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SALE AND DISTRIBUTION OF IMPORTED PULSES

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eighty-second Report (15th Lok Sabha)]

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

PUBLIC ACCOUNTS COMMITTEE 2014-2015

TWELFTH REPORT

SIXTEENTH LOK SABHA

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

TWELFTH REPORT

PUBLIC ACCOUNTS COMMITTEE
(2014-2015)

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MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

*Presented to Lok Sabha on:*18.12.2014
Laid in Rajya Sabha on: 18.12.2014

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LOK SABHA SECRETARIAT
NEW DELHI

December, 2014/*Agrahayana,* 1936 *(Saka)*

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(2014-15)

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* Elected *w.e.f.* 3rd December, 2014 *vice* Shri Rajiv Pratap Rudy who has been appointed as Minister *w.e.f.* 9th November, 2014.

† Elected *w.e.f.* 3rd December, 2014 *vice* Shri Jayant Sinha who has been appointed as Minister *w.e.f.* 9th November, 2014.

†† Elected *w.e.f.* 3rd December, 2014 *vice* Dr. M. Thambidurai who has been chosen as Hon'ble Deputy Speaker, Lok Sabha and has since resigned from the membership of the Committee.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2014-15), having been authorised by the Committee, do present this Twelfth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eighty-second Report (Fifteenth Lok Sabha) on **'Sale and Distribution of Imported Pulses'** relating to Ministry of Consumer Affairs, Food and Public Distribution.

2. The Eighty-second Report was presented to Lok Sabha/laid in Rajya Sabha on 30th April, 2013. Replies of the Government to the Observations/Recommendations contained in the Report were received on 18th June, 2014. The Public Accounts Committee considered and adopted the Twelfth Report at their sitting held on 9th December, 2014. Minutes of the sitting are given at Appendix-I.

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

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor-General of India.

5. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the Eighty-second Report (Fifteenth Lok Sabha) is given at Appendix-II.

NEW DELHI;
17 *December*, 2014
26 *Agrahayana*, 1936 (*Saka*)

PROF. K.V. THOMAS
Chairperson,
Public Accounts Committee.

CHAPTER I

This Report of the Public Accounts Committee deals with Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eighty-second Report (Fifteenth Lok Sabha) on **'Sale and Distribution of Imported Pulses'** based on C&AG Report No. 26 of 2011 Union Government (Civil) Performance Audit relating to the Ministry of Consumer Affairs, Food and Public Distribution.

2. The Eighty-second Report (Fifteenth Lok Sabha) was presented to the Lok Sabha and laid in Rajya Sabha on 30th April 2013. The Report contained 12 Observations/ Recommendations. Action Taken Notes have been received from the Ministry of Consumer Affairs, Food and Public Distribution and these have been categorized as under:

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

Recommendation Para Nos. 1-9 & 12

Total 10
Chapter-II

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

-NIL-

Total: Nil
Chapter-III

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

Recommendation Para Nos. 10 and 11

Total: 02
Chapter-IV

(iv) Observations/Recommendations in respect of which the Government have furnished interim replies:

-NIL-

Total: Nil
Chapter-V

3. The Action Taken Notes furnished by the Ministry of Consumer Affairs, Food and Public Distribution on the Observations/Recommendations of the Committee contained in their Eighty-second Report (Fifteenth Lok Sabha) have been reproduced

in the relevant Chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the Action Taken by the Government on some of their Observations/ Recommendations made in the original Report which either need comment or reiteration.

I. FORMULATION OF PROPER PRICE SUPPORT SCHEME

Recommendation (Para No. 3)

4. The Committee in their Original Report had noted that the Government had data of Planning Commission which showed that there was persistent shortfall in production of pulses which was met through import by Government agencies and private parties. However, observing that the efforts to fill the gap by the imports had obviously not made any changes in the retail prices of pulses and in view of the fact that the specific programmes support and schemes did not increase production of pulses to the level of self-sufficiency, the Committee were of the considered view that the Government should formulate a long term policy to meet the demand for pulses in the country mindful of the fact that shortage of pulses in India, being the largest producer and consumer of pulses, had a bearing on the prices in world market and had recommended the Government to explore the possibility of maintaining buffer stock of pulses as is maintained for wheat, sugar, rice etc. Further, the Committee had desired that if import of pulses becomes unavoidable, it should be done well in advance keeping in view the prices of pulses in the international market and the tendency of future trading, hoarding and undue profiteering by unscrupulous traders.

5. In their Action Taken Note the Ministry have stated as under:—

"As a long-term policy to meet the demand for pulses in the country, the Government had laid thrust on increasing production and productivity, as indicated against the above para. These measures are intended to ensure that the country attains self-sufficiency in pulses production. As of now, there is no proposal of the Government to explore the possibility of maintaining buffer stock of pulses as is maintained for wheat, rice, etc. However, the Department of Agriculture and Cooperation implements the Price Support Schemes (PSS) for procurement of pulses through designated agencies for the implementation of Minimum Support Price (MSP) declared by the Government. These agencies are required to procure pulses under the PSS as and when prices fall below the MSP and release the same into the market later as per market situation. The scheme for import of pulses have since been discontinued. However, the recommendation shall be kept in view if at any stage proposal is considered for import of pulses."

6. The Committee note that though the Government have a long term policy for increasing production of pulses the country has not attained self sufficiency in pulses. The Committee therefore, desire the Ministry to formulate a new long term policy for increasing the production of pulses as the previous policy had failed to yield the intended results. The Committee also note that it is a hard fact that there is a tendency of black marketing, hoarding etc. leading to shortage of pulses in the country. The Committee deprecate the approach of the Ministry in brushing aside the recommendation of the Committee for maintaining buffer stock of pulses as is maintained for wheat, sugar, rice etc. The Committee therefore, reiterate its earlier

recommendations of maintaining buffer stocks of pulses after careful assessment of its economic implication, in order to curb malpractices and also recommend the Ministry to keep a watch on prices and shortage of pulses and plan in advance for import, if necessary.

II. PLUGGING LOOPHOLES IN THE REMEDIAL ACTS

Recommendations (Para No. 4)

7. The Committee in their Report had found that there was a substantial and widening gap between wholesale and retain prices of arhar, masur, moong and urad dal for the period from 2006-11. Further, despite efforts made by the Government to increase availability of pulses in the market through import of pulses, the retail prices of pulses in the market could not be controlled which indicated that the efforts were flawed as the Government failed to monitor/control the retail prices of pulses in the domestic market which the Department of Consumer Affairs (DCA) had stated that it was because of decline in productivity due to drought, processing of raw pulses to make it worth consumable which added to its cost, transport cost in addition to the forward stickiness found in retail prices. Surprisingly, despite the claim of DCA that they monitored on daily basis, the wholesale prices as well as retail prices from 52 centres, the pulses were in severe scarcity leading to steep price escalation. The Committee deplored that despite the tall-claim of monitoring, as well as intervention in the market, the prices of pulses could not be effectively controlled by the Government and had recommended that the MoCA, F&PD to strengthen and streamline their monitoring mechanism with real-time feedback and stringent penal provisions against erring intermediaries to increase the availability of pulses and control/contain the prices of pulses in the market in future.

8. The Ministry in their Action Taken Note has stated as under:

> "The imports under the said scheme formed only a small portion of the total availability of pulses in the country, to exercise a substantial control over prices. There are two Acts in operation to protect the consumers from exploitation by unscrupulous traders, *viz*. the Essential Commodities Act, 1955 and the Prevention of Black-Marketing and Maintenance of Supplies of Essential Commodities Act, 1980. State Governments have a major role in checking prices of essential commodities by curbing malpractices, profiteering and hoarding through a set of administrative and regulatory measures. All the State Governments have been advised from time to time to make appropriate use of both these Acts. The monitoring of prices by the Price Monitoring cell in Department of Consumer Affairs is being further strengthened with the addition of more number of reporting centres to get the data more representative. The number of such centres has since been increased from 52-57. Several centres are reporting prices online and the remaining centres are being encouraged to be online so that price reporting and monitoring is on real time basis."

9. The Committee note that State Governments have a major role in checking prices of essential commodities by curbing malpractices such as hoarding, blackmarketing, profiteering etc. through a set of administrative and regulatory Acts and that the Ministry has issued advisories from time to time for appropriate

action under the Essential Commodities Act, 1955 and the Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980. The Committee, however, find that despite the efforts made by the DCA and the State Governments, availability and prices of pulses could not be effectively controlled and therefore, the Committee had recommended the Ministry to strengthen and streamline the monitoring mechanism and introduce stringent penal provisions. The Committee note from the reply of the Ministry that it has been simply issuing advisories to the State Governments and have neither cared to examine the gaps in the existing Acts nor streamlined the existing mechanism. The Committee therefore, recommend the Ministry to take steps in consultation with Ministry of Law to plug the loopholes and incorporate stringent penalty provisions in both the Acts to prevent black marketing, hoarding etc. The Committee also recommend the Ministry to issue timely advisories and obtain follow up action to ensure meticulous reporting of prices and stringent monitoring coupled with periodical intervention.

III. FIXING ACCOUNTABILITY

Recommendations (Para No. 10)

10. The Committee in their Report had noted that another scheme was launched by the Government of India in November 2008 for import of four lakh MT of pulses through MMTC, NAFED, PEC and STC at a subsidy not exceeding ₹ 10 per kg. the total subsidy being ₹ 400 crore. Imports were to be undertaken based on State Governments' requirements and distributed through PDS primarily to BPL families, at the rate of 1 kg. of pulses per family per month. The concerned State Governments had to certify that the pulses were sold in the PDS and not in the open market while claiming the subsidy reimbursement. The Department of Consumer Affairs had approached State Governments to seek imported pulses for distribution. However, only 13 States availabled the benefit to the scheme and the proposal to hike the subsidy to attract more States did not get favour of policy makers probably for fear of bigger financial burden. The scheme was in operation till 30th June 2012. The Committee had demanded explanation to their satisfaction for the continuation of the earlier scheme even after implementing the new scheme, particularly in view of the fact that the earlier scheme was a failure and a wastrel and observed that the scheme was flawed from the beginning as the real stakeholders/implementing agencies, that is, the State Governments/Agencies were not consulted before finalizing the scheme. Moreover, the Committee felt that ₹ 10 subsidy for 1 kg. pulses for a month was grossly inadequate for the BPL families as is evident from the response of the State Governments. The Committee had asked the Ministry to apprise the action taken to fix responsibility for sheer waste of public money on such an ill-conceived scheme.

11. The Ministry in their Action Taken Note have stated as under:—

"The scheme for import of pulses under the 15 per cent. dispension was operated for increasing the indigenous availability of pulses and thereby contain rise in prices of pulses. The other scheme had a greater focus towards the BPL population. The 15 per cent. scheme was periodically reviewed keeping in view the production and availability of pulses, its demand-supply mismatch, price levels, etc. and extension was given. In the review meeting taken by EGOM on 22.03.2011, it was decided to discontinue it after 31.03.2011. The scheme for distribution of subsidized imported pulses through State Governments was aimed to increase overall domestic availability of pulses and ensure food security to the BPL families. It was discussed with State Governments in the Food Secretaries meeting that was held on 23.04.2008 wherein the State Governments were requested to give their views on whether they would like to distribute pulses imported by PSUs such as STC, MMTC, PEC and NAFED, through the PDS. The feedback on the scheme was obtained from the States in a meeting taken by the Secretary (Consumer Affairs) with the State Food Secretaries on 28.10.2010. Representatives of the 18 State Governments who were present in the meeting supported continuation of the scheme. After discontinuation of the Scheme was subsidy of ₹ 10/kg. a new version of the scheme was operated from January-March, 2013. Under this Scheme, the amount of subsidy was doubled to ₹ 20/kg. In view of the uncertain international scenario prevalent during 2009 and the need to stabilize domestic prices of pulses, it may be stated that the import of pulses under the scheme of 15 per cent. dispensation and the distribution of imported pulses through State Governments, along with other measures that were taken, had a controlling effect on prices of pulses, overall domestic availability of pulses and to ensure food security to the BPL families. This was the intent of implementing the schemes, and accordingly, there was no flawed implementation of the schemes or sheer waste of public money, and fixing responsibility does not seem to be required."

12. The Ministry further stated that:—

"The experience of PDS Scheme with subsidy of ₹ 10 per kg. was duly kept in view while launching a new version of the same during January-March 2013. For any future launch of such scheme also, these will be taken into consideration."

13. The Committee note that the scheme for the distribution of imported pulses through State Governments increased the domestic availability of pulses and ensured pulses/food security to the BPL families to some extent. The Committee are not convinced with the reply of the Ministry and feel that the other scheme with 15 per cent. dispensation was flawed from the beginning as the State Governments/ Agencies were not consulted before finalizing the same and it was eventually discontinued on 31.03.2011, lasting only for about 5 years. Nevertheless, the Committee find that the said scheme continued till 31.03.2011 even after the commencement of the new scheme for distribution of ₹ 10/Kg. subsizied imported pulses through the State Governments from November 2008 till June 2012. The Committee, therefore, reiterate their earlier recommendation to fix responsibility for sheer waste of public money on continuing such an ill-conceived scheme and which envisaged 15 per cent. subsidy even after implementing the ₹ 10/kg. subsidy scheme.

IV. INSTITUTIONAL MECHANISM FOR SCIENTIFIC ANALYSIS OF PRODUCTION AND DEMAND OF PULSES

Recommendations (Para No. 11)

14. The Committee in their Report had noted that the MoCA, F&PD did not have any structured mechanism to assess the requirement of pulses in the country as they depended solely on the estimated demand of pulses as assessed by the Planning Commission. In fact, there was no well-designated agency to assess the requirement of pulses among other agriculture products in the country. Further, the Committee were distressed to note that during implementation of the scheme for imported pulses failure of MoCA, F&PO to work out the detailed channels of distribution of imported pulses, of course through the existing agencies/mechanism available and to increase the availability of pulses in the domestic market was visible as the prices in retail market did not come down despite their import. The Committee had noted that after the pulses import fiasco, the DCA was planning to get a study conducted on the demand for pulses and their consumption pattern. The Committee had recommend that an institutional mechanism within/under the Department of Consumer Affairs be created to collect, collate and analyse the actual demand month-wise/product-wise/District, State-wise, in real time database, so as to have scientific data basis about the production and demand of pulses each year.

15. The Ministry in their Action Taken Note have submitted as under:—

"The Department of Consumer Affairs has got the plan to conduct a study on the demand/consumption pattern of pulses in the country. Currently, the requirement or availability of pulses is arrived at as the indigenous production plus imports minus the limited exports. However, there is no institutional arrangement to collect, collate and analyse the actual demand month-wise/product-wise/District, State-wise, in real time database, so as to have scientific data basis about the production and demand of pulses each year. However, advance estimates of production are made by the Department of Agriculture and Cooperation, for the country as whole and State-wise, which are accessed to by the Department of Consumer Affairs for analysis of the pulses scenario."

16. The Ministry further stated that the modalities for carrying out the survey was still under consideration.

17. The Committee are constrained to note that the Ministry is yet to formulate the modalities to carry out the survey to study the demand/consumption pattern of pulses in the country, despite their assurance. Further, the Committee had recommended the Ministry to devise an institutional mechanism within the department of Consumer Affairs to collect, collate and analyse the actual demand month-wise/product-wise/district, State-wise in order to have scientific data basis about the production and demand of pulses each year. However, as per the Action Taken Note furnished by the Ministry although advance estimates of production are made by the Ministry of Agriculture, Department of Cooperation for the country, it is silent about formulation of a proper institutional mechanism under the Department itself in order to have a scientific basis regarding the production and demand of pulses each year.

The Committee are anguished at such callous attitude of the Ministry and feel that an institutional mechanism as well as proper study would be of immense help in enhancing the pulses/food security of the nation. The Committee, therefore, reiterate their earlier recommendation that an institutional mechanism should be put in place to have a scientific analysis of the production and demand of pulses each year. Moreover, the Committee also desire the Ministry to conduct the study on the demand for pulses and consumption pattern and apprise the Committee within six months of the presentation of this report.

NEW DELHI;	PROF. K.V. THOMAS
17*th December,* 2014	*Chairperson,*
26 *Agrahayana,* 1936 *(Saka)*	*Public Accounts Committee.*

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation/Recommendation

The Committee are deeply concerned that despite the fact that India is the largest producer and consumer of pulses in the world, there were gaps between demand (159-192 lakh metric tonne) and production of pulses in the country in the range of 10 to 50 lakh MT during 2002-03 to 2010-11. Further, despite import by Private importers since a long time, the demands for pulses could not be fully met. To bridge this gap, the Government of India introduced two schemes, first in 2006 and the second in 2008, after observing results of an *ad-hoc* measure, for import and distribution of pulses through four agencies (NAFED, MMTC, PEC and STC) in order to facilitate the availability of pulses and to stabilize prices. In the first scheme introduced in May, 2006, the agencies were to import pulses on Government account, subject to reimbursement of losses, if any, up to 15 per cent. of the landed cost by the Government. The other scheme introduced in November, 2008, envisaged import of four lakh MT of pulses for distribution to BPL households through the Public Distribution System at an overall subsidy of ₹ 10/- kg. The Ministry of Consumer Affairs, Food and Public Distribution (MoCA, F&PD) [Department of Consumer Affairs (DCA)] was the nodal Ministry for implementation of the scheme. The Ministry of Commerce and Industry was to coordinate the import arrangements. Based on the current review of the schemes by the C&AG through test check of the records of the Ministries and the Corporate/Branch offices of the importing agencies, namely MMTC, NAFED, PEC and STC, the examination of the subject by the Committee makes starting revelations with respect o serious deficiencies in the design of the scheme, and its implementation as discussed in the succeeding paragraphs.

[Para 1 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

The required Action Taken Notes (ATNs) are given in the succeeding ATNs of Paras 2—12.

Audit Vetting Comments

No comments.

Department's Response

No comments.

Sd/-
(DR. K.G. RADHAKRISHNAN)
Economic Adviser
[Ministry/Department of Consumer Affairs, O.M. No. 3(1)/2014-PMC/Pulses, dated the 18.06.2014]

Observation/Recommendation

The Committee note that DCA depends on Planning Commission estimation of demand and supply for pulses. The annual domestic production of pulses increased from 84 lakh MT in 1950-51 to 143 lakh MT in 1990-91 but remained in the range of 111 to 149 lakh MT over the last decade, except during the year 2010-11 when it reached 181 lakh MT. On the other side, the demand for pulses increased from 159 lakh in 2002-03 to 192 lakh MT in 2006-07, which dropped suddenly to 168 lakh MT in 2007-08 and increased to 191 lakh MT in 2010-11. Thus, this period was marked by a gap between demand and production ranging from 10 to 50 lakh MT. The demand in 2016-17, as per Twelfth Plan, is likely to be 22 million tonnes and supply will range from 18-21 million tonnes, hence pulses will continued to be in short supply. This shortfall was to be met by import with policy of zero per cent duty and also on account of ban on export of pulses. However, the per capita availability of pulses decreased to 37 grams per day in 2009 which was 69 grams in 1950. The Government has been promoting the production of pulses through various crop development schemes like National Food Security Mission on Pulses (NFSM Pulses), Integrated scheme of oil seeds, pulses, oil palm and maize (150 POM) and integrated development of 60,000 pulses villagers in Rain fed areas under RKVY in major pulses growing states. However, the data based on MSPs of wheat and Urad shows that the differences in the gross earning per hectare between growing Urad and wheat was still so large that it was far more lucrative for the farmers to grow wheat. The Committee, taking note of the various steps taken by the Government to encourage farmers to grow more pulses by way of providing good quality seeds, introduction of new and advanced techniques to increase production of pulses, are far from satisfied. The Committee are, of the considered view that unless the MSP is increased enough to an attractive level, keeping in view the MSP of other agricultural produces, the farmers will not venture to grow more pulses. Having regard to the fact that India is the biggest pulse consumer of the world being the protein giving nutritional diet of the people, the Committee recommend that the Government, after necessary inter-ministerial consultation, evolve a suitable mechanism for periodic increase in the MSP of pulses, institute measures for increasing the quality and quantity of pulses through suitable incentives, research and extension and apprise the Committee in due course.

[Para 2 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

In the last few years, there has been a conscious effort on the part of Government to improve the return to farmers growing pulses by substantially increasing the MSPs of pulses. Between 2007-08 and 2011-12, the MSPs of pulses have been increased in the range of 64.7% in case of masur (lentil) to 106.4% in case of Arhar (tur). During this period, area under pulses has increased by 3.5% and production by 17.1%. The MSPs of both Kharif and Rabi pulses for 2012-13 season have been furthered increased, which will give an effective price support to the farmers and incentivize them to produce more of pulses. During the same period, 2007-08 to 2012-13, the MSP of other items such as cereals, *viz*., paddy, wheat and coarse cereals such as jowar, bajra, ragi, maize and barley were increased only in the range of 33% to 63%. Thus, pulses were imparted a substantial boost in terms of increase in MSP. The statement showing the MSP of pulses and other crops fixed by Government for the last 5 years are given below in Table A.

Table A: Statement showing Minimum Support Prices Fixed by Government for different commodities

Commodity	2009-10	2010-11	2011-12	2012-13	2013-14
Paddy Common	1000$	1000	1080	1250	1310
Jowar-Hybrid	840	880	980	1500	1500
Jowar-Maldandi	860	900	1000	1520	1520
Bajra	840	880	980	1175	1310
Ragi	915	965	1050	1500	1500
Maize	840	880	980	1175	1310
Tur	2300	3000	3200	3850	4300
Moong	2760	3170	3500	4400	4500
Urad	2520	2900	3300	4300	4300
Wheat	1080	1100	1120&	1285	1350
Barley	680	750	780	980	980
Gram	1730	1760	2100	2800	3000
Masur	1870	1870	2250	2800	2900

Source: Department of Agriculture & Cooperation

$: 50 Rs. Incentive Bonus for paddy procurement during 2009-10

&: 50 Rs. Incentive Bonus for wheat procurement during 2011-12

Also, in order to increase production of pulses, Government has been implementing several Crop Development Schemes/Programmes such as National Food Security Mission-Pulses (NFSM-Pulses), Rashtriya Krishi Vikas Yojana (RKVY), Macro Management of Agriculture (MMA) and Integrated Scheme of Oilseeds, Pulses, Oil Palm & Maize (ISOPOM). National Food Security Mission has been strengthened from 1.4.2010 with the merger of pulses component of ISOPOM. In addition, a new programme "Accelerated Pulses Production Programme (A3P)" has been started under NFSM since 2010-11 to take up active propagation of key technologies in the form of block demonstrations for improving productivity of pulses. Further, a Special Plan to achieve more than 19 million tonnes of pulse production during 2012-13 has also been initiated. Research institutes like ICAR, IIPR, SAUs besides ICARDA and ICRISAT are making efforts to evolve better varieties of pulses.

Production of pulses increased significantly in 2010-11 to 18.24 million MT as compared to 14.66 million MT in the previous year. In 2011-12, there was a decline in production to 17.09 million MT, but as per the 4th Advance Estimates for 2012-13, pulses production is estimated to be 18.45 million MT. There has also been an improvement in the yield of pulses over the period 2005-06 to 2012-13, from 596 kgs. per hectare to 737 kgs. per hectare.

Audit Vetting Comments

As the Ministry has initiated remedial measures in compliance with recommendation of PAC. We have no further comment to offer.

Department's Response

No comments.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser.
[Ministry/Department of Consumer Affairs, O.M. No. 3(1)/2014-PMC/Pulses, dated the 17.02.2014]

Observation/Recommendation

The Committee note that the Government has data of Planning Commission which shows that three is persistent shortfall in production of pulse which is met through import by Government agencies and private parties. However, observing that the efforts to fill the gap by the imports have obviously not made any changes in the retail prices of pulses and in view of the fact that the specific programmes, support and schemes have not increased production of pulses to the level of self-sufficiency, the Committee are of the considered view that the Government should formulate a long term policy to meet the demand for pulses in the country mindful of the fact that shortage of pulses in India, being the largest producer and consumer of pulse, has a bearing on the prices in world market. The Committee also recommend that Government explore the possibility of maintaining buffer stock of pulses as is maintained for wheat, sugar, rice etc. Further, if import of pulses becomes unavoidable, it should be done well in advance keeping in view the prices of pulses in the international market and the tendency of future trading, hoarding and undue profiteering by unscrupulous traders.

[Para 3 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

As a long-term policy to meet the demand for pulses in the country, the Government has laid thrust on increasing production and productivity, as indicated against the above para. These measures are intended to ensure that the country attains self-sufficiency in pulses production.

As of now, there is no proposal of the Government to explore the possibility of maintaining buffer stock of pulses as is maintained for wheat, rice, etc. However, the Department of Agriculture and Cooperation implements the Price Support Schemes (PSS) for procurement of pulses through designated agencies for the implementation of Minimum Support Price (MSP) declared by the Government. These agencies are required to procure pulses under the PSS as and when prices fall below the MSP and release the same into the market later as per market situation.

The schemes for import of pulses have since been discontinued. However, the recommendation shall be kept in view if at any stage proposal is considered for import of pulses.

Audit Vetting Comments

The Ministry stated that the schemes for import of pulses have since been discontinued. However, the recommendation has been noted by the Ministry and will be kept in view if at any stage proposal is considered for import of pulses. We have no further comments to offer.

Department's Response

No comments.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser.

[Ministry/Department of Consumer Affairs, O.M. No. 3(1)/2014-PMC/Pulses, dated the 17.02.2014]

Observation/Recommendation

The Committee find that there was a substantial and widening gap between wholesale and retail prices of arhar, masur, moong, and urad dal for the period from 2006-11. The retail prices of pulses increased at a much faster rate than the corresponding wholesale prices. further, despite efforts made by the Government to increase availability of pulses in the market through import of pulses, the retail prices of pulses in the market could not be controlled which indicate that the efforts were flawed as the Government failed to monitor/control the retail prices of pulses in the domestic market. Evidently, the market was under the control of private traders which resulted in steep escalation in the prices of pulses leading to public outcry. according to DCA this was because of decline in productivity due to drought, processing of raw pulses to make it worth consumable which adds to its cost, transport cost in addition to the downward stickiness found in retail prices. Surprisingly, despite the claim of DCA that they monitor, on daily basis, the wholesale prices as well as retail prices of 27 essential items including pulses from 52 centers, the pulses were in severe scarcity leading to steep price escalation making the much needed 'dal' unaffordable to the common man. The Committee deplore that despite the tall-claim of monitoring, as well as intervention in the market, the prices of pulses could not be effectively controlled by the Government and recommend that the MoCA, F & PD strengthen and streamline their monitoring mechanism with real-time feedback and stringent penal provisions against erring intermediaries to increase the availability of pulses and control/contain the prices of pulses in the market in future.

[Para 4 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

The imports under the said schemes formed only a small portion of the total availability of pulses in the country, to exercise a substantial control over prices. There are two Acts in operation to protect the consumers from exploitation by unscrupulous traders, *viz.,* The Essential Commodities Act, 1955 and the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980.

State Governments have a major role in checking prices of essential commodities by curbing malpractices, profiteering and hoarding through a set of administrative and regulatory measures. All the State Governments have been advised from time to time to make appropriate use of both these Acts. The monitoring of prices by the Price Monitoring Cell in Department of Consumer Affairs is being further strengthened with the addition of more number of reporting centres to get the data more representative. The number of such centres has since been increased from 52 to 57. Several centres are reporting prices online and the remaining centres are being encouraged to be online so that price reporting and monitoring is on real time basis.

Audit Vetting Comments

Since the Ministry have been taken the corrective measures and advised the State Governments to make appropriate use of regulations, the monitoring mechanism has been strengthened. Thus, we have no further comments to offer.

Department's Response

No comments.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser.

[Ministry/Department of Consumer Affairs, O.M. No. 3(1)/2014-PMC/Pulses, dated the 17.02.2014]

Observation/Recommendation

The Committee note that apart from shortfall in import and disposal there were delay in clearance of imported pulses from the port by the importing agencies, which affected the availability of pulses in the market apart from adversely impacting their prices. It also resulted in avoidable expenditure of Rs. 42.71 crore as detention and demurrage charges during the period 2006-11. The Department of Commerce and the importing agencies have claimed that certain delays were beyond their control *viz*. delay in clearance at ports, local holiday/strike and difficulty in locating warehouses at major ports, infrastructure at the ports etc. The local plant quarantine authorities (especially at Kolkata port) and health authority mainly delayed the clearances which resulted in increased port charges, storage and demurrage charges. The importing agencies also delayed completion of formalities at ports as Audit has pointed out. The agencies, however, denied any failure on their part stating that such operational delays are normal and inherent with such trading operations which occur in other commodities as well. But the Committee find it abundantly clear that the agencies did not bother to consider such 'inherent' operational delays in import and incorporate them in scheduling of imports to ensure 'timely' imports. Further, they failed to bring the delays on various counts, to the immediate notice of the Department of Commerce with a view to surmounting the hurdles. The Committee hope that the Department of Commerce and Department of Consumer Affairs become wiser after causing so much avoidable public misery and outcry due to their apparent complicity and prophylactic and preventive action on their part. The Committee would like to be apprised of any new procedures or mechanism evolved/designed to obviate such a recurrence.

[Para 5 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

As reported by the Department of Commerce, certain systems were put in place and operationlized to reduce delays. Simultaneous tenders/buying by all PSUs was avoided in order to avoid bunching of vessels which led to a reduced availability of warehouses for pulses storage and hence increased the clearance time of pulses from ports. The contract terms and conditions were made stricter and exporters were asked to present the shipping documents much before the expected arrival of the vessel and in all cases of delay from their side, detention/demurrage expenditure was recovered from them. Imports were minimized through ports where expenditure due to delay in clearance of consignments was maximum due to the inordinate time taken by the statutory authorities like PHO/PPQ in particular ports. Lifting period offered to the buyers was reduced to a maximum of 90 days beyond which strict action was taken on them for non-lifting by recovering heavy carrying costs and invoking their EMDs.

Even as these systematic changes have been absorbed by the importing agencies, it is pertinent to point out that the scheme has been discontinued since 31st March, 2011. Even if such a scheme is re-introduced in future, the streamline mechanism will be put into effect.

Audit Vetting Comments

The Ministry have also taken the view of Department of Commerce which operationalised various systems to reduce delays.

If further stated that the scheme has been discontinued since 31st March, 2011. Even if such a scheme is reintroduced in future, the streamline mechanism will be put into effect. Hence, no further comment.

Department's Response

No comments.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser.

[Ministry/Department of Consumer Affairs, O.M. No. 3(1)/2014-PMC/Pulses, dated the 17.02.2014]

Observation/Recommendation

The Committee note that the Government decided in June 2008 that the imported pulses would be distributed by NAFED through the network of Kendriya Bhandars, State Civil Supplies Corporations/Departments and other appropriate channels identified by the Departments of Food and Public Distribution. The Audit found that MoCA, F & PD failed to identify appropriate channels for distribution and the imported pulses were sold by the importing agencies in the open market through tendering process. However, according to DCA the Audit observation is limited to the contingency plan under which the imports made by NAFED were to be disposed of before the August, 2006 but due to poor responses from State Governments NAFED could not do so. Further, the 15% subsidy scheme came into operation following the decision taken by CoS in their meeting held on 1.12.2006 with the basic objective of increasing the availability of pulses in the domestic market. The import of pulses was not on Government account. The DCA, therefore, did not give any specific guidelines on the distribution of the pulses. Notably, the Department had no field machinery for distribution of essential commodities including pulses. The Committee are appalled to note the callous reply given by Department of Consumer Affairs that they do not have field machinery to distribute pulses, a fact that the Committee are well aware of the Department, being the entity that was bestowed upon with the responsibility of monitoring the import and distribution, ought to have acted with foresight and in close concert with the Governmental Agencies responsible for distribution. The Committee deplore the utter lack of synergy and effective coordination between the various agencies of the Government that resulted in private players jacking up the prices of pulses and unduly benefiting from the subsidized exports causing avoidable hardship and financial distress to the common people. The Committee would like to be apprised of the mechanism instituted by the Government to ward off such a situation in future.

[Para 6 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

The scheme for import of pulses under the 15% dispensation has since been discontinued after 31.03.2011. Under the scheme for distribution of pulses through PDS that was in force from 2008 till 30.06.2012, measures were taken to ensure that the imported pulses reached the intended target group. Similarly, in the new version of the PDS Scheme with a subsidy of ₹ 20/- per kg. that was in force from January to March, 2013, the States/UTs were required to directly enter into contract with importing agencies for supply of imported pulses to be distributed under PDS. State/UT Governments were to monitor and ensure that the distribution strategy enables the subsidy benefit to reach the targeted population and certify that the pulses received by them under the scheme from importing agencies have been distributed to BPL card holders. There is at present no scheme under consideration of Government for import of pulses.

Audit Vetting Comments

The Ministry has apprised of the mechanism instituted by it to ensure that subsidy benefit would reach the targeted population. The scheme for import of pulses since been discontinued after March, 2011. Hence, no further comments to offer.

Department's Response

No comments.

Sd/-
(Dr. K.G. RADHAKRISHNAN)
Economic Adviser.

[Ministry/Department of Consumer Affairs, O.M. No. 3(1)/2014-PMC/Pulses, dated the 17.02.2014]

Observation/Recommendation

The Committee note that tender conditions especially those of high minimum bid quantities (2000-1000 MT) and corresponding EMD, ensured that only large private buyers could submit bids and restricted the channels of distribution and kept most of the smaller parties out of the race of tender process. This is axiomatic from the fact that 73 per cent of pulses were sold to four large buyers as pointed out by Audit. As the prices offered by the bidders were substantially lower than the import prices it also indicate towards the formation of cartel in purchases of imported pulses leading to lower sales realization, DCA denied such an inference and submitted that the Audit findings were based on sample and not full details which shows that 55 per cent of the total 351 parties were smaller parties who bid for purchase. The Department of Commerce further submitted that the PSUs were implementing a Government directive and the losses incurred by them in pursuance thereof were attributable to factors which were largely beyond their control. The Committee, however, feel that despite bids given by large and small buyers for purchase of imported pulses, the fact that remains that the availability of pulses in the domestic market could not be ensured which resulted in steep rise in prices of pulse causing avoidable misery and hardship to the people. In their considered view the whole issue needs examination by the CVC. The Committee further desire the Department of Consumer Affairs to conduct a detailed study on the prices at which the imported pulse were sold to the private buyers and the retail prices of such pulses in the market, taking into account the rate of retails sale of such pulses that were sold before the retails sale of the imported pulses and submit a report within four months from the date of presentation of this Report to the Parliament.

[Para 7 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

Small traders generally do not participate in PSU sale tenders because they buy only in smaller lots on credit basis and rely on brokers. However, to facilitate wider participation in the tender process, PSUs brought down the bid quantities and the EMD amount primarily to discourage non-serious buyers and to ensure that smaller lots were not sold at higher prices. In case of yellow peas, disposal in small lots was not possible as import parcel for yellow peas (in bulk vessels) is between 25,000-50,000 MT.

Keeping in view the facts and circumstances of the matter and the clarifications already furnished, an examination by the CVC does not seem to be required.

The details study on the prices at which the imported pulse were sold to the private buyers and the retail prices of such pulses in the market, taking into account the rate of retails sale of such pulses that were sold before the retail sale of the imported pulses has already been submitted to the Committee, *vide* this Department's OM No. 3(2)/2001- PMC/Pulses, dated the 30th August, 2013.

Audit Vetting Comments

The Ministry has enumerated the circumstances under which it did not feel for an examination by the CVC.

However, a detailed study on the prices at which the imported pulse were sold to the private buyers, has been submitted to the PAC on 30.08.2013. The PAC may kindly like to consider on the basis of this study as to whether there is any scope left for an examination by the CVC.

Department's Response

It is reiterated that keeping in view the facts and circumstances of the matter and the clarifications already furnished, an examination by the CVC does not seem to be required.

On the detailed study on the prices submitted *vide* this Department's OM No. 3(2)/2011-PMC/Pulses, dated the 30th August, 2013, the Department's response on the Audit Vetting Comments are also enclosed herewith.

Sd/-
(Dr. K.G. Radhakrishnan),
Economic Advisor.

[Ministry/Department of Consumer Affairs O.M. No. 3(1)2014-PMC/Pulses, dated 21.02.2014]

Action Taken by Department of Consumer Affairs

Regarding the detailed study on the prices at which imported pulses were sold to the private buyers and the retail prices of such pulses in the market and other related details, the requisite details were solicited from the designated agencies who had imported pulses with regard to the prices at which the imported pulses were sold to the private buyers. For retail prices of pulses, the data/information available with the Price Monitoring Cell (PMC) of the Department were utilized. Accordingly, the position is stated as follows:—

The import of pulses as referred to in Para 7 of the PAC Report was made by the 4 designated agencies, namely, NAFED, PEC, STC and MMTC during 2006-07 to 2010-11, as per the scheme for import of pulses under which the designated agencies imported pulses with a reimbursement of losses upto 15% of landed cost plus 1.2% of the CIF value as service charges. India has been a net importer of pulses due to a mismatch between domestic supply and demand. Domestic availability of pulses, given by production plus imports minus exports, since 2005-06, is shown in Table AA.

Table AA: Availability of Pulses (2005-06 to 2012-13) (in Million Tonnes)

Year	Area (in million hectare)	Production	Imports	Exports	Availability
2005-06	22.36	13.39	1.70	0.47	14.62
2006-07	23.19	14.20	2.27	0.25	16.22
2007-08	23.63	14.76	2.84	0.16	17.44
2008-09	22.09	14.57	2.48	0.14	16.91
2009-10	23.28	14.66	3.51	0.09	18.08
2010-11	26.41	18.24	2.69	0.20	20.73
2011-12	24.46	17.09	3.37	0.17	20.29
2012-13	23.86**	17.58**	3.50^	0.16^	20.92

Note:** 2nd Advance Estimates 2012-13; ^ April, 12 - February, 13 (*Source*: DAC, DGCIS)

Demand for pulses has been consistently higher than the domestic production as indicated below. There are no formal estimates of demand for pulses in the country. However, the Working Group on 'Crop Husbandry, Agricultural Inputs, Demand and Supply

Projections and Agricultural Statistics' constituted by the Planning Commission for the Eleventh Plan (2007—2012), had made the following projections for demand of pulses.

Year	Demand for Pulses (in Million Tonnes)
2007-08	16.77
2008-09	17.51
2009-10	18.29
2010-11	19.08
2011-12	19.91

To meet the demand-supply mismatch, India imports around 2.5 to 3 million tonnes of pulses each year. The details of import of pulses during 2005-06 to 2011-12 are given in the Table AC.

Table AC: Imports of Pulses (2005-06 to 2011-12) (in lakh tonnes)

Year	Imports of Pulses
2005-06	18.70
2006-07	24.91
2007-08	28.35
2008-09	24.82
2009-10	35.10
2010-11	26.90
2011-12 (Apr.-Dec.)*	24.07

Note:*—Provisional; *Source*: *DGCIS*

Import of Pulses under the 15% Dispensation

Under this scheme, to augment the domestic availability of pulses, the 4 designated agencies were authorized to import annually 1.5 million tonnes of pulses, comprising 0.75 million tonnes of yellow peas and dun peas and 0.75 million tonnes other pulses.

During December, 2006 and March, 2011 designated agencies imported pulses and supplied in the domestic market and claimed reimbursement of losses from this Department. Agencies have supplied approximately 21.12 lakh tonnes of imported pulses (Table-1) during 2006-07 to 2010-11.

Table 1: Agency-wise and year-wise supply of imported Pulses (Tonnes)

Year	PEC	MMTC	STC	NAFED	Total
2006-07				55184.8	55184.8
2007-08				239467	239467
2008-09	351296	86323.5	180446	67860.8	685746.3
2009-10	277169	147194	173434	158693	756490
2010-11	179505	58321.7	115218	22058.3	375103
Total	807970	291839	469097	543084	2111990

Source: CAB Reports

During 2006-07, NAFED disposed off in the open market 48,675 MTs of Urad and Moong at average sale prices (Rs./PMT) of 34,170/- and 27,800/- respectively. And, during 2007-08 to 2010-11, NAFED also imported pulses in GoI account under the 15% Scheme and the same was supplied in the open market by adopting tender process, sale procedure of NAFED and through NSEL, Mumbai. The imported pulses were disposed off in the open market at the various Regional Branches of NAFED, namely, Mumbai, Tuticorin, Lucknow, Jaipur, Hyderabad, Bhubaneshwar, Lawrence Road, Kolkata, Indore, Delhi and Chennai by selling to private parties.

At its Mumbai Branch, NAFED disposed off in the open market 4865.28 Metric Tonnes of Imported Urad during 2007-08 at price range between Rs. 8/- kg. to Rs. 26.5/- kg. The Mumbai Branch also sold 2054.345 MTs of Tur Whole during 2008-09 at price range between Rs. 22.21/kg. to Rs. 24.25/kg. further, during 2009-10 and 2010-11, NAFED Mumbai disposed off in the open market 51108.542 MTs and 73.795 MTs of Yellow Peas respectively at price range between Rs. 7.610/kg. to Rs. 16.250/kg. And, the Mumbai Branch also supplied 1814.295 MTs of Moong Dal at price range between Rs. 52/kg to Rs. 67/kg during 2010-11.

At its Tuticorin Branch, NAFED supplied in the open market 52571.53 MTs of Yellow Peas (Imported) during 2007-11 at prices between Rs. 13/kg. to Rs. 17/kg. During 2008-11, NAFED Hyderabad sold in the open market 38,461.1902 MTs of Yellow Peas (Imported) at prices between Rs. 1.5/kg. to Rs. 17.35/kg. At its Bhubaneshwar Branch, NAFED supplied in the open market 1881.87 MTs of Yellow Peas (Imported) at prices between Rs. 17.50/kg. to Rs. 18.00/kg. 55274.50 MTs of Yellow Peas (Imported) were also sold during 2008-11 by NAFED at its Kolkata Branch at price range between Rs. 4.211/kg to Rs. 18.51/kg. Through its Chennai Branch, NAFED also sold about 115719.90 MTs of Urad at prices between Rs. 19.80/kg. to Rs. 51.25/kg. during 2007 to 2011.

MMTC imported various types of pulses for sale in the domestic market during 2008 to 2011 under the 15% Scheme. The pulses were sold domestically through Regional Offices of MMTC, *i.e*., Kolkata, Mumbai, Delhi, Visakhapatnam, Chennai in different lots to various parties. MMTC Regional Office, Chennai sold in the open market 14343.07 MTs of Urad SQ at average sale price of Rs. 27.92 during 2008-09. It also disposed 4053.205 MTs of Dun Peas and 2060.755 MTs of Urad during 2009-10 at average sale prices of Rs. 16.91/kg. and Rs. 26.69 respectively. Further, it supplied 2695.515 MTs of Urad, 1718.315 MTs of Moong Pokako and 8689.49 MTs of Moong Pediseva at average sale prices of Rs. 56.55/kg. Rs. 63.23/kg. and Rs. 50.10/kg. respectively during 2010-11.

During 2008-10, MMTC Regional Office Kolkata sold 22283.03 MTs of Yellow Peas at prices between Rs. 13.54 to Rs. 29.38/kg. It also disposed off 3704.901 MTs of Chick Peas during 2008-09 at price range between Rs. 23.11/kg to Rs. 23.60/kg. Further, it sold 2140.92 MTs of Red Lentils during 2010-11 at prices between Rs. 29.81 to Rs. 37.78 (per kg). MMTC also sold 13117.86 MTs of Yellow Peas during 2007 to 2011 through its Vishakhapatnam Branch at average sale prices between Rs. 13.24/kg. to Rs. 16.72/kg.

PEC imported pulses under the 15% reimbursement scheme and sold to various parties through tenders. During 2007 to 2009, PEC sold Toor at various locations at prices between Rs. 6.5/kg. to Rs. 30.90/kg. during 2007 to 2009. During 2009 to 2011, PEC sold Chick Peas at price range between Rs. 18.62/kg. to Rs. 29.61/kg. and Yellow Peas at prices between Rs. 10.64/kg. to Rs. 40.62/kg. at various locations. It also disposed off Yellow Peas on Ex-Vessel Basis during 2007 to 2011 at prices between Rs. 14.15/kg. to Rs. 19.21/kg. Variety of pulses were also sold by PEC through e-Auction, Daily Trade and NSEL Trades during 2010-11.

During 2007 to 2011, STC also imported pulses under the 15% Scheme and the pulses imported were disposed off in the open market through its Regional Branches at Mumbai, Kolkata and Chennai. The pulses imported under the 15% scheme were sold to various parties through tenders.

During 2007-08, STC Kolkata Branch sold variety of pulses, namely, 3287 MTs of Lemon Tur @ Rs. 21.25/kg. and Rs. 23.76/kg. 1000 MTs of Green Moong @ Rs. 23.61/kg. etc. During 2008-09, STC Mumbai Branch sold 72660 MTs of Yellow Peas at price range between Rs. 14.22/kg. to Rs. 15.59/kg. STC Chennai sold during 2008-09, 3194 MTs of Urad at prices @ Rs. 40.67/kg. and Rs. 48.56/kg. 598MTs of Green Moong at prices @ Rs. 43.79/kg. and Rs. 40.11/kg; and 2100 MTs of Lemon Tur @ Rs. 34.11/kg. Further, STC Mumbai Branch also sold 7000 MTs of Red Lentils at prices between Rs. 23.12/kg. to Rs. 25.10/kg during 2010-11.

Retail prices of pulses in the market, taking into account the rate of retail sale of such pulses that were sold before the retail sale of the imported pulses

During 2005, the monthly average retail prices of Gram Dal increased from Rs. 21.95 per kg in January to Rs. 27.09 per kg in December. This was followed by a sharp increase during 2006, from Rs. 26.96 per kg (January) to Rs. 40.60 per kg (December). From 2007 to 2010, the prices were featured by fluctuations, but without any major increase. However, the prices again registered increase during 2011, from Rs. 35.60 per kg (January) to Rs. 49.52 per kg (December). This increase continued during 2012, from Rs. 49.19 per kg (January) to Rs. 64.94 (December). The details of Monthly Average Retail Prices of Gram Dal are given below at Table A.

Table A: Monthly Average Retail Prices of Gram Dal

Month Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2005	21.95	21.88	21.79	21.99	22.09	22.24	23.46	24.71	24.84	25.12	26.25	27.09
2006	26.96	26.68	27.11	28.08	29.94	31.7	31.61	32.38	36.69	40.87	41.25	40.60
2007	38.92	37.17	34.28	34.38	33.69	33.33	33.6	33.6	33.61	33.56	33.79	33.69
2008	33.27	33.22	35.47	36.39	35.5	34.92	35.32	35.85	36.34	36.19	35.36	34.78
2009	34.28	34.23	33.81	33.77	34.8	37.13	36.98	35.45	35.62	36.12	35.62	36.12
2010	36	34.65	31.64	32.26	32.46	31.95	32.04	33.05	32.86	32.92	34.19	35
2011	35.6	36.89	36.56	36.12	35.84	36.36	38.35	39.77	43.7	48.34	49.11	49.52
2012	49.19	49.2	49.97	50.96	53.88	56.36	60.98	66	66.65	66	65.9	64.94
2013	62.44	60.49	57.65									

Source: State Civil Supplies Deptt.

In the case of Tur/Arhar daal, the retail prices remained as more or less stable except for fluctuations during the years 2005 and 2006. During 2007 to 2009, the monthly average retail prices considerably increased. It increased from Rs. 32.48 per kg (January) to Rs. 41.03 (December) during 2007, from Rs. 40.21 (January) to Rs. 45.73 (December) during 2008 and from Rs. 45.59 (January) to Rs. 76.73 (December) during 2009. However, there was decline during 2010, from Rs. 75.3 (January) to Rs. 60.03 (December). The lower prices continued during 2011. However, during 2012, the prices began to rise, from Rs. 61.36 (January) to Rs. 69.02 (December). The details are given below in Table C.

Table C: Monthly Average Retail Prices of Tur/Arhar Dal

Month Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2005	30.64	29.78	29.31	28.98	28.85	29.65	30.46	30.83	30.8	30.95	31.13	30.96
2006	30.42	30.13	30.44	31.68	32.31	32.36	31.94	32.29	33	33.39	32.97	32.65
2007	32.48	34.56	34.9	35.74	36.19	36.61	37.57	38	38.32	38.62	40.1	41.03
2008	40.21	39.4	40.1	40.27	40.79	40.95	41.98	43.84	44.47	45.6	46.29	45.73
2009	45.59	47.09	47.68	49.58	52.52	54.48	61.58	70.16	71.95	73.12	75.99	76.73
2010	75.3	70.22	62.86	65.75	66.49	66.69	65.09	63.47	61.89	62.06	61.32	60.03
2011	60.17	64.38	63.95	63.43	62.74	61.74	60.66	60.32	60.81	62.22	62.36	62.03
2012	61.36	61.15	60.82	60.59	61.74	63.08	65.63	69.99	71.15	70.09	69.45	69.02
2013	67.98	67.17	67.07									

Source: State Civil Supplies Deptt.

In respect of Urad Dal, there was an increase in monthly average retail prices during 2006, but this was followed by decline during 2007, from Rs. 51.64 per kg (January) to Rs. 42.51 per kg (December). The lower level of prices remained during the year 2008. But in the year 2009, there was an uptrend in prices, from Rs. 42.49 per kg (January) to Rs. 66.21 per kg (December). The higher level of price remained with marginal decline during the years 2010 to 2012. The details of Monthly Average Retail Prices of Urad are given below at Table E.

Table E: Monthly Average Retail Prices of Urad Dal

Month Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2006								43.88	52.65	53.74	53.99	52.75
2007	51.64	50.88	49.84	48.5	47.25	44.75	44.22	43.8	43.45	43.38	43.09	42.51
2008	42.16	41.88	41.33	40.3	39.8	39.92	41.49	42.67	43.22	43.47	43.16	42.83
2009	42.49	42.31	42.69	44.25	45.45	46.18	49.37	55.02	56.11	57.96	63.01	66.21
2010	66.59	64.33	61.4	64.19	66.7	68.98	69.62	69.66	69.64	68.32	65.18	63.15
2011	62.72	72.48	63.79	64.51	64.23	64.02	63.14	63.19	63.59	63.04	62.93	61.16
2012	60.29	59.33	58.59	58.42	58.1	58.36	60.07	62.44	62.8	62.35	61.3	60.93
2013	59.76	59.13	58.15									

Source: State Civil Supplies Deptt.

Regarding Moong Dal, the retail prices moved with ups and downs but without registering any major increase during the years 2006 to 2008. The prices sharply rose during 2009, from Rs. 43.69 (January) to Rs. 74.38 (December). The higher prices continued during 2010 with fluctuations, even though the overall trend was decline and came down to Rs. 63.65 in December, 2010. The lower prices continued during 2011, but towards the latter part of 2012, the prices began to rise and became Rs. 73.02 (December). The details of Monthly Average Retail Prices of Moong Dal are given below at Table G.

Table G: Monthly Average Retail Prices of Moong Dal

Month Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2006								42.8	48.71	47.59	47.03	46.69
2007	46.42	46.87	45.96	47.02	47.28	44.33	43.79	42.37	41.38	40.72	39.83	39.29
2008	39.19	39.08	39.29	38.51	38.06	38.57	40.41	42.05	43.12	44.39	44.45	43.97
2009	43.69	45	45.82	47.61	50.02	51.69	54.9	58.99	60.49	64.6	71.11	74.38
2010	76.9	76.78	78.47	83.21	84.7	85.43	82.51	77.8	72.09	67.43	64.11	63.65
2011	64.28	67.56	67.09	67.3	66.44	65.67	64.43	63.55	63.6	64.35	64.54	63.43
2012	63.11	63.04	62.21	62.29	62.13	62.21	64.27	69.22	70.47	70.26	71.5	73.02
2013	72.55	72.65	72.7									

Source: State Civil Supplies Deptt.

Related to Masoor Dal, there was no major price. The retail prices began to increase during 2007 but not substantially during 2007, and the trend continued during the years 2008 and 2009 and became Rs. 62.57 per kg in December, 2009. But during 2010, the decline set in, from Rs. 61.64 (January) to Rs. 47.38 (December). This lower level of prices remained till 2012, with fluctuations, but prices have begun to rise towards the latter part of 2012. The details of Monthly Average Retail Prices of Masoor Dal are given below at Table I.

Table I: Monthly Average Retail Prices of Masoor Dal

Month Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
2006								36.15	32.48	32.21	31.03	30.65
2007	29.78	30.7	31.27	33.94	34.25	33.2	34.61	36.49	36.6	36.4	36.05	36.41
2008	36.33	36.53	39.84	41.72	43.58	44.02	46.21	49.53	50.39	52.09	52.67	53.75
2009	53.92	55.15	54.18	53.51	53.58	53.67	56.95	61.49	61.33	61.27	62.28	62.57
2010	61.64	57.95	51.73	51.44	50.76	50.74	49.54	48.18	47.95	47.26	46.83	47.38
2011	47.14	48.44	47.28	46.92	46.62	46.14	45.3	45.29	45.77	47.14	46.57	45.89
2012	45.6	46.09	45.96	46.63	49.03	50.75	52.69	54.96	55.2	55.09	54.78	53.8
2013	53.71	54.02	53.77									

Source: State Civil Supplies Deptt.

Impact of Imported Pulses under the 15% Scheme on the Retail Prices of Pulses

The retail prices of pulses were on the increase during the early part of the operation of the scheme for import of pulses under the 15% dispensation. But on the whole, the rise in prices were contained during the latter years of the operating years of the scheme.

The Government had taken several measures to contain prices of pulses and increase domestic availability of pulses. Such measures included directing the 4 designated agencies (NAFED, MMTC, PEC and STC) to import pulses, lowering of customs duty (notification dated 8.6.2006) on pulses to zero to encourage import of pulses by private traders, banning export of pulses (DGFT notification dated 27.6.2006), and imposition of limits on stock of pulses (notification dated 29.8.2006). As a combined effect, the price rise would have been contained. This is since the import of pulses under the said scheme was not a major portion of the total import of pulses, as brought out in the Table K below.

Table K: Import of pulses during 2006-07 to 2010-11 (upto January, 2011)

(Quantity in lakh tonnes)

Year	PSU Import Under 15% Scheme	Total Under PDS Scheme	Contribution of import by PSU	Total Import of Pulses	PSUs in total import (%)
2006-07	0.69	0.00	0.69	22.72	3.0
2007-08	13.11	0.00	13.11	28.35	46.2
2008-09	9.47	0.00	9.47	24.82	38.2
2009-10	3.65	2.54	6.19	35.09	17.6
2010-11 (up to January, 2011)	3.30	2.14	5.44	23.15	23.5

Source: All designated agencies (NAFED, NCCF, PEC Ltd., MMTC and STC); DGCIS.

As could be observed from the Annexures, the prices of imported pulses sold by the designated agencies during the years 2007 to 2011 were as follows (Table L).

Table L: Pulses disposed off/sold by the designated agencies during 2006-2011 under 15% Scheme

Year	VARIETY	QTY Sold in Ton	Price Range in Rs/Ton	Year	VARIETY	QTY Sold in Ton	Price Range in Rs/Ton
2006-07	URAD	49981.07	2200-25500	2009-10	LENTILS	13235.72	9111.5-42798
	MOONG	21788.05	2410-3181		URAD	46466.127	25103-51811
2007-08	URAD	110693.213	8000-27500		MOONG	19102.344	20630-68010
	YELLOW PEAS	416723.785	14100-19255		YELLOW PEAS	401260.16	5910-42888
	MOONG	7020	16000-23610		BLACK MAPTE	488.08	28484.64
	TOOR	19128	21250-26225		CHICK PEAS	36511.93	18620-29610
	CHICK PEAS	7235	24000-25500		TOOR	79967.4	24111-63230
	DUN PEAS	4505	21296-23770		DUN PEAS	9453.205	16023-17240
	RED LENTILS	3400	34710-40000	2010-11	YELLOW PEAS	138603.99	1500-18551
2008-09	TOOR	56734.695	22210-31002		CHICK PEAS	2911.653	19080-23175.18
	YELLOW PEAS	409727.685	8000-29280		DUNN PEAS	1650	12562-16209
	MOONG	4600.44	18000-32070		MOONG	15319.89	22555-67000
	URAD	79951.113	20500-51000		LENTILS	3115.2	34680-42000
	BLACK MAPTE	9016.56	26825.95		URAD SQ	2695.515	56546.2726
	DUN PEAS	1000	18650		BLACK MAPTE	2057.63	45868.02
	CHICK PEAS	12163.1	22160-23936.95		RED LENTILS	9140.92	23121-37777
	RED LENTILS	5214.5	28350-34250		TOOR	9718.02	30050-33577.92

Source: Designated Agencies.

But these are the wholesale rates and a comparison with retail prices that prevailed in the country during these years may not be proper. Further, any like to like comparison may not be sound, since the type and variety of pulses that were imported and supplied by the agencies would differ from the type and variety of pulses for which retail prices are mentioned. Also, the prices at which the agencies sold pulses would depend on the countries from which imported, timings of import, the international prices that prevailed during those periods, global supply-demand position, etc.

Conclusion

On the whole, it may be stated that the import of pulses under the scheme of 15% dispensation, alongwith other measures that were taken, had a controlling effect on prices of pulses. The rise in prices in general that were noticed during the years 2006-2007, did not continue during the later years of implementation of the scheme.

Audit Vetting Comments

(i) Chapter-5 of the PA report contained an analysis of wholesale and retail prices of various pulses adopting data of Directorate of Economic and Statistics, Ministry of Agriculture. PAC may kindly take a note of it that despite various measures taken by the Ministry of Consumer Affairs, the retail price of pulses continued to increase during the import due to delay in clearance of imported pulses from the port, absence of appropriate channels for distribution of imported pulses, cartelization in purchase of imported pulses and delay in lifting of bidders etc.

(ii) In our opinion, the Government should ensure import of designated quantity of pulses and immediate disposal of pulses in the market which was not done. The Ministry even did not assess the requirement of pulses in the country in order to calculate the correct amounts needed to be imported. The absence of adequate monitoring and distribution plan in the process of import and distribution resulted in non-achievement of desired objectives of enhancing the availability and stabilizing the prices of pulses.

(iii) Conclusion:— Reply is not specific and there is no mention of action taken by the Ministry on inadequately distribution mechanism, inadequate monitoring and inadequate designed scheme that resulted in non-achievement of desired objectives of enhancing the availability and stabilizing the prices of pulses.

Department's Response

As stated in this Department's OM No. 3(2)/2011-PMC/Pulses, dated the 30th August 2013, it is reiterated that on the whole, it may be stated that the import of pulses under the scheme of 15% dispensation, along with other measures that were taken, had a controlling effect on prices of pulses. The rise in prices in general that were noticed during the years 2006-2007, did not continue during the later years of implementation of the scheme.

As stated against para 10, these observations would be duly considered in case any initiatives on pulses are taken up in future.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser

[Ministry/Department of Consumer Affairs, O.M. No. 3(1)/2014-PMC/Pulses, dated the 17.02.2014]

Observation/Recommendation

The Committee note that conditions of tenders provided that successful bidders were required to lift the awarded quantities within 30 to 90 days after remitting the tendered prices. However, it is observed that after contracting the sales, there were inordinate delays in lifting the sold stock by the bidders. The Audit has pointed out delay of 35 to 670 days. The MoCI and importing agencies also accepted the fact that some of the bidders took longer time to make payment and lift the stocks. Though MoCI has forfeited EMDs in cases where delayed lifting took place and also recovered interest on delayed payment, however, the fact remains that delayed lifting of sold stock of pulses, bulk of which constituted yellow peas, could not reach the market in time leading to avoidable price spiral. The Committee feel that in the absence of stronger punitive clause in the tenders, the bidders delayed the lifting of pulses which indicate that there was hoarding by the bidders so as to create artificial shortages and jacking up of prices. The Committee also feel that the MoCA, F&PD should have directed the importing agencies to ensure that the sold stocks were lifted within the prescribed time limit so that pulses reached the market without delay. The Committee deprecate lack of concerted efforts on the part of MoCA, F&PD and designated importing agencies to direct bidders to lift pulses promptly and make the pulses available in the market. They also desire that in future, punitive clause must be added in the tenders to avoid such delay in lifting of sold stock and to ward off any possibility of hoarding.

[Para 8 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

As stated by the Department of Commerce, "In certain cases, bidders who were awarded the tenders took longer time to effect payments and liquidate stocks. In all cases of delayed lifting, PSUs enforced the EMD. The recommendations of the PAC would be conveyed to the importing agencies for inclusion on punitive clause in future tenders to avoid delay in lifting of stock, in case such a scheme is reintroduced in future".

The scheme for import of pulses under the 15% dispensation has been discontinued after 31.03.2011. Also, presently there is no such scheme under consideration for import of pulses. However, in future if any such scheme is considered, this observation of the Committee shall be duly kept in view.

Audit Vetting Comments

The Ministry has stated that the Scheme for import of pulses under the 15% dispensation has been discontinued after 31.03.2011. Also, presently there is no such scheme under consideration for import of pulses. However, in future if any such scheme is considered, this observation of the Committee will be duly kept in view. Hence, no further comments.

Department's Response

No comments.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser

[Ministry/Department of Consumer Affairs, O.M. No. 3(1)/2014-PMC/Pulses, dated the 17.02.2014.]

Observation/Recommendation

The imported pulses were sold by the agencies at substantial losses. Audit has reported that out of Rs. 1201.32 crore losses suffered, Rs. 897. 37 crore (75 per cent) was only on account of yellow peas being 50% of the total import of pulses. However, the DCA informed that agencies did not import yellow peas in 2009-10 as Audit has observed and only disposed of the previous stock in 2009-10. Further, out of the total quantity of approx. 21.12 lakh tonnes of imported pulses that were disposed of in all the years under 15% scheme, 12.79 lakh tonnes was yellow peas *i.e.* 60.58 per cent. The dollars rate depreciation between the period of signing of the contract and the actual supply of pulses was the main reason for losses in yellow peas in addition to rise in prices of pulses in the internation market. The total losses as calculated by Cost Accounts Branch (CAB), Department of Expenditure during 2006-07 to 2010-11 were Rs. 1161, 86,34,454/- and admissible subsidy under 15% scheme has been calculated as Rs. 690,74,756/-. However despite demand from importing agencies to reimburse the actual losses and not limiting it to 15%, the same has not been accepted by the Government. As on February 2012, the reimbursement made was Rs. 361 crore and claims of Rs. 295 crore were pending in addition to one claim of MMTC which was still to be finalized. The EGoM while reviewing the status of implementation of the scheme in March 2011 decided to discontinue it *w.e.f.* 1st April 2011 as it was noticed that imports by PSUs was not significant and international volatility in prices resulted in huge losses for the PSUs. The Committee are of the considered view that having compelled the agencies to import pulses, a larger part of it being yellow peas, inspite of their expressing apprehensions about the possible losses, the Government should have compensated the agencies fully and not just the 15 percent that the scheme provides for. The Committee, therefore desire the Government to reimburse the total losses suffered by the PSUs at the earliest and to explain what necessitated the Government to import yellow peas for which there were hardly any buyers.

[Para 9 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

Under the 15% dispensation scheme, as per the provisions of the scheme, losses limited to 15% of the landed cost are admissible for reimbursement. Accordingly, as per recommendation of the CAB, an aggregate amount of Rs. 690,64,39,756/- by way of losses limited to 15% of the landed cost plus Rs. 59,72,95,942/- by way of service charge @1.2% of the CIF value of the imported pulses, are reimbursable to the agencies for all the years taken together. Out of these, an amount of Rs. 616,14,92,468/- has been so far reimbursed to the agencies and the remaining Rs. 75,79,07,154/- is under process for payment related to STC and MMTC. There are no dues pending for PEC and NAFED under the 15% dispensation scheme.

In the CoS meeting held on 20.05.2009, it was decided that Department of Consumer Affairs would obtain the comments of DoE on its proposal for raising the reimbursement limit of losses of PSUs on import of pulses from 15% to 25% clearly bringing out the justification for the proposal, and thereafter, if required, place it for consideration of the competent authority. Accordingly, a proposal in this regard was taken up by the Department of Consumer Affairs before CoS meeting held on 14.06.2013.

In the CoS meeting held on 14.06.2013, Ministry of Finance (Department of Expenditure) observed that there was no justification for revisiting a discontinued scheme for the purpose of giving a higher subsidy. The scheme was designed in such a manner that it involved least subsidy and at the same time ensured that the PSUs operated efficiently and it was with this objective that the GOI had put a cap on reimbursement of losses upto 15% of landed cost. In the course of deliberations, it was observed that on a proposal regarding extension of Government Guarantee along with waiver of guarantee fees to enable NAFED and CWC to undertake Price Support Operations for procurement of oil seeds, pulses and cotton, the Cabinet Committee on Economic Affairs (CCEA) in its meeting of 02.05.2013 directed that "an expert group be asked to examine the commercial viability of price support operations for procurement of agricultural produce for which Minimum Support Price has been fixed." After detailed deliberations, it was decided that the matter could be considered by CoS after submission of the report by the expert group directed by the CCEA to examine the commercial viability of price support operations for procurement of agricultural produce for which Minimum Support Price has been fixed. The report is awaited.

As regards import of yellow peas in 2007, it is clarified that the decision was taken based on the fact that they were a reasonably good substitute for other types of pulses and their prices were comparatively lower. However, the peas did not find many takers in the domestic market and were sold after considerable delays with losses to the importing agencies. In 2009-10, efforts were also made by this Department to enable PSUs to dispose yellow peas by launching a publicity campaign for increased consumption. In addition, the PSUs were also instructed to stop further imports.

Audit Vetting Comments

The Minister stated that as per the recommendations of CAB, an amount of Rs. 616,14,92,468/- has been so far reimbursed to the agencies and the remaining Rs. 75,79,07,154 is under process for payment related to STC and MMTC.

The Ministry has also taken up the matter before CoS meeting in June 2013 wherein MoF has observed that there was no justification for revisiting a discontinued scheme for the purpose of giving a higher subsidy.

After detailed deliberations, it was decided that the matter could be considered by CoS after submission of the report by the expert group directed by the CCEA to examine the commercial viability of price support operation for procurement of agricultural produce for which Minimum Support Price has been fixed. The report is awaited.

Since the matter is under consideration by the Cabinet, we have no comments to offer.

Department's Response

This Department has settled all payments to the designated agencies, as recommended by CAB under the 15% dispensation scheme. On the issue of reimbursement on actual basis, we are yet to receive any communication from Department of Agriculture & Cooperation on any status Report by an Expert Group. The Department of Expenditure, M/o Finance has also opined that the scheme is too old to open accounts. Therefore, this Department is not considering any move to reimburse losses on actual basis.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser

[Ministry/Department of Consumer Affairs, O.M.No. 3(1)/2014-PMC/Pulses, dated the 17.02.2014]

Observation/Recommendation

Summary of Action Plan Required: To sum up, the Committee find that serious flaws and weaknesses in design, implementation, distribution and monitoring reduced a well-intended scheme into a loss bearing scheme. The Committee find that several key issues urgent attention which *inter-alia* include fixing of MSP on the higher side to a tract farmers to grow more pulses; formulation of long term policy to meet demand of pulses; explore possibility of maintaining buffer stock of pulse; strengthening and stremlining the monitoring mechanism by the concerned Ministers to increase availability of pulses and control prices in the market in furture; DCA to conduct a detailed study on the prices at which the imported pulses were sold to the private buyers and retail prices of such pulses in the market taking into account the rate of retail sale of such pulses; inclusion of punitive clause in the tenders to avoid delay in lifting of pulses by the bidders and to ward off any possibility of hoarding; reimbursement of total losses suffered by the PSUs in import of pulses. The Committee reiterate the recommendations of the Standing Committee on Finance (Sixth Report-Fifteenth Lok Sabha) and would like the MoCA, F&PD and MoCI to take concerted action in consultation with other Ministries/Department concerned, on their suggestions/recommendations and apprise them in due course.

[Para 12 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

The various observations/recommendations that are summed up here have been replied to in the paras above and the action taken/proposed to be taken have been stated. On the whole, it may be stated that the subsidy schemes of pulses that were implemented had a moderating effect on prices of pulses and ensured availability of pulses to the BPL families at affordable prices and enhanced the overall domestic availability of pulses. As a ready stated, the schemes for import of pulses now stand discontinued. However, the observations/recommendations of the Committee shall be duly kept in view while taking initiatives in furture related to pulses.

Audit Vetting Comments

The Ministry has stated that scheme for import of pulses now stand discontinued. However, the observations/recommendations of the Committee will be duly kept in view while taking initiatives in future related to pulses. Hence no further comments.

Department's Response

No comments.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser

[Ministry/Department of Consumer Affairs, O.M.No. 3(1)/2014-PMC/Pulses, dated the 17.02.2014]

CHAPTER III

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

-Nil-

CHAPTER IV

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

Observation/Recommendation

The Committee note that another scheme was launched by the Government of India in November, 2008 for import of four lakh MT of pulses through MMTC, NAFED, PEC, and STC at a subsidy not extending Rs. 10/- per kg. the total subsidy being Rs. 400 crore imports were to be undertaken based on State Governments' requirements and distributed through PDS primarily to BPL families, at the rate of 1 kg. of pulses per family per month. MoCA, F&PD reimbursed an amount of Rs. 419.71 crore against the claim of Rs. 430.39 crore upto March, 2011. The concerned State Governments had to certify that these pulses were sold in the PDS and not in the open market while claiming the subsidy reimbursements. The Department of Consumer Affairs approached State Governments to seek imported pulses for distribution. However, only 13 States availed the benefit of this scheme. The proposal to hike the subsidy to attract more states did not get favor of policy makers probably for fear of bigger financial burden. The scheme was in operation till 30th June, 2012. The Committee demand explanation to their satisfaction for the continuation of the earlier scheme even after implementing the new scheme, particularly in view of the fact that the earlier scheme was a failure and a wastrel. The Committee observe that the scheme was flawed from the beginning as the real stakeholders/implementing agencies, that is, the State Governments/Agencies were not consulted before finalizing the scheme. They feel that Rs. 10/- subsidy for 1 kg. pulse for a month was grossly inadequate for the BPL families, as is evident from the response of the State Governments. The Committee would therefore like to be apprised of the action taken to fix responsibility for sheer waste public money on such an ill-conceived scheme.

[Para 10 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

The scheme for import of pulses under the 15% dispensation was operated for increasing the indigenous availability of pulses and thereby contain rise in prices of pulses. The other scheme had a greater focus towards the BPL population. The 15% scheme was periodically reviewed keeping in view the production and availability of pulses, its demand-supply mismatch, price levels, etc. and extension was given. In the review meeting taken by EGOM on 22.3.2011, it was decided to discontinue it after 31.3.2011.

The scheme for distribution of subsidized imported pulses through State Governments was aimed to increase overall domestic availability of pulses and ensure food security to the BPL families. It was discussed with State Governments in the Food

Secretaries meeting that was held on 23.4.2008 wherein the State Governments were requested to give their views on whether they would like to distribute pulses imported by PSUs such as STC, MMTC, PEC and NAFED, through the PDS. The feedback on the scheme was obtained from the States in a meeting taken by the Secretary (Consumer Affairs) with the State Food Secretaries on 28.10.2010. Representatives of the 18 State Governments who were present in the meeting supported continuation of the scheme. After discontinuation of the PDS scheme with subsidy of Rs. 10/kg. a new version of the scheme was operated from January-March, 2013. Under this scheme, the amount of subsidy was doubled to Rs. 20/kg.

In view of the uncertain international scenario prevalent during 2009 and the need to stabilize domestic prices of pulses, it may be stated that the import of pulses under the scheme of 15% dispensation and the distribution of imported pulses through State Governments, alongwith other measures that were taken, had a controlling effect on prices of pulses, overall domestic availability of pulses and to ensure food security to the BPL families. This was the intent of implementing the schemes, and accordingly, there was no flawed implementation of the schemes or sheer waste of public money, and fixing responsibility does not seem to be required.

Audit Vetting Comments

In view of the flawed implementation of the scheme since beginning, audit recommended the Government needs to fix accountability and assure itself that such inadequately designed proposals do not come before the Cabinet again.

The observation of audit has also been ratified by the PAC which recommended to fix responsibility for sheer waste of public money on such an ill-conceived scheme.

Although the Ministry had discontinued the 15% dispensation scheme, it had not provided any assurance to PAC that **in future no such ill-conceived scheme will be put up for appraisal by the Cabinet.**

The Ministry needs to ascertain the accountability for poor conceptualization of the operation of 15 percent subsidy scheme. The PAC recommendation need to be followed in this regard.

Department's Response

The submission already given under Action Taken by the Department are reiterated. The experience of PDS Scheme with subsidy of Rs. 10/- per kg. was duly kept in view while launching a new version of the same during January-March, 2013. For any future launch of such scheme also, these will be taken into consideration.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser

[Ministry/Department of Consumer Affairs O.M. No. 3(1)/2014-PMC/Pulses, dated the 17-02-2014]

Observation/Recommendation

The Committee note that the MoCA, F& PD does not have any structured mechanism to assess the requirement of pulses in the country as they depend solely on the estimated demand of pulses as assessed by the Planning Commission. In fact, there is no well-designated agency to assess the requirement of pulses among other agriculture products in the country. Further, the Committee are distressed to note that during implementation of the scheme for imported pulses, delays in their clearance at the ports led to an avoidable expenditure of Rs. 42.71 crore on amount of storage, demurrage charges till March, 2011. Failure of MoCA, F&PD to work out the detailed channels of distribution of imported pulses, of course through the existing agencies/mechanism available and to increase the availability of pulses in the domestic market was visible as the prices in retail market did not come down despite their import. The Committee note that after the pulses import fiasco, the DCA is planning to get a study conducted on the demand for pulses and their consumption pattern. The Committee recommend that an institutional mechanism within/under the Department of Consumer Affairs be created to collect, collate and analyse the actual demand month-wise/product-wise/ District, State-wise, in real time database, so as to have scientific data basis about the production and demand of pulses each year.

[Para 11 of Observations/Recommendations, Part-II of the Eighty-second Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by Department of Consumer Affairs

The Department of Consumer Affairs has got the plan to conduct a study on the demand/consumption pattern of pulses in the country. Currently, the requirement of availability of pulses is arrived at as the indigenous production plus imports minus the limited exports. However, there is no institutional arrangement to collect, collate and analyse the actual demand month-wise/product-wise/District, State-wise, in a real time database, so as to have scientific data basis about the production and demand of pulses each year. However, advance estimates of production are made by the Department of Agriculture & Cooperation, for the country as whole and State-wise, which are accessed to by the Department of Consumer Affairs for analysis of the pulses scenario.

Audit Vetting Comments

Although advance estimates of production are made by the Ministry for the country, it did not have institutional arrangements to collect, collate and analyze the actual demand month-wise/product-wise/District, State-wise, in a real time database.

The PAC may be given an assurance for a structured mechanism to assess the requirement of the pulses in the country.

Department's Response

The modalities for carrying out the survey is still under consideration.

Sd/-
(K.G. RADHAKRISHNAN)
Economic Adviser

[Ministry/Department of Consumer Affairs O.M. No. 3(1)/2014-PMC/Pulses, dated the 17-02-2014]

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE GOVERNMENT HAVE FURNISHED INTERIM REPLIES

-Nil-

APPENDIX I

MINUTES OF THE ELEVENTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2014-15) HELD ON 9TH DECEMBER, 2014

The Committee sat on Tuesday the 9th December, 2014 from 1500 hrs. to 1730 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Prof. K. V. Thomas — *Chairperson*

MEMBERS

Lok Sabha

2. Shri Bhartruhari Mahtab
3. Shri Ramesh Pokhriyal "Nishank"
4. Shri Neiphiu Rio
5. Shri Dushyant Singh
6. Shri Janardan Singh Sigriwal
7. Shri Kirit Somaiya

Rajya Sabha

8. Dr. Satyanarayan Jatiya
9. Shri Sukhendu Sekhar Roy

SECRETARIAT

1.	Shri A. K. Singh	—	*Joint Secretary*
2.	Smt. Anita B. Panda	—	*Director*
3.	Shri Jayakumar T.	—	*Additional Director*

Representatives from the office of the Comptroller and Auditor General of India

1.	Shri P. Mukherjee	—	Dy. CAG
2.	Shri S. Nandeolkar	—	Director General (Rlys)
3.	Shri L. S. Singh	—	Principal Director
4.	Shri P. Tiwary	—	Principal Director

2. At the outset, the Chairperson welcomed the Members and the representatives of the Office of the C&AG of India to the Committee. The Chairperson then apprised the Members that the meeting has been convened to consider and adopt two Draft Reports and to take oral evidence of the representatives of Ministry of Home Affairs on the subject 'Disaster Preparedness in India' based on C&AG Report No. 5 of 2013.

3. The Committee, thereafter, took up the following Draft Reports for consideration:

(a) *** *** *** *** *** ***

(b) Draft Report on Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their Eighty-second Report (Fifteenth Lok Sabha) on "Sale and Distribution of Imported Pulses".

4. After some discussions, the Committee adopted both the Draft Reports with minor modifications.

5. The Committee, then, authorized the Chairperson to finalise the two Reports adopted by them, in light of their suggestions and factual verification received from the Audit and present the same to the House on a date convenient to him.

6. *** *** *** *** *** ***

7. *** *** *** *** *** ***

8. *** *** *** *** *** ***

9. *** *** *** *** *** ***

10. *** *** *** *** *** ***

The Committee, then, adjourned.

***Matter does not pertain to this Report.

APPENDIX II

(*Vide* Para 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR EIGHTY-SECOND REPORT (FIFTEENTH LOK SABHA)

(i) Total number of Observations/Recommendations. 12

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

Para Nos. 1-9 and 12

Total: 10
Percentage: 83.33

(iii) Observations/Recommendations which the Committee do not desire to pursue in view of the reply of the Government.

-Nil-

Total: 0
Percentage:0

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

Para Nos. 10 and 11

Total: 2
Percentage: 16.67

(v) Observations/Recommendations in respect of which the Government have furnished interim replies.

-Nil-

Total: 0
Percentage: 0

GMGIPMRND—4080LS(S3)—14-04-2015.