaries, Department is of the view that there is no need for smart cards and the Department has endorsed Aadhaar Enabled Payment System (AePS).

4.47 As regards the current financial year, funds of Rs. 75.28 crore have been provided in RE 2016-17. These funds are expected to be utilized during 2016-17 itself. Funds of Rs. 51.53 crore have already been released to States/UTs, NIC etc. (as on 31.01.2017). Further, proposals are under process for release of funds of Rs. 5.89 crore to States and NIC etc. Proposal are expected from other States/UTs also. Since some activities under the plan scheme have not been completed by some States/UTs, a proposal has been submitted to Ministry of Finance for extending the validity of the scheme by one year i.e. upto 31.03.2018 without any escalation in the total project cost approved by CCEA in 2012.

4.48 The Committee have been informed about the status of implementation of various activities under End-to-End Computerization of TPDS Operations which are as under:-

Status of End-to-End Computerization of TPDS Operations

(as on 31.01.2017)

Sl.	States/UTs	NFSA Adoption	Digitization of Ration Cards	Aadhaar Seeding in RCs	Online Allocation of Foodgrains	Computerization of Supply-chain Management	Transparency Portal	Online Grievance Redressal	Toll Free Helpline Numbers
1	Andhra Pradesh	Yes	100%	100%	Implemented	Implemented	Yes	Yes	Yes
2	Andaman & Nicobar	Yes	100%	97%	Implemented	Implemented	Yes	Yes	Yes
3	Arunachal Pradesh	Yes	100%	44.5%	-	-	Yes	-	Yes
4	Assam	Yes	100%	0%	Implemented	-	Yes	Yes	Yes
5	Bihar	Yes	100%	1.7%	Implemented	Implemented	Yes	Yes	Yes
6	Chandigarh	Yes	100%	100%	NA	NA	Yes	Yes	Yes
7	Chhattisgarh	Yes	100%	100%	Implemented	Implemented	Yes	Yes	Yes
8	Dadra & Nagar Haveli	Yes	100%	96%	Implemented	Implemented	Yes	Yes	Yes
9	Daman & Diu	Yes	100%	100%	Implemented	Implemented	Yes	Yes	Yes
10	Delhi	Yes	100%	100%	Implemented	Implemented	Yes	Yes	Yes
11	Goa	Yes	100%	89%	Implemented	Implemented	Yes	Yes	Yes
12	Gujarat	Yes	100%	100%	Implemented	Implemented	Yes	Yes	Yes
13	Haryana	Yes	100%	91%	Implemented	Implemented	Yes	Yes	Yes
14	Himachal Pradesh	Yes	100%	96%	Implemented	Implemented	Yes	Yes	Yes
15	Jammu and Kashmir	Yes	100%	62%	Up to TSOs*	-	Yes	-	Yes
16	Jharkhand	Yes	100%	95%	Implemented	Implemented	Yes	Yes	Yes
17	Karnataka	Yes	100%	98%	Implemented	Implemented	Yes	Yes	Yes
18	Kerala	Yes	100%	98%	Implemented	-	Yes	Yes	Yes
19	Lakshadweep	Yes	100%	98%	-	NA	Yes	Yes	Yes
20	Madhya Pradesh	Yes	100%	87%	Implemented	Implemented	Yes	Yes	Yes
21	Maharashtra	Yes	100%	87%	Implemented	Implemented	Yes	Yes	Yes
22	Manipur	Yes	100%	1.28%	Partial*	-	Yes	Yes	Yes
23	Meghalaya	Yes	100%	0%	-	-	Yes	Yes	Yes

24	Mizoram	Yes	100%	11.99%	-	-	Yes	Yes	Yes
25	Nagaland	Yes	100%	6.50%	-	-	Yes	Yes	Yes
26	Odisha	Yes	100%	86%	Implemented	Implemented	Yes	Yes	Yes
27	Puducherry	Yes	100%	97%	NA	NA	Yes	Yes	Yes
28	Punjab	Yes	100%	100%	Implemented	-	Yes	Yes	Yes
29	Rajasthan	Yes	100%	98%	Implemented	-	Yes	Yes	Yes
30	Sikkim	Yes	100%	72%	Implemented	-	Yes	Yes	Yes
31	Tamil Nadu	Yes	100%	100%	Implemented	Implemented	Yes	Yes	Yes
32	Telangana	Yes	100%	100%	Implemented	Implemented	Yes	Yes	Yes
33	Tripura	Yes	100%	92.55%	Implemented	Implemented	Yes	Yes	Yes
34	Uttar Pradesh	Yes	100%	73%	Implemented	-	Yes	Yes	Yes
35	Uttarakhand	Yes	100%	66%	Implemented	-	Yes	Yes	Yes
36	West Bengal	Yes	100%	61%	Implemented	Implemented	Yes	Yes	Yes
		36	100%	73.09%	29*	20	36	34	36

* Partial implementation of Online Allocation in Jammu & Kashmir and Manipur are also counted in the summary.

4.49 It is stated that under the scheme 'End-To-End Computerization of TPDS Operations', BE for plan 2016-17 was Rs. 75 crore but actual expenditure was only Rs.51.53 crore (upto 23 January, 2017). It is stated that reasons for mismatch between BE and AE was due to non-fulfilling of certain conditions which have been laid in administrative approval dated 10.12.2012 for releasing financial assistance. On being asked about those conditions, the Ministry stated that As per the administrative approval dated 10.12.2012, following conditions were required to be fulfilled by State/UT governments for claiming financial assistance from the Central Government.

Release of Central Share of funds Conditions to be met by States / UTs

Release of Central Share of fund	Condition to be met by States/UTs
A) First installment of 60%	i. Submission of State specific proposal as per template provided by DoF&PD ii. Signing of MoU between State / UT and DoF&PD iii. Setting up of institutional mechanism at State / UT level i.e. - formation of State Apex Committee and SPeMT iv. Furnishing of Utilisation Certificates (UCs) by States

Release of Central Share of fund	Condition to be met by States/UTs
	/ UTs concerned for funds released under the two pilot Schemes.
B) Second installment of 30%	<ul style="list-style-type: none"> i. Operationalisation of all components envisaged under the scheme across the State i.e. <ul style="list-style-type: none"> a) Complete digitization of beneficiary and other databases b) Computerization of Supply-chain management c) Setting up of Transparency Portal and d) Grievance redressal mechanisms ii. Submission of Utilisation Certificate (UCs) of the funds released by DoF&PD as first installment iii. Released of matching funds i.e. 60% of State/UT share iv. Testing of all modules of application software by STQC
C)Final installment of 10%	<ul style="list-style-type: none"> i. Submission of Utilisation Certificate (UCs) of the funds released by DoF&PD as second installment ii. Release of balance matching funds i.e. 40% of State/UT share iii. Assessment of the scheme as per DoF&PD's guidelines / instructions

Since some States/ UTs were facing difficulties in claiming second installment of the Central Share, the conditions for release of Second and Third installments were modified vide letter dated 31.08.2015 and 23.02.2016. Modified conditions for releasing the Second and Third (Final) Installments are as under:-

Release of Central Share of fund	Condition to be met by States/UTs
Second installment of 30%	<ul style="list-style-type: none"> i. Submission of Utilisation Certificate (UCs) to the extent of 60% of the funds released by DoF&PD as first installment ii. Release of matching fund i.e. 60% of States/UTs share. iii. Operationalisation of following components

Release of Central Share of fund	Condition to be met by States/UTs
	envisaged under the scheme across the State i.e. a) Complete digitization of beneficiary and other databases b) Online allocation of foodgrains up to FPS level based on the digitized beneficiaries data. c) Setting up of Transparency Portal and d) Grievance redressal mechanisms iv. Security audit of state portal through STQC or any agency empanelled by CERT-In
Final installment of 10%	i. Submission of Utilisation Certificate (UCs) of the funds released by DoF&PD as second installment ii. Release of balance matching funds i.e. 40% of State/UT share iii. Completion of all activities under supply chain management iv. Quality certification of the portal by any agency empanelled by CERT-In v. Assessment of the scheme as per DoF&PD's guidelines / instructions

Some States/UTs had informed that PCs/Laptops and Laser Printers were not available at the price of Rs. 30,000 and Rs.7,000 respectively in the administrative approval dated 10.12.2012. It was decided vide letter Dated 07.01.2016 to allow flexibility to States/UTs in purchase of PCs/Laptops and Printers at the higher cost. To compensate for higher cost of these items, States/UTs could consider to reduce the quantities of Printers/Cabling/Switches/etc. without compromising on their quality.

4.50 When asked about the reasons for not implementing on-line allocation of foodgrains and automation of Supply Chain Management in all States/UTs and the difficulties/problems being faced in their implementation, the Ministry stated that presently, 29 States/UTs have implemented Online Allocation of foodgrains and Supply Chain Automation has been completed in 20 States/UTs. Implementation of both applications is not required in Chandigarh and Puducherry as they have implemented Direct benefit Transfer (DBT)-Cash. Online Allocation is pending in Arunachal Pradesh, Lakshadweep, Meghalaya, Mizoram and Nagaland due to

challenges in network connectivity and power failure. Similarly, Supply Chain Automation is also pending in North Eastern States (except Tripura) and hilly States except Himachal Pradesh.

To effectively handle the power failure issues, States/UTs are purchasing Laptops instead of Desktop machines for godowns and taluka offices. Broad band / leased lines in the hilly areas are not reliable and getting down frequently. States are making alternative arrangements like Data Cards/ Mobile HotSpot for ensuring better internet connectivity. This Department has advised States/UTs to pursue with Department of Telecom(DoT) for establishing uninterrupted and high speed internet connectivity by laying optical cables.

This Department decided to complete implementation of Online Allocation and Automation of Supply Chain at the earliest. In this regard, letters have been sent to these States/UTs in the regular interval. In addition to this, officials have personally visited these States/UTs and National/ Regional Conferences & Video Conferences have been convened for faster roll out of Online Allocation and Supply Chain Automation.

4.51 The Department have informed that seeding of Aadhaar Card Number in Ration Cards in Assam and Meghalaya is NIL. In Bihar, J&K, Manipur, Mizoram, Nagaland and U.P., it is 17%, 62%, 1.28%, 11.99%, 6.5% and 73% respectively. On being asked about the reasons for less/nil seeding of Aadhaar Card Numbers in ration cards and efforts being made in this regard, the Ministry stated that the Department is regularly seeking information on the progress of Aadhaar seeding in ration cards from all States and UTs on a weekly basis. Based on the information received from these six States the progress over the last one year and reasons for less/nil seeding of Aadhaar numbers is summarised below:

Sl.	State	Status of Aadhaar Seeding in RCs (in %)					Reasons for Less/nil Aadhaar Seeding /comments
		March 2016	June 2016	Sept. 2016	Dec. 2016	Feb. 2017	
1	Bihar	0.06	0.06	0.13	0.13	1.7	State Govt. has intimated that Aadhaar numbers have been collected. Data entry work in ration cards database is in progress.
2	J&K	59	62	62	62	62	No significant progress since last one year. These State Governments have not submitted their action plans to DoFPD even after repeated reminders.
3	Manipur	0.36	0.37	0.37	1.28	1.28	
4	Mizoram	0.25	0.39	11.99	11.99	11.99	
5	Nagaland	0.41	0.41	6.5	6.5	6.5	
6	U.P.	31	46	65	72	73	Significant progress has been achieved. Further efforts are being made by the State Govt. to increase the Aadhaar seeding in ration cards

Regular efforts are being made by the Department to increase the seeding of Aadhaar numbers in ration cards across all States/UTs, including the above 6 States.

In this regard, some of the notable efforts made by the Department during the past one year are as below –

- 04.01.2016 – Video Conference (VC) with States of **Bihar**, Chhattisgarh, Karnataka, Madhya Pradesh and **Uttar Pradesh** with regards to the Issues related to UIDAI / Aadhaar. Jointly chaired by Secretary (F&PD), Secretary (DeitY) and DG, UIDAI.
- 10.02.2016 – VC with States of Arunachal Pradesh, **Manipur**, **Mizoram**, and **Nagaland**, under the Chairmanship of Secretary (F&PD) to review the progress of TPDS computerization, NFSA implementation, Aadhaar seeding, FPS automation, etc.
- 15.02.2016 – Organised a Meeting cum Workshop of Food Secretaries of **all States/UTs** under the Chairmanship of Secretary (F&PD) to discuss – progress of Aadhaar seeding, Aadhaar Authentication, FPS automation and help addressing the concerns and issues faced thereof.
- 04.04.2016 – VC#1 with Food Secretaries of **Bihar**, Gujarat, Haryana, **Jammu & Kashmir**, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Punjab, Tripura, **Uttar Pradesh** and UIDAI to review the progress of Aadhaar Seeding in PDS and the preparedness of States for a likely review meeting to be chaired by Hon'ble Prime Minister.
- 04.04.2016 – VC#2 with Food Secretaries of Arunachal Pradesh, Assam, Dadra & Nagar Haveli, Himachal Pradesh, Lakshadweep, **Manipur**, Meghalaya, **Mizoram**, **Nagaland**, Sikkim, Tamil Nadu,

Uttarakhand, West Bengal and UIDAI to review the progress of Aadhaar Seeding in PDS and the preparedness of States for a likely review meeting to be chaired by Hon'ble Prime Minister.

- 02.05.2016 – Secretary (F&PD) has written to Chief Secretaries of 16 States/UTs (Arunachal Pradesh, **Bihar**, Gujarat, **J&K**, Jharkhand, Karnataka, M.P, **Manipur**, **Mizoram**, **Nagaland**, Orissa, Sikkim, Tamil Nadu, Uttarakhand, **U.P.** and West Bengal) with regards to TPDS Computerization and Aadhaar seeding.
- 02.05.2016 – Hon'ble Minister of CA,F&PD written to Chief Ministers of 24 States/UTs with regards to expedition of Aadhaar seeding, FPS automation and pending components of End-to-End computerization.
- 21.05.2016 – Held 3rd National Consultation Meeting of Hon'ble Ministers of Food, Civil Supplies, and Consumer Affairs and Food Secretaries of States/UTs under the Chairmanship of Hon'ble MoCA,F&PD to discuss End-to-End Computerization of TPDS Operations, Aadhaar Seeding, and FPS automation in States/UTs at Vigyan Bhawan, New Delhi
- 13.06.2016 – Secretary (F&PD) has written to Chief Secretaries/Administrators of **all States/UTs** to coordinate with nodal officers handling NPR data (RGI-survey) digitization work, expedite and leverage the same for increasing the seeding of Aadhaar numbers in TPDS database.
- 15.07.2016 – VC with States of Haryana and **Uttar Pradesh** under the chairmanship of JS (BP,PD) to review the status and progress of Aadhaar Seeding, ePoS Installation at FPSs, Online Allocation, Supply Chain Automation, and the implementation status of Meta Data and Data Standards (MDDS) for PDS.
- 22.08.2016 – VC with States of West Bengal, Tamil Nadu, Odisha and **Mizoram** for using RGI data to increase Aadhaar seeding in TPDS.
- 16.09.2016 to 17.09.2016 – Organised a two days National Level Conference of Food Secretaries of **all States/UTs** on End-to-End Computerization of TPDS Operation (including Aadhaar Seeding) and other PDS reforms at ICAR, PUSA Complex, New Delhi.
- 30.09.2016 – Secretary (F&PD) has written to Chief Secretaries/Administrators of 7 (Gujarat, **J&K**, Kerala, **Manipur**, **Meghalaya**, **Nagaland** and Daman &Diu) to expedite the seeding of Aadhaar numbers in TPDS database
- 03.10.2016 to 04.10.2016 – Organised a two-days Regional Conference on 'End-to-end Computerization' and to resolve technical

issues with Food Secretaries of North Eastern States (including **Manipur, Mizoram and Nagaland**) and NIC at Guwahati, Assam.

- 08.12.2016 – Hon'ble Minister of CA,F&PD written to Chief Ministers of 24 States/UTs with regards to expedition of Aadhaar seeding, FPS automation and pending components of End-to-End computerization.
- 21.12.2016 – Hon'ble Minister of CA,F&PD written to Chief Ministers/Administrators of all States/UTs with regards to expedition of Aadhaar seeding, FPS automation and implementation of digital payment facilities at FPSs.
- 19.01.2017 – National conference of Hon'ble State Ministers and Secretaries of Food, Civil Supplies and Consumer Affairs (**All States & UTs**) on PDS Reforms & Cashless/Less-Cash Environment was held under the Chairmanship of Hon'ble MoCA,F&PD at Vigyan Bhawan, New Delhi.

4.52 The Committee note that the Department is implementing an umbrella scheme of 'Strengthening of PDS' comprising five components viz. Computerization of TPDS operations, Strengthening of PDS and capacity building; consultancy, training and Research; Financial Assistance for State Food Commission for non-building assets; and Strengthening of Quality Control Mechanism. The Committee are, however, surprised to note that no allocation has been provided in the BE of 2017-18 for the umbrella scheme despite seeking allocation of Rs. 51.33 crore. The Committee are of the view that all the five components under the umbrella scheme are very important for the socio-economic development of the people of the country. The Committee, therefore, strongly recommend the Department to vigorously pursue the matter with the Ministry of Finance to make sufficient allocation of funds for all the five components in the interest of the socio-economic development of the citizens of the country as also to remove the bottlenecks in the effective implementation of all these five components of the scheme.

4.53 The Committee further note that the 'End-to-End Computerization of TPDS Operations' scheme is a Mission Mode Project (MMP) under the National e-Governance programme. Under the scheme, online allocation of foodgrains has been implemented fully in 29 States/UTs, Supply Chain has been computerized in 19 States/UTs, Online grievance redressal mechanism for registration and tracking is now available in 33 States/UTs and Toll free helpline for TPDS has been established in all 36 States/UTs. Though the achievements under the scheme appear very encouraging, the Committee are constrained to note that implementation of online allocation is pending in Arunachal Pradesh, Lakshadweep, Meghalaya, Mizoram and Nagaland due to challenges of network connectivity and power supply issues. Supply Chain automation is also similarly pending in North-Eastern and hilly States except Rajasthan and Uttar Pradesh. Further, seeding of Aadhaar Card Number in Ration Cards in Assam and Meghalaya is NIL while it is only 17% in Bihar, 62% in J&K, 1.28% in Manipur, 11.99% in Mizoram, 6.5% in Nagaland and 73% in Uttar Pradesh. The Committee regret to observe that a lot more work remains to be done on the ground in order to claim a satisfactory progress/achievement in the End-to-End Computerization of TPDS operations in the country. The Committee, therefore, very strongly feel that the Department should continuously focus their attention for completion of the project in all States/UTs of the country in a time bound manner to complete implementation in this fiscal year at least.

CHAPTER V

FOOD CORPORATION OF INDIA (FCI)

The Food Corporation of India (FCI) was set up in 1965 under an Act of Parliament namely the Food Corporation Act, 1964. The primary duty of the Corporation is to undertake purchase, storage movement, transport, distribution and sale of foodgrains. As the principal implementing agency of the food policy of Government of India, the FCI undertakes procurement of foodgrains at the minimum support price to provide remunerative prices to farmers and also to prevent distress sale of their produce. The FCI also maintains a satisfactory level of operational and buffer stocks of foodgrains to ensure national food security. It offers foodgrains to various State Governments for being distributed to consumers through a wide network of fair price shops under the Public Distribution System (PDS), at the Central Issue Price fixed by the Government.

5.2 Since the FCI is established under a special Act of Parliament and does not come under the Companies Act, hence the capital of FCI is in the form of Equity only and is not divided into shares.

(a) Dues and Liabilities of FCI

5.3 The Ministry has informed that the outstanding dues of FCI to be recovered from various Ministries on account of providing foodgrains for various welfare schemes on payment basis during the year 2014-15, 2015-16 and 2016-17 are as under:

“Details of the Outstanding dues of the Food Corporation of India against various Ministries of Government of India(Except CA, F & PD), State Govts. and Other Parties As on 30.11.2016.

S.No.	PARTICULARS	(Rs. In Crore)
1.	Min. of RD(SGRY,SGRY-SC & NFFWP)	2452.96*
2.	Min. of HRD (MDM Scheme)	285.38
3.	Min. of External Affairs(Supply of Food grains to Afganistan/Iraq)	47.99
4.	Other Central organization	67.45
5.	State Government/Agencies	7.39
6.	Other Parties and Cooperative Societies	-
7.	Min. of Defence(A.P.O.)	15.73
	Total	2876.90

*It excludes Rs. 221.99 crore of State Govt. of Chhattisgarh for supplies made by it under Min. of Rural Development scheme which are to be paid directly by Min. of Rural Development.”

5.4 Asked whether any time limit has been fixed within which Ministries are required to make payment of outstanding dues, the Ministry informed that distribution of food grains under various welfare schemes of different Ministries is a continuous process and the dues arriving out of this distribution are reimbursed regularly as per the frequency of the bills preferred by FCI from time to time against various Ministries.

5.5 Regarding the steps taken to liquidate the outstanding dues of FCI over the years, the Ministry informed that at present, there are two major issues of outstanding dues related with the Ministry of Rural Development and Ministry of HRD. The problem of outstanding dues with respect to Ministry of Rural Development has arisen due to non-availability of the bills for which advice of CGA and CCA has been sought. On the advice of O/o CGA and CCA DFPD, vide this Deptt. letter dated 15.07.2016, FCI and Ministry of Rural Development were requested to settle the outstanding dues. To take care of regular dues of FCI towards MDM Scheme, a revolving fund of Rs.400 crore has been maintained by Ministry of HRD. However, there are occurrences when total outstanding exceeds the revolving fund for which regular follow-up is pursued by this Department.

5.6 In response to a query regarding the status of the settlement of outstanding dues between FCI and Ministry of Rural Development, the Department stated that FCI has revised part bills with Ministry of Rural Development. The outstanding amount is yet to be received by the FCI.

5.7 The Committee note with concern that an amount of Rs. 2876.90 crore is outstanding against the Ministry of Rural Development and Ministry of Human Resource Development and others on account of foodgrains provided to them by FCI for various welfare schemes on payment basis. The Committee have been informed that outstanding amount against Ministry of Rural Development as on 30.11.2016 is Rs. 2452.96 crore excluding Rs. 221.99 crore pertaining to the State of Chhattisgarh. The amount outstanding against Ministry of Human Resource Development as on 30.11.2016 is Rs. 285 crore. The problem of outstanding dues with respect to Ministry of Rural Development has arisen due to non-availability of the bills for which advice of CGA and CCA has been sought. On the advice of O/o CGA and CCA DFPD, vide this Deptt. letter dated 15.07.2016, FCI and Ministry of Rural Development were requested to settle the outstanding dues. To take care of regular dues of FCI towards Mid-day-Meal (MDM) Scheme, a revolving fund of Rs.400 crore has been maintained by Ministry of HRD. The Committee have also been informed that FCI has raised part bills with Ministry of HRD. The outstanding amount is yet to be received by FCI. The Committee find that despite various steps taken by the Department of Food and Public Distribution, huge amount is still outstanding for several years. The Committee once again urge the Department/FCI to take necessary steps for the expeditious settlement of outstanding amount with Ministry of Rural Development and Ministry of HRD in a time bound manner to avoid undue burden on an ever increasing food subsidy bill.

(b) Establishment Cost of FCI

5.8 The net expenditure incurred by FCI (including establishment cost) is reimbursed by the Government in the form of food subsidy. The details of establishment cost incurred by FCI for the last three years are as under:-

Amount in Rs. crore

Years	2014-15	2015-16	2016-17 (RE)	2017-18 (BE)
Establishment cost	2034	1749	2584	3127
% Increase / Decrease Over previous year		-14%	48%	21%

5.9 In response to a query regarding the remedial/corrective steps proposed to be taken to keep the establishment cost to its barest minimum, the Ministry stated that the sanction strength of FCI Employee has been reduced and the element of establishment cost is almost at lower stage.

5.10 The Committee in their Tenth Report on Demands for Grants for 2016-17 had earlier opined that meeting the establishment cost of FCI out of food subsidy is erroneous and urged the Department/FCI to devise other means to recoup its establishment cost from the current financial year. The Committee are surprised to note that the Ministry had ignored the Committee's advise in this regard as the BE for the Establishment Cost of FCI has shown an upward trend in 2016-17 i.e. Rs. 2584 crore as compared to the year 2015-16 i.e. Rs. 1749 crore. The Committee, therefore, again urge the Department to take steps not only to bring down the establishment cost of FCI but also to devise other means of meeting the same. They further implore upon the Ministry to desist from disregarding/fail to implement their instant recommendation without any sound reasoning. They desire to be apprised of the concrete steps taken in this direction.

(c) Storage – covered and open alongwith utilization status

5.11 The Committee have been furnished the following statement showing total storage capacity available with the FCI, stocks held therein and capacity utilization during the last three years:-

(fig. in LMT)

Year		COVERED			CAP			GRAND TOTAL
		OWNED	HIRED	TOTAL	OWNED	HIRED	TOTAL	
2013-14	CAPACITY	129.99	219.12	349.11	26.38	7.47	33.85	382.95
	STOCK	85.26	179.32	264.58	9.42	5.54	14.96	279.54
	UTILISATION	66	82	76	36	74	44	73
2014-15	CAPACITY	129.61	217.62	347.23	26.35	3.39	29.74	376.97
	STOCK	75.51	170.19	245.70	7.00	2.50	9.50	255.20
	UTILISATION	58	78	71	27	74	32	68
2015-16	CAPACITY	128.05	203.80	331.85	26.02	0.02	26.04	357.89
	STOCK	79.38	167.70	247.08	0.56	0.03	0.59	247.67
	UTILISATION	62	82	74	2.15	150	2.27	69
2016-17 upto Dec, 16	CAPACITY	128.14	203.30	331.45	26.02	0.18	26.20	357.65
	STOCK	74.13	163.28	237.42	0.86	0.19	1.05	238.47
	UTILISATION	58	80	72	3.3	105	4	67

5.12 Asked about the reasons for not putting owned capacity to maximum utilization during the year 2016-17, the Ministry stated that considering the operational difficulties under which FCI has to operate, Bureau of Industrial Cost & Pricing (BICP) has prescribed the storage capacity utilisation norm of the godowns to be 75 %. However, following are the reasons for less utilization of owned capacities:

- (i) The utilization of hired capacities is given priority as FCI has to pay fixed rentals for hired godowns irrespective of utilization.
- (ii) Some of the FCI owned godowns remain under Zero Physical Verification and stocks are completely issued out to verify shortages etc if any.
- (iii) In order to control high cost of handling in FCI owned depots due to departmental labour , the low cost hired depots are preferred.
- (iv) Non-utilization of FCI owned silos which were constructed in 1960 and 1970 and have become non-operative. 21,000 MT (Mayapuri under Delhi Region), 72,000 MT (Chandari under UP Region), 32,000 MT (Gaya under Bihar Region) and 20,000 MT (Khurja under UP Region).
- (v) Some depots have come within city premises and cannot be utilized effectively.

(vi) Repair and maintenance of FCI own depots.

(vii) Other capacities whichever cannot be put to use or in DCP mode have been rented out or are being considered for renting out.

5.13 When asked whether sufficient storage is available to stock the buffer and operational stock of foodgrains, the Ministry replied that the peak stock requirement of Central Pool foodgrains is about 600 LMT. Against this, the total storage capacity available as on 31.12.2016 with FCI and State Government agencies was 776.23 LMT, comprising covered capacity of 626.06 LMT and CAP capacity of 150.17 LMT. The Central Pool Stock as on 31.12.2016 was 272.22 LMT. Thus the present storage capacity is sufficient to store the buffer and the operational stock of foodgrains.

5.14 In reply to a query regarding rent paid by FCI to each agency for hiring of godowns agency wise, the Committee were informed that the details of the rent paid by the FCI for hiring of godowns are as under:-

(Value in Rs. Lakh)

YEAR	CWC	SWC	Pvt Party	Port Authority	State/ Central Govt.	PEG	Others	Grand Total
2013-14	41735.20	116185.34	15661.15	1991.00	26771.54	0.00	317.19	202661.42
2014-15	36157.09	106732.37	17116.12	2004.24	19685.88	40682.55	387.81	222766.06
2015-16	23,813.05	71,375.88	13,934.69	1,970.67	-	65,461.69	7,878.78	184434.76

The rent paid by FCI to each agency for hiring of godowns for the year 2016-17, based on RE (2016-17) is as under:-

(Value in Rs. Crore)

YEAR	CWC	SWC	Pvt Party	State Govt.	Grand Total
2016-17	318.78	951.99	777.99	36.88	2085.64

5.15 The Committee observe that the capacity utilization of FCI for covered storage capacity owned during the last four years is 58% whereas hired storage was 80% respectively. In case of CAP storage capacity owned and utilization was 33% while hired storage was utilized to an extent of 105%. The Committee are of the view that a more proper planning and management of owned storage capacity utilization could result in saving a good amount of revenue on hiring storage facilities. The Committee, therefore, recommend that Department/FCI should take effective steps to make maximum use of owned storage capacity, before hiring the godowns of private parties and other agencies. They desire that a review/study be made on this aspect to suggest remedial measures to increase capacity utilization of owned storage of FCI vis-à-vis the hired storage.

CHAPTER VI
MANAGEMENT OF SUGAR

India is one of the largest producers of sugar and sugarcane in the world and the sugar industry is the largest agro-based industry located in rural India. About 45 million sugarcane farmers, their dependents and a large mass of agricultural labourers are involved in sugarcane cultivation, harvesting and ancillary activities constituting 7.5 per cent of rural population. Maharashtra and Uttar Pradesh contribute more than 50 percent share in the country's sugar output. India is also the largest consumer of sugar in the world.

(a) Production of Sugar

6.2 Sugarcane production is cyclic in nature; cyclicity arising out of cultivation pattern viz. – both by seed and ratoon. Every 3-4 years of high sugar production are followed by a year or two years of low sugar production. There are early and late maturing varieties. Government of India gives grants in aid to research institutes to work on new and improved varieties. Soft loans are also given to sugar factories to give incentives to sugarcane farmers to switch over to new and improved varieties. The Department has furnished the following statement indicating the estimated carry-over stocks, production, imports, consumption, availability, exports, for last three sugar seasons:-

(Figures in Lakh MT)

Particulars	Sugar season 2014-15	Sugar season 2015-16(P)	Sugar season 2016-17(E)
Carry-over stocks	72.13	90.00	77.10
Production of sugar	284.63	251.21	225.00
Imports	-	-	-
Availability	356.76	341.21	302.10
Consumption /demand	255.00	247.61	255.00
Exports	12.00	16.50	-

(P) – Provisional.

(E) – Estimated and under revision.

6.3 The details of area under sugarcane cultivation during the last three years alongwith percentage increase/decrease in the area are given in the table below:-

Sugar Season	Area under sugarcane Cultivation (Lakhs Hect.)	% Increase/Decrease overpresiding Sugar Season
2014-15	50.67	(+) 0.74
2015-16*	49.53	(-) 1.14
2016-17**	45.17	(-) 4.36

* 4th and **1st Advance Estimates as per Department of Agriculture, Co-operation and Farmers Welfare (DAC).

6.4 Asked about the present rate of Statutory Minimum Price for sugarcane, the Ministry stated that “The Central Government fixes Fair and Remunerative Price (FRP) of sugarcane having regard to the factors mentioned in Clause 3(1) of the Sugarcane (Control) Order, 1966 viz., cost of production of sugarcane; return to the growers from alternative crops and the general trend of prices of agricultural commodities; availability of sugar to consumers at a fair price; price at which sugar produced from sugarcane is sold by sugar producers; recovery of sugar from sugarcane; realization made from sale of by-products viz. molasses, bagasse and press-mud or their imputed values; and reasonable margins for the growers of sugarcane on account of risk and profits. The FRP so fixed is based on the recommendations of the Commission for Agricultural Costs and Prices (CACP) and after consultations with State Governments and other stakeholders. FRP of sugarcane, linked to recovery rate, is uniform throughout the country and not fixed state-wise. Accordingly, FRP for 2016-17 sugar season has been fixed at Rs. 230 per qtl. linked to a basic recovery of 9.5% subject to a premium of Rs.2.42 per qtl for every 0.1 percentage point increase above that level. The FRP of sugarcane payable by sugar factories for each sugar season from 2014-15 and onwards is at tabulated below:-

Sugar Season	FRP (Rs. per quintal)	Basic Recovery Level
2014-15	220.00	9.5%
2015-16	230.00	9.5%
2016-17	230.00	9.5%

6.5 The Committee note that India is one of the largest producers of sugarcane and is also the largest consumer of sugar in the world. The Committee are, therefore, concerned to note that acreage under sugarcane cultivation has been declining over the years from 50.67 lakh hectare in 2014-15 to 45.17 lakh hectare in 2016-17. As a result thereof, sugar production in the country will be less in proportion to the fall in acreage of sugarcane. The Committee, therefore, urge the Department to make earnest efforts to encourage sugarcane farmers to take all possible steps to increase sugar production in the country by devising incentives including timely declaration of Fair and Remunerative Price of Sugarcane so as to meet domestic demand and consumption of sugar and avoid possible imports of sugar.

(b) SUGAR DEVELOPMENT FUND

6.6 The Government provides financial assistance to the sugar factories for various schemes under the SDF. The details of major schemes with budgetary allocation and expenditure made during the past three financial years are as under:-

		(figures in crore)								
Sl. No	Scheme	FY 2014-15			FY 2015-16			FY 2016-17		
		BE	RE	AE	BE	RE	AE	BE	RE	AE
1	Rehabilitation/ Modernisation	150.00	200.00	200.00	150.00	150.00	146.60	150.00	160.15	141.68
2	Cane Development	75.00	72.93	72.93	75.00	30.74	21.67	75.00	11.30	0.00
3	Cogeneration power project	200.00	46.45	46.45	200.00	200.00	95.78	200.00	230.00	164.18
4	Anhydrous alcohol or Ethanol from Alcohol	75.00	77.07	77.07	75.00	76.83	38.64	125.00	90.50	21.26
	Total	500.00	396.45	396.45	500.00	457.57	302.69	550.00	491.95	327.12

The allocated amount under RE 2016-17 is likely to be disbursed keeping in view the present status of proposals in hand.

Besides the above major schemes disbursement is also made from the SDF for various schemes. The amount of Recoveries made during the last three financial years is as under:

Recovery (in Cr)	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17 (up to 31.12.2016)
		₹ 597.16	₹ 604.97	₹ 597.57

6.7 Under the Sugar Development Fund Act, the fund has to be utilized by the Government of India for the following.

- (i) Making loans for facilitating the rehabilitation and modernization of any factory or any unit thereof; including to a potentially viable sugar undertaking.
- (ii) Making loans for undertaking any scheme for development of sugarcane in the area in which any sugar factory is situated, including to a potentially viable sugar undertaking.
- (iii) Making grants for the purpose of carrying out any research project aimed at the promotion and development of any aspect of Sugar Industry.
- (iv) Defraying expenditure to a sugar factory on internal transport and freight charges on export shipment of sugar with a view to promoting its export.
- (v) Making loans to any sugar factory having an installed capacity of 2500 TCD or higher to implement a project of bagasse-based co-generation of power.

- (vi) Making loans to any sugar factory having installed capacity of 2500 TCD or higher for production of anhydrous alcohol or ethanol from alcohol or molasses with a view to improving its viability.
- (vii) Defraying expenditure to a sugar factory for the purpose of building up and maintenance of buffer stock with a view to stabilizing price of sugar.
- (viii) Defraying expenditure for the purpose of financial assistance to sugar factories towards interest on loans given in terms of any scheme approved by the Central Government from time to time.
- (ix) Defraying any other expenditure for the purpose of the Act.

6.8 On being enquired regarding sick sugar units in the country and how many sugar units were either closed down or given financial help for revival, the Ministry stated that the main reasons for sickness of the sugar mills are non-availability of adequate raw material, poor recovery from sugarcane, uneconomic size, lack of modernization, up-gradation and diversification, high cost of working capital, declaration of high State Advised Price (SAP) of sugarcane by some States, control of molasses, lack of professional management, overstaffing etc. During 2015-16 sugar season, out of 722 installed sugar mills in the country, 204 sugar units had not operated due to various reasons including financial crunches, non availability of raw material and obsolete Plant & Machinery etc. During current sugar season 2016-17, so far only 477 sugar mills (as on 08.02.2017) were in operation.

A statement indicating the State-wise number of sick sugar mills, as furnished by the National Bank for Agriculture and Rural Development (NABARD) and Board for Financial Reconstruction (BIFR) is as under:-

STATE-WISE, SECTOR-WISE DETAILS OF SICK SUGAR MILLS

State	No. of sick sugar mills in private and public sector as provided by the BIFR*	No. sick sugar mills in cooperative sector and provided by the NABARD**	Total
PUNJAB	-	7	7
HARYANA	-	6	6
MAHARASHTRA	4	62	66
UTTAR PRADESH	13	-	13
UTTARAKHAND	-	7	7
TAMIL NADU	2	-	2
KARNATAKA	3	14	17
GUJARAT	-	1	1
BIHAR	1	-	1
ANDHRA	3	8	11

PRADESH			
MADHYA PRADESH	-	2	2
ODISHA	-	2	2
GOA	-	1	1
ALL INDIA	26	110	136

*Out of 26 sugar mills, 12 mills has been declared as sick units by the BIFR and remaining 14 case pending determination of sickness and yet to be heard, a intimated by the BIFR vide letter dated 03.03.2016

**The Sugar Mills with negative net-worth as intimated by the NABARD vide letter dated 11.12.2014

6.9 The Committee note that BE for the year 2016-17 under Sugar Development Fund was Rs. 550 crores and it was reduced to Rs. 491.95 crore at RE stage and the Actual Expenditure was only Rs. 327.12 crore. According to the Sugar Development Fund (SDF) Act, the fund has to be utilized for the purpose of loans for the rehabilitation and modernization of any sugar factory, undertaking any scheme for development of sugarcane, carry out any research project for promotion and development of sugar industry, defraying expenditure to a sugar factory on internal transport and freight charges etc. The Committee further observe that there are about 136 Sick Sugar Units in the country that could avail loan from the SDF for their revival and modernization. Considering this, the Committee fail to understand how the Department could not fully utilize even the Revised Estimate of Rs. 491.95 crore that was reduced from the BE of Rs. 550 crore in the year 2016-17. The Committee, therefore, strongly recommend the Department to fruitfully utilize the 2017-18 BE allocation under the SDF with a view to not only revive the Sick Sugar Mills in the country but also to ensure maintenance of buffer stock to stabilize the price of sugar and defray all other expenditure provided for under the provisions of the SDF Act.

(c) CANE PRICE ARREARS

6.10 The Sugarcane (Control) Order, 1966, contains the necessary provisions for action against defaulting sugar mills and the powers in this regard are delegated and vested with the State Governments concerned who have the necessary field formations. The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable. The powers for enforcing this provision are vested with the State Governments/UT Administrations. Further, the Central Government advises the State Governments/UTs from time to time to ensure timely payment of cane dues to the farmers and to take action against the defaulting sugar mills.

A scheme was notified on 23.06.2015 to provide soft loan to sugar mills to facilitate clearance of cane price arrears of sugar season 2014-15. A sum of Rs. 4213 cores has been disbursed under the scheme. Interest subvention during moratorium period of one year has been borne by the Government. The loan amount was directly credited by the banks in the farmer's accounts against their cane dues. In case, the mills did not have any dues, funds were credited to the sugar mills. As on 31.12.2016, an amount of Rs. 388 crores has been released to the banks for subvention of interest on soft loan availed by the mills. The scheme has been implemented and closed.

6.11 When enquired about the arrears of the amount to be paid to sugarcane growers by sugar mills for procurement during each of the last three years, the Ministry furnished a statement showing the cane price arrears for the last four sugar seasons which are as follows:-

STATEMENT SHOWING CANE PRICE ARREARS FOR 2016-17,2015-16,2014-15,2013-14 & EARLIER SUGAR SEASONS (position as on 31.01.2017)						
SL. NO.	STATE	CANE PRICE ARREARS 2016-17	CANE PRICE ARREARS 2015-16	CANE PRICE ARREARS FOR 2014-15	CANE PRICE ARREARS FOR 2013-14 & EARLIER	(Rs. in crores)
						TOTAL CANE PRICE ARREARS
1	PUNJAB	321.64	0.00	0.00	0.00	321.64
2	HARYANA	307.75	0.00	0.00	0.00	307.75
3	RAJASTHAN	0.00	0.00	0.00	0.00	0.00
4	UTTAR PRADESH	5304.69	368.11	45.00	108.00	5825.80
5	UTTARAKHAND	284.37	44.54	0.00	25.00	353.91
6	MADHYA PRADESH	207.97	4.04	0.00	13.00	225.01
7	CHHATISGARH	24.14	1.01	0.00	0.00	25.15
8	GUJARAT	455.04	13.78	0.00	13.50	482.32
9	MAHARASHTRA	363.31	69.95	140.00	69.00	642.26
10	BIHAR	238.94	1.82	3.00	39.00	282.76
11	ASSAM	0.00	0.00	0.00	0.00	0.00
12	ANDHRA PRADESH	215.14	22.27	15.50	0.00	252.91
13	KARNATAKA	910.57	27.62	0.00	85.69	1023.88
14	TAMIL NADU	617.47	677.25	277.00	273.30	1845.02
15	KERALA	0.00	0.00	0.00	0.00	0.00
16	ODISHA	35.53	0.00	0.00	3.00	38.53
17	WEST BENGAL	0.00	0.00	1.00	0.00	1.00
18	NAGALAND	0.00	0.00	0.00	0.00	0.00
19	PUDUCHERRY	0.00	8.43	0.00	4.00	12.43
20	GOA	1.59	0.00	0.00	0.00	1.59
21	TELANGANA	114.56	2.45	0.00	0.00	117.01
	TOTAL	9402.71	1241.27	481.50	633.49	11758.97

Note:-Cane Price Arrears on State Advised Price (SAP) Pertaining to 5 State Viz U.P , Uttarakhand, Punjab, Haryana, Tamil Nadu/rest are on Fair Remunerative Price(FRP) basis.

6.12 In order to facilitate sugar mills to clear cane price arrears, Government has taken following measures:-

- i) Provided Incentive for exporting raw sugar in sugar seasons 2013-14 and 2014-15.
- ii) Fixed remunerative prices for supplies of ethanol to OMCs for blending with petrol; waived excise duty on ethanol supplies to OMCs during 2015-16 (till 11.8.2016) and scaled up of blending targets from 5% to 10%.
- iii) Extended loans to sugar mills with interest subvention @ 10% p.a. for one year under Soft Loan Scheme 2015.
- iv) Provided performance based production subsidy @ Rs. 4.50 per quintal to sugar mills to offset the cost of cane.

Due to the steps taken by the Government, cane price arrears were of 2014-15 sugar season accumulated at Rs. 21767 crores in April, 2015, has come down to Rs. 481.50 crores. Further, 99.4% of cane dues(on FRP basis) for 2015-16 has been cleared.

6.13 The Committee note that the Sugarcane (Control) Order, 1966 stipulates payment of cane price arrears within 14 days of supply, failing which interest @ 15% per annum on amount due for the delayed period beyond 14 days is payable. Considering this, the Committee are deeply concerned to note that as on 31.01.2017 huge cane price arrears to the tune of Rs. 11758.97 crore is outstanding since the year 2013-14 onwards, out of which Rs. 9402 crore pertain to sugar season 2016-17 alone. The various steps taken by the Government to clear the cane price arrears such as incentives for exporting raw sugar, remunerative price for supplies of ethanol, interest subvention @ 10% per annum on soft loan etc. appears to have an impact on clearing the cane price arrears. While they note that various incentives etc. are doled out to the sugar mills, yet the sugarcane arrears payable to the farmers are mounting over the years which is a matter of serious concern and in their considered opinion could adversely effect the acreage under sugarcane cultivation in the coming years. The Committee, therefore, strongly urge the Department of Food and Public Distribution to prevail upon the State Governments to take immediate steps to clear all outstanding cane price arrears at the earliest possible so that acreage of cultivation does not dip which might force the Government to resort to imports and avoidable outgo of foreign exchange in future.

NEW DELHI;
March, 2017
Phalguna 1938 (Saka)

J.C. DIVAKAR REDDY,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution.

Annexure - I

PLAN

(Rs. in Crore)

Sl. No.	Name of the Scheme/Project/ Programme	2014-15			2015-16			2016-17			2017-18 (BE) (Tentative)
		BE	RE	AE	BE	RE	AE	BE	RE	AE	
1.	Construction of Godowns by FCI/ State Governments	181	91.8357	91.8322	90	80	79.31	52	52	35.64	60.00
2.	Assistance to Warehousing Development and Regulatory Authority	8	13.81	13.81	30	15	15	18	15	13.06	15.00
3	Strengthening of PDS Operations										
(i)	End to end Computerization of TPDS Operations	128.5	35	33.81	80	60	59.85	75	75.28	51.53 (up to 23.01.2017)	0.00
(ii)	Strengthening of PDS and Capacity Building										
	(a) PDS Training	0.87	0.51	0.258	0.25	0.24	0.20	0.25	0.10	0.0762	0.00
	(b) PDS Evaluation, Monitoring and Research	0.63	0.4343	0.4343	0.90	0.70	0.18606	0.85	0.85	0.3939	0.00
	(c) Financial Assistance to States for Generating Awareness amongst TPDS beneficiaries about their entitlement and redressal mechanism.	1.00	0.56	0.159	0.50	0.46	0.222	0.50	0.50	0.225	0.00
(iii)	Consultancies, Training and Research										
	(a) Consultancies for Research/ monitoring in domestic / global markets for foodgrains	0.40	0.15	0.12561	0.25	0.09	0.0781	0.12	0.12	0.0614	0.00
	(b) e-Governance	1.10	1.50	1.33	0.60	0.76	0.47	0.28	0.35	0.20	0.00

Sl. No.	Name of the Scheme/Project/ Programme	2014-15			2015-16			2016-17			2017-18 (BE) (Tentative)
		BE	RE	AE	BE	RE	AE	BE	RE	AE	
	Sub-Total	1.50	1.65	1.45561	0.85	0.85	0.5481	0.40	0.47	0.2614	0.00
(iv)	Strengthening of Quality Control Mechanism	5.00	3.50	3.26	5.00	3.50	3.26	2.00	1.80	1.42	0.00
(v)	Financial Assistance to States/UTs Food Commission for Non-Building Assets	1.0	0.2	0	2.0	0.75	0	1.0	1.0	0.56	0.00
4.	National Sugar Institute, Kanpur	2.50	2.50	2.3331	2.50	3.50	3.3963	2.50 (Shifted to Non Plan)	2.50 (Shifted to Non Plan)	Shifted to Non Plan	0.00
	TOTAL	330	150	147.35571	212	165	161.97246	150	147	104.1951	75

NON-PLAN

(Rs in crores)

S. No.	Name of the Scheme / Project	F.Y. 2014-15			F.Y. 2015-16			F.Y. 2016-17			BE 2017-18
		BE	RE	AE	BE	RE	AE	BE	RE	AE as on 31.12.2016	
1	2	3	4	5	6	7	8	9	10	11	12
1	Secretariat (3451)	39.87	38.79	37.87	42.22	42.20	40.78	51.85	52.36	40.92	55.16
2	Food Subsidy (including Sugar) (2408)	115000.00	122675.81	117671.16	124419.00	139419.00	139419.00	134834.61	135172.96	127217.44	145338.60
3	Subsidy for Imported Edible Oils for Distribution through States/UTs Government (2408)	0.00	0.00	0.00	0.00	150.00	150.00	567.01	567.01	567.01	0.00
4	Transfer to Sugar Development Fund (2408/6860)	250.00	250.00	250.00	500.00	750.00	750.00	2000.00	1672.00	1100.00	496.00
5	Directorate of Sugar(2408) *	4.90	4.80	4.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Dte. of Vanaspati, Vegetable Oils	2.22	2.29	2.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00

S. No.	Name of the Scheme / Project	F.Y. 2014-15			F.Y. 2015-16			F.Y. 2016-17			BE 2017-18
		BE	RE	AE	BE	RE	AE	BE	RE	AE as on 31.12.2016	
	& Fats (2408) *										
7	Directorate of Sugar & Vegetable Oils (2408) *	0.00	0.00	0.00	7.20	6.50	5.90	8.04	6.33	4.94	6.80
8	Administration of Sugar Development Fund(2408)	20.50	20.48	20.47	20.54	20.54	20.33	20.60	40.45	13.05	26.00
9	National Sugar Institute, Kanpur (2408)	16.88	16.39	15.86	18.13	17.69	16.70	23.99	20.63	14.32	20.80
10	Hindustan Vegetable Oils Corporation (HVOC)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.56	27.56	0.00
11	Central assistance to State/ UTs for meeting expenditure on intra-state movement, handling of foodgrains and FPS dealers margin under	0.00	0.00	0.00	0.00	2.79	2.13	2500.00	2500.00	2200.00	4500.00

S. No.	Name of the Scheme / Project	F.Y. 2014-15			F.Y. 2015-16			F.Y. 2016-17			BE 2017-18
		BE	RE	AE	BE	RE	AE	BE	RE	AE as on 31.12.2016	
	NFSA (Grants-in-aid-General) (2408) #										
12	Grants-in-aid for Development of Sugar Industry (2408)	2.00	0.84	0.75	2.00	0.80	0.08	1.00	0.27	0.27	0.00
13	Departmental Canteen NSI (2408)	0.38	0.39	0.37	0.43	0.40	0.35	0.00	0.00	0.00	0.00
14	Scheme for Extending Financial Assistance to Sugar Undertaking , 2014 (2408)	100.00	703.77	703.77	800.00	800.00	800.00	800.00	642.24	480.56	470.00
15	Reimbursement of internal transport and freight charges to Sugar factories on	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00

S. No.	Name of the Scheme / Project	F.Y. 2014-15			F.Y. 2015-16			F.Y. 2016-17			BE 2017-18
		BE	RE	AE	BE	RE	AE	BE	RE	AE as on 31.12.2016	
	export shipment and payment of other permissible claims(2408)										
16	Subsidy for Maintenance of Buffer Stock of Sugar (2408)	5.00	5.00	4.94	3.00	3.00	3.00	0.00	0.00	0.00	0.00
17	Incentive on Marketing and Promotion Services for Raw Sugar Production (2408)	0.00	200.00	183.87	0.00	200.00	200.00	30.00	41.40	41.40	0.00
18	Interest subvention on scheme for extending soft loan to sugar mills, 2015 (2408)	0.00	0.00	0.00	0.00	202.50	200.99	202.50	198.64	187.11	0.00

S. No.	Name of the Scheme / Project	F.Y. 2014-15			F.Y. 2015-16			F.Y. 2016-17			BE 2017-18
		BE	RE	AE	BE	RE	AE	BE	RE	AE as on 31.12.2016	
19	Production Subsidy to Sugar Mills to offset cost of cane and facilitate timely payment of cane price dues to farmers (2408) #	0.00	0.00	0.00	0.00	0.00	0.00	950.01	600.00	211.93	0.00
20	Other Programmes of Food Storage & Warehousing										
	i) International Cooperation (2408)	0.62	0.60	0.59	0.64	0.61	0.61	0.64	0.61	0.27	0.61
	ii) Indian Grain Storage, Management & Research Institute (2408)	3.82	3.53	3.14	4.12	3.92	3.28	5.07	3.73	2.55	4.02
	iii) Central Grain Analysis Laboratory (2408)	0.02	0.02	0.01	0.02	0.02	0.00	0.05	0.02	0.02	0.02
	iv) Quality Control Cell	8.13	7.38	7.01	8.24	6.87	6.26	8.74	7.35	5.94	7.68

S. No.	Name of the Scheme / Project	F.Y. 2014-15			F.Y. 2015-16			F.Y. 2016-17			BE 2017-18
		BE	RE	AE	BE	RE	AE	BE	RE	AE as on 31.12.2016	
	(2408)										
21	Ways and Means Advance payable to FCI (6408)	10000.00	10000.00	10000.00	10000.00	20000.00	20000.00	10000.00	50000.00	23000.00	50000.00
22	Loans for consumer Industries (6860)										
	i) Loans for Modernization / Rehabilitation of Sugar Mills.	150.00	200.00	200.00	150.00	150.00	146.60	150.00	160.15	85.73	150.00
	ii) Loans to Sugar Mills for Cane Development	75.00	75.00	72.93	75.00	30.74	21.67	75.00	11.30	0.00	25.00
	iii) Loans to Sugar Factories for Bagasse based co-generation Power Projects.	200.00	46.45	46.45	200.00	200.00	95.79	200.00	230.00	129.60	200.00
	iv) Loans for production of anhydrous alcohol or	75.00	75.00	77.07	75.00	76.83	38.64	125.00	90.50	0.00	100.00

S. No.	Name of the Scheme / Project	F.Y. 2014-15			F.Y. 2015-16			F.Y. 2016-17			BE 2017-18
		BE	RE	AE	BE	RE	AE	BE	RE	AE as on 31.12.2016	
	ethanol from alcohol										
	TOTAL	125954.34	134326.54	129303.00	136325.55	162084.41	161922.11	152554.11	192045.51	155330.62	201400.69

New Scheme

* Vide Office Order No. 33/2014 dated 6/8/2014, Directorate of Sugar and Directorate of VVOF have been merged into single entity named as "Directorate of Sugar and Vegetable Oils"

Annexure - II

Statement showing the details of HTS Claims of States/UTs, total amount to be released, reasons for Non-release of HTS

(Amount in Rupees Lakh)

State/UT	Year	Amount claimed	Amount reimbursed	Amount disallowed	Bills returned	Amount pending for less than 6 months	Amount pending for more than 6 months upto 1 year	Amount pending for more than 1 year	Total Amount pending	Reasons for pendency
Mizoram	2013-14	0	0	0	0	0	0	612.27	612.27	Non-availability of proper documents
	2014-15	0	0	0	0	0	0	0	0	
	2015-16	0	0	0	0	0	0	0	0	
	2016-17	0	0	0	0	0	0	0	0	
	Total	0	0	0	0	0	0	612.27	612.27	
Tripura	2013-14	20.25	18.56	1.68	6.23	11.05	0	0	11.05	under process
	2014-15	0	0	0	8.6	21.2	0	0	21.2	
	2015-16	0	0	0	0	0	0	0	0	
	2016-17	0	0	0	0	0	0	0	0	
	Total	20.25	18.56	1.68	14.83	32.25	0	0	32.25	
Meghalaya	2013-14	0	0	0	0	0	0	0	0	There are no claims from the State Government of Meghalaya.
	2014-15	0	0	0	0	0	0	0	0	
	2015-16	0	0	0	0	0	0	0	0	
	2016-17	0	0	0	0	0	0	0	0	
	Total	0	0	0	0	0	0	0	0	
Manipur	2013-14	0	0	0	0	0	0	0	0	Bill were returned due to various shortcomings
	2014-15	531.55	0	531.55	531.55	0	0	0	0	
	2015-16	0	0	0	0	0	0	0	0	
	2016-17	283.41	0	283.41	283.41	0	0	0	0	
	Total	814.96	0	814.96	814.96	0	0	0	0	
Nagaland	2013-14	23.5068	0	0	0	0	0	0	0	Bill has been received on 20.12.2016 and is under process.

	2014-15	0	0	0	0	0	0	0	0	
	2015-16	0	0	0	0	0	0	0	0	No claims submitted.
	2016-17	0	0	0	0	0	0	0	0	
	Total	23.5068	0	0	0	0	0	0	0	
Arunachal Pradesh	2013-14	2048.12	0	0	0	2048.12	0	0	2048.12	Shortcoming has been noticed in the bill viz recommendations made by Saumitra Choudhury committee and intructions issued from time to time
	2014-15	1421.65	0	0	0	1421.65	0	0	1421.65	
	2015-16	0	0	0	0	0	0	0	0	
	2016-17	0	0	0	0	0	0	0	0	
	Total	3469.77	0	0	0	3469.77	0	0	3469.77	
Himachal Pradesh	2013-14	729.68	377.33	67.11	216.18	69.06	0.00	0.00	69.06	Bills of Rs.28.96 lakh has been resubmitted by St. Agencies.
	2014-15	896.19	92.85	41.11	532.04	230.19	0.00	0.00	230.19	Rs.33.51 lakh bills have been resubmitted by St. Agencies during the month and Rs.40.00 lakh bills are under process
	2015-16	171.34	20.32	0.89	102.46	28.02	19.64	0.00	47.66	Bills of Rs.37.83 have been resubmitted by St. agencies and Rs.19.64 bills are at its final stage
	2016-17	3.31	0.00	0.00	0.00	0.00	3.31	0.00	3.31	Clarification, regarding payment of enroute PDCs, has been sought from the Ministry.
	Total	1800.52	490.50	109.11	850.68	327.27	22.95	0.00	350.22	
Jammu and Kashmir	2013-14	0	0	0	0	0	0	0	0	No claims
	2014-15	0	0	0	0	0	0	0	0	
	2015-16	0	0	0	0	0	0	0	0	
	2016-17	0	0	0	0	0	0	0	0	
	Total	0	0	0	0	0	0	0	0	
Sikkim	2013-14	173.32	113.25	60.07	0.00	0.00	0.00	0.00	0.00	No pending
	2014-15	189.98	160.45	29.53	0.00	0.00	0.00	0.00	0.00	No pending

	2015-16	170.63	119.29	51.35	0.00	0.00	0.00	0.00	0.00	No pending
	2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	No claims
	Total	533.93	392.99	140.95	0.00	0.00	0.00	0.00	0.00	Claims for the year 2015-16 has been settled upto Dec 2015 and no claims received since Jan 2016
Lakshadweep	2013-14	14.95	0	2.36	12.59	0	0	0	0	Bill returned due to lack of supporting documents
	2014-15	0	0	0	0	0	0	0	0	
	2015-16	0	0	0	0	0	0	0	0	
	2016-17	0	0	0	0	0	0	0	0	
	Total	14.95	0	2.36	12.59	0	0	0	0	
A&N Islands	There are no claims of HTS as FCI is directly delivering wheat and rice under PDCs through a private liner.									
Grand Total		<u>6677.89</u>	<u>902.05</u>	<u>1069.06</u>	<u>1693.06</u>	<u>3829.29</u>	<u>22.95</u>	<u>612.27</u>	<u>4464.51</u>	

APPENDIX I

MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2016-17) HELD ON FRIDAY, 17 FEBRUARY, 2017

The Committee sat from 1100 hrs. to 1200 hrs. in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri J.C. Divakar Reddy, MP - Chairperson

Members

Lok Sabha

2. Shri R.K.Bharathimohan
3. Shri Babu Lal Choudhary
4. Shri Bhagwant Khuba
5. Dr. Swami Sakshi Maharaj
6. Shri Sunil Kumar Mondal
7. Shri Bholu Singh

Rajya Sabha

8. Shri Shadi Lal Batra
9. Shri Vinay Katiyar
10. Dr. K.Keshva Rao

SECRETARIAT

1. Shri Lovekesh Kumar Sharma - Director
2. Shri Khakhai Zou - Additional Director

Witnesses

Sl No.	Name	Designation
Department of Food & Public Distribution		
1.	Ms. Preeti Sudan	Secretary
2.	Shri Nikhilesh Jha	AS & FA
3.	Ms. Rachna Chopra	Principal Adviser Cost
4.	Shri T.K.Manoj Kumar	Joint Secretary (Impex & IC)
5.	Shri Prashant Trivedi	Joint Secretary (Policy & FCI)
6.	Shri Deepak Kumar	Joint Secretary (PD)
7.	Shri Subhasish Panda	Joint Secretary (Sugar & Admn.)
8.	Shri Suresh Kumar Vashishth	Joint Secretary (Storage & PG)
9.	Shri Nilambuj Sharan	Economic Advisor
10.	Shri Gautam Talukdar	CCA
11.	Shri G.S. Sahu	Dir (S&VO)
12.	Shri R.K.Pandey	Dir. (Finance)
Food Corporation of India		
13.	Shri Yogendra Tripathi	CMD, FCI
14.	Shri Ravinder Pal Singh	ED {(T)/S&C}
15.	Shri S.P.Kar	ED (IA)
16.	Shri B.S.Mohapatra	ED (Finance)
17.	Shri Abhishek Singh	ED (IT/Engg.)
Central Warehousing Corporation		
18.	Shri Harpreet Singh	MD, CWC
19.	Shri K.U. Tankachen	MD, CRWC
Warehousing Development Regulatory Authority		
20.	Shri G. C. Chaturvedi	Chairman, WDRA
21.	Ms. Veena Kumari	JS, WDRA

2. At the outset, the Chairperson welcomed the members of the Committee and apprised them that the sitting had been convened to take oral evidence of the representatives of Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in connection with examination of the Demands for Grants (2016-17).

[Witnesses were then called in]

3. The Chairperson then welcomed the representatives of the Department of Food and Public Distribution to the sitting and apprised them about Direction 55 (1) of the Directions by the Speaker regarding confidentiality of the proceedings. Thereafter, Members expressed their inability to go through the material due to delay in submission of written replies to the List of Points by the

Department. The Secretary, Department of Food and Public Distribution apologized for the same. Thereafter, the representatives of Department of Food and Public Distribution with prior permission of Chairperson made a short power point presentation highlighting major provisions of Demands for Grants (2017-18) of the Department of Food and Public Distribution.

4. The Committee, thereafter, unanimously decided to postpone the sitting to some other date.

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

APPENDIX II

MINUTES OF THE TENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2016-17) HELD ON THURSDAY, 23 FEBRUARY, 2017

The Committee sat from 1430 hrs. to 1545 hrs. in Committee Room No. 62, First Floor, Parliament House, New Delhi.

PRESENT

Shri J.C. Divakar Reddy, MP - Chairperson

Members

Lok Sabha

11. Shri R.K. Bharathimohan
12. Shri Babu Lal Choudhary
13. Shri Dharmendra Kumar
14. Smt. Sakuntala Laguri
15. Dr. Swami Sakshiji Maharaj
16. Shri Sunil Kumar Mondal
17. Shri Ram Chander Paswan
18. Shri Bhola Singh

Rajya Sabha

19. Shri Shadi Lal Batra
20. Smt. M.C.Mary Kom
21. Dr. K.Keshva Rao

SECRETARIAT

1. Shri Lovekesh Kumar Sharma - Director
2. Shri Khakhai Zou - Additional Director

WITNESSES

Sl No.	Name	Designation
Department of Food & Public Distribution		
1.	Ms. Preeti Sudan	Secretary
2.	Shri Nikhilesh Jha	AS & FA
3.	Ms. Rachna Chopra	Principal Adviser Cost
4.	Shri T.K.Manoj Kumar	Joint Secretary (Impex & IC)
5.	Shri Prashant Trivedi	Joint Secretary (Policy & FCI)
<u>6.</u>	Shri Deepak Kumar	Joint Secretary (PD)
<u>7.</u>	Shri Subhasish Panda	Joint Secretary (Sugar & Admn.)
<u>8.</u>	Shri Suresh Kumar Vashishth	Joint Secretary (Storage & PG)
<u>9.</u>	Shri Nilambuj Sharan	Economic Advisor
<u>10.</u>	Shri Gautam Talukdar	CCA
<u>11.</u>	Shri G.S. Sahu	Dir (S&VO)
<u>12.</u>	Shri R.K.Pandey	Dir. (Finance)
<u>13.</u>	Shri Dinesh Kumar Gupta	Dir. (PD)
Food Corporation of India		
14.	Shri Yogendra Tripathi	CMD, FCI
15.	Shri Ravinder Pal Singh	ED {(T)/S&C}
16.	Shri S.P.Kar	ED (IA)
17.	Shri B.S.Mohapatra	ED (Finance)
18.	Shri Abhishek Singh	ED (IT/Engg.)
19.	Shri R.K.Chaturvedi	ED (Sales)
20.	Ms. Seema Kakar	ED (QC)
21.	Shri Subash Zadoo	ED (P&R)
Central Warehousing Corporation		
22.	Shri Harpreet Singh	MD, CWC

23.	Shri V.R. Gupta	Director (Finance)
24.	Shri S. C. Mudgerikar	Director (M&CP)
25.	Shri K.U. Tankachen	MD, CRWC
Warehousing Development Regulatory Authority		
26	Shri G. C. Chaturvedi	Chairman, WDRA
27.	Ms. Veena Kumari	JS, WDRA
28.	Shri B. B.Pattanaik	Member

2. At the outset, the Chairperson welcomed the members of the Committee and apprised them that the sitting had been convened to take oral evidence of the representatives of Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in connection with examination of the Demands for Grants (2017-18).

[Witnesses were then called in]

3. The Chairperson then welcomed the representatives of the Department of Food and Public Distribution to the sitting and apprised them about Direction 55 (1) of the Directions by the Speaker regarding confidentiality of the proceedings. Thereafter, the representatives of Department of Food and Public Distribution with prior permission of Chairperson made a power point presentation highlighting major provisions of Demands for Grants (2017-18) of the Department of Food and Public Distribution which, inter-alia, included mandate of the Department, significant reform initiatives of the budgeting process such as doing away with the plan/non-plan distinction etc., detailed Demands for Grants (2017-18), Food Subsidy to FCI, Food Subsidy to DCP States,, NFSA – Assistance for Intra-State Transportation, Sugar subsidy to States for PDS, Sugar Development Fund (SDF), Strengthening of PDS operations, Storage & Godowns (Focus on NER), Central Sector Scheme – Revenue and Capital (BE, RE and Actual Expenditure for financial year 2016-17 and BE 2017-18), position of Central Pool Stock, Food Subsidy Arrears etc. The queries raised by the Chairperson and the Members on the various issues

during the course of discussions were responded to by the representatives of the Department.

4. The Hon'ble Chairperson then thanked the Secretary and other representatives of the Department of Food and Public Distribution for their free and frank discussions.

[Witnesses then withdrew]

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

APPENDIX III

MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2016-17) HELD ON FRIDAY, 17 MARCH, 2017

The Committee sat from 1000 hrs. to 1030 hrs. in Committee Room 'E', Basement, Parliament House Annexe, New Delhi.

PRESENT

Dr.K. Keshva Rao - Acting Chairperson

Members

Lok Sabha

2. Shri R. K. Bharathimohan
3. Shri Babu Lal Choudhary
4. Shri Sanjay Haribhau Jadhav
5. Shri Dinesh Kashyap
6. Dr. Swami Sakshiji Maharaj
7. Shri Sunil Kumar Mondal
8. Shri C. S. Putta Raju
9. Smt. Priyanka Singh Rawat
10. Shri Bhola Singh
11. Shri Sukhbir Singh Jaunapuriya

Rajya Sabha

12. Shri Shadi Lal Batra
13. Shri Ripun Bora
14. Shri Amar Shankar Sable

SECRETARIAT

1. Shri P.V.L.N. Murthy - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director

2. In the absence of Chairperson, the Committee chose Dr. K. Keshva Rao, MP (RS) to act as Chairperson for the sitting in terms of the provisions of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha. Thereafter, the Acting Chairperson welcomed the Members to the sitting of the Committee and apprised them that the sitting had been convened for consideration and adoption of the Draft Reports on Demands for Grants (2017-18) relating to the (i) Department of Food and Public Distribution, and (ii) Department of Consumer Affairs under the Ministry of Consumer Affairs, Food and Public Distribution.

3. Thereafter the Committee took up for consideration the Draft Reports :-

(i) The Demands for Grants (2017-18) of the Department of Food & Public Distribution. After brief discussion, the Committee adopted the Draft Report without any amendments/modifications.

(ii) The Demands for Grants (2016-17) of the Department of Consumer Affairs. After brief discussion, the Committee adopted the Draft Report without any amendments/modifications.

4. The Committee then authorized the Acting Chairperson to finalize the aforesaid Draft Reports in the light of factual verifications from concerned Departments and present the same to Parliament in the current Session of Parliament.

The Committee then adjourned.
