

**21**

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS  
AND PUBLIC DISTRIBUTION (2021-2022)**

**SEVENTEENTH LOK SABHA**

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

{Action Taken by the Government on the recommendations/ observations contained in the Thirteenth Report of the Committee (Seventeenth Lok Sabha) on the subject 'Procurement, Storage and Distribution of Foodgrains by Food Corporation of India' pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)}

**TWENTY FIRST REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**July, 2022/Ashadha, 1944 (Saka)**

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*Presented to Lok Sabha on 19.07.2022  
Laid in Rajya Sabha on 19.07.2022*



**LOK SABHA SECRETARIAT  
NEW DELHI**

**July, 2022/ Ashadha, 1944 (Saka)**

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**Composition of the Standing Committee on Food, Consumer Affairs and Public Distribution  
(2021-2022):-**

Shri Sudip Bandyopadhyay - Chairperson

**Lok Sabha**

2. Dr. Farooq Abdullah
3. Shri Girish Bhalchandra Bapat
4. Shri Shafiqur Rahman Barq
5. Shri G. S. Basavaraj
6. Ms. Debasree Chaudhuri
7. Shri Sunny Deol
8. Shri Anil Firojjiya
9. Shri Selvam G.
10. Shri Rajendra D. Gavit
11. Shri Sanganna Amarappa Karadi
12. Shri Khagen Murmu
13. Shri Mitesh Rameshbhai (Bakabhai) Patel
14. Shri Subrat Pathak
15. Smt. Himadri Singh
16. Smt. Kavita Singh
17. Shri Nandigam Suresh
18. Shri Saptagiri Ulaka
19. Shri Rajmohan Unnithan
20. Shri Ve.Vaithilingam
21. **VACANT**

**Rajya Sabha**

22. Dr. Fauzia Khan
23. Shri Hishey Lachungpa
24. Shri Rajmani Patel
25. Shri Sakaldeep Rajbhar
26. Dr. Anbumani Ramadoss
27. Shri Ramji
28. Shri G. K. Vasani
29. **VACANT**
30. **VACANT**
31. **VACANT**

**LOK SABHA SECRETARIAT**

1. Shri Shiv Kumar - Additional Secretary
2. Dr. Vatsala Joshi - Director
3. Shri Ram Lal Yadav - Additional Director
4. Dr. Mohit Rajan - Deputy Secretary
5. Smt. Darshana Gulati Khanduja - Under Secretary

## INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2021-2022) having been authorized by the Committee to submit the Report on their behalf, present this Twenty First Report on Action Taken by the Government on the Recommendations/ Observations contained in the Thirteenth Report of the Committee (Seventeenth Lok Sabha) on the subject 'Procurement, Storage and Distribution of Foodgrains by Food Corporation of India' of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Thirteenth Report was presented to Lok Sabha and laid in Rajya Sabha on 09.08.2021. The Government has furnished its replies indicating Action Taken on the recommendations contained in the Report on 25.11. 2021.

3. The Report was considered and adopted by the Committee at their sitting held on 30.05.2022.

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

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

**NEW DELHI;**  
**17 July, 2022**  
**26 Ashadha,1944 (Saka)**

**SUDIP BANDYOPADHYAY,**  
**Chairperson,**  
**Standing Committee on Food,**  
**Consumer Affairs and Public Distribution.**

## REPORT

### CHAPTER - I

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the action taken by the Government on the Recommendations/Observations contained in the Thirteenth Report of the Committee (17<sup>th</sup> Lok Sabha) on the subject 'Procurement, Storage and Distribution of Foodgrains by Food Corporation of India' pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)

1.2 The Thirteenth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 09.08.2021. It contained 8 recommendations/observations. Action taken replies in respect of all the 8 recommendations/observations contained in the Report have been received and these have been categorized as follows:-

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

Rec. No.:- 2, 3, 4, 6, 7 and 8

(Chapter – II, Total -6)

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

Rec. No.:- 1 and 5

(Chapter – III, Total -2)

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

Rec. No.:- NIL

(Chapter – IV, Total -0)

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

Rec. No. :- NIL

(Chapter – V, Total -0)

**1.3 The Committee trust that utmost importance will be given to the implementation of the recommendations accepted by the Government. The Committee desire that final action taken notes to the recommendations/observations contained in Chapter-I of this Report should be furnished to them not later than three months of the presentation of this Report.**

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

**A. Need to adopt Decentralized Procurement Scheme by all States/UTs.**

### **Recommendation No. 2**

1.5 The Committee in their original report observed/recommended as follows:-

"The Committee are dismayed to note that even after 23 years of its inception, the Decentralized Procurement Scheme(DCP) has been undertaken only by 8 States for wheat and 15 States for rice. The Committee feel that DCP Scheme has contributed remarkably to the increased efficiency of Public Distribution System by making it possible to supply foodgrains suited to local taste. Though DCP Scheme is not mandatory for States, the Department should look at its advantages and encourage its adoption in non-traditional States also. The Committee believe that the Government will take vigorous steps to motivate the remaining States to adopt DCP Scheme so that the cost of distribution can be saved and the benefit of MSP reaches every doorstep. To achieve this, the Department/FCI should take steps for creation of necessary infrastructure in coordination with the State Governments in a time-bound manner."

1.6 The Ministry in its action taken reply has stated as under:-

"Government is making all out efforts for implementing the scheme in all the States & regular follow-up is being made with the Non-DCP States to adopt the DCP mode. As on date, 16 States have adopted DCP mode of procurement for Rice and 9 States adopted DCP mode for Wheat. The list of States which are operating under the DCP Schemes for Rice and Wheat is as under:

**STATES UNDERTAKING DECENTRALIZED PROCUREMENT OF RICE**

<b>DCP for Rice</b>		
<b>S.N.</b>	<b>State</b>	<b>With Effect From</b>
1	Uttarakhand	2002-03
2	Chhattisgarh	2001-02
3	Odisha	2003-04
4	Tamilnadu	2002-03
5	West Bengal	1997-98
6	Kerala	2004-05
7	Karnataka	2009-10
8	Madhya Pradesh	2007-08
9	Andhra Pradesh	Fully DCP from KMS 2015-16.
10	Bihar	2013-14
11.	Telangana	Fully DCP from KMS 2014-15.
12.	Maharashtra	2016-17
13.	Jharkhand	2016-17(only for 1 district) 2017-18 (only for 5 Districts), 2018-19 onwards (only for 6 Districts)
14.	Gujarat	2017-18
15	Andaman & Nicobar	2003-04
16	Tripura	For 2018-19 and 2019-20 (Rabi crop only) and 2020-21 (Kharif & rabi crop)

**STATES UNDERTAKING DECENTRALIZED PROCUREMENT OF WHEAT**

<b>DCP for Wheat</b>		
<b>S.N.</b>	<b>State</b>	<b>With Effect From</b>
1	Madhya Pradesh	1999-2000
2	Uttarakhand	2003-04



3	Chattisgarh	2001-02
4	Gujarat	2004-05
5	West Bengal	2010-11
6	Bihar	2014-15
7.	Punjab	2014-15
8	Rajasthan#	2013-14 to 2015-16 (for 1 district) and 2016-17 (for 9 districts)
9.	Maharashtra	From 2020- 21

**Note:**

1. \*Punjab was DCP State for Wheat from RMS 2014-15, but on request of State Govt, FCI is participating in procurement operations.
2. Uttar Pradesh was DCP for KMS 1999- 2000 to KMS 2009-10 and RMS 1999-2000 to RMS 2010-11. Procurement of wheat & rice is under Non-DCP mode.
3. #Rajasthan was DCP for wheat in RMS 2013-14 to 2015-16 (for 1 district) and 2016- 17 (for 9 districts). From RMS 2017-18 onwards wheat is procured under Non-DCP mode.
4. Jharkhand was DCP for KMS 2016-17 (only for 1 district) 2017-18 (only for 5 Districts), 2018-19 (only for 6 Districts). They have adopted Non-DCP in KMS 2019- 20.”

**1.7 The Committee had noted with concern that even after 23 years of inception, only 8 States have adopted Decentralized Procurement (DCP) Scheme for wheat and 15 States for rice. Keeping in view the remarkable contribution of DCP Scheme to increase efficacy of Public Distribution System, the Committee had desired/expected the Ministry/Department to motivate the remaining States to adopt DCP Scheme so as to save the cost of distribution and passing MSP to the farmers in a focused way. In their Action Taken Reply, the Ministry has merely stated that Government is making all out efforts for implementing the scheme in all the States. The Ministry has not apprised the Committee about any suitable reasons for not adopting the scheme by the remaining States/UTs or any difficulty**

**faced by them. The Committee, therefore, reiterate their earlier recommendation and urge the Ministry to take proactive steps to encourage remaining States/UTs to adopt the scheme and suggest remedial measures for the problem, if any, coming in the way of adoption of the scheme under intimation to the Committee.**

**B. Need to minimize Storage and Transit losses.**

**Recommendation No. 3**

1.8 The Committee in the original report observed/recommended as under:

"The Committee note that despite various initiatives taken by the Department to reduce the storage and transit losses, the transit losses are still very high i.e. Rs. 280.94 crore in 2020-21 (upto October, 2020). The Committee feel that strict action should be taken against the delinquent officials and they should not escape accountability for unjustified losses. The Committee also feel that it should be the continuous endeavour of FCI to minimize the operational cost by controlling the operational losses and other overheads. The Committee, therefore, believe that the Department should continue to make vigorous efforts to reduce and minimize the storage and transit losses of foodgrains during the year 2021-22 and beyond to prevent the food subsidy from rising further and also to reduce the burden on public exchequer and tax payer of the country.

The Committee further note that the number of cases (major and minor offences) initiated against officials of FCI for unjustified transit losses during the years 2018-19, 2019-20 and 2020-21 (till September, 2020) are 153, 114 and 44 and for storage losses, these are 266, 258 and 154 respectively. The number of cases (major and minor) pending for unjustified transit and storage losses as on 30 September, 2020 stand at 18 and 89 respectively. The Committee recommend that FCI should fix its own standards/set guidelines/checklist so that employees become extra careful and vigilant in the matter of foodgrains stocks so that minimum loss is caused to this public corporation on this account. The Committee also desire that the framework for addressing the pendency of legal cases at Department level should be reviewed to include such essential ingredients necessary for streamlining the procedure currently followed,

establishing a monitoring system of pending legal cases and taking other necessary steps for disposal of all pending cases against the delinquent officials expeditiously in a time-bound manner. ”

1.9 The Ministry in its action taken reply has stated:-

"Food Corporation of India (FCI)/State Agencies mainly procure wheat and rice stocks for distribution under National Food Security Act (NFSA) and Other Welfare Schemes (OWS) of the Govt. of India. The procured stocks are mainly moved by rail from procuring Regions to the consuming Regions for distribution under NFSA and OWS. Transit Loss (TL) in foodgrains during the loading/unloading operations is mainly due to moisture driage or grains during the transit, difference in weight on account of weighment on different weighbridges, multiple handlings and driage of gunny weight during the transit. Due to these operational reasons, some quantity of transit losses are bound to occur as these are due to operational reasons and inevitable.

FCI had taken proactive steps to reduce the losses such as spreading of polythene sheets on the floors of railway wagons to retrieve the spilled-over grains, the Joint Verification Team is deputed to investigate the cases of high transit losses, deployment of independent Consignment Certification Squad (ICCS) at the time of loading and unloading of rakes, Investigation of high Transit Loss cases by GMs and EDs and Installation of CCTV Cameras at FCI Godowns. With these proactive steps undertaken by FCI to have a control mechanism on the losses, substantial reduction in transit losses has been observed over the years which is evident from the fact that during 2013-14, the loss was to the tune of 2.43 Lakh MT whereas this has come down to 94,000 MT during 2019-20, which is only 0.25% of the total grain handled by FCI. Though the figure seems to be slightly higher in numerical terms but in view of the huge operations of FCI, the losses in percentage terms only, presents a true picture.

Further, it is to submit that FCI has fixed its own targets/standards and following action plan has been drawn to reduce the losses:

1. An 'SOP' regarding Joint Verification of High TL cases has been laid down *vide* circular dated 23.12.2015 and revised *vide* circular dated 16.02.2017. Joint Verification is to be conducted in respect of rakes reporting more than 0.75% transit losses.

2. Deployment of Independent Consignment Certification Squad (ICCS) at the time of loading and unloading of every rake is being ensured.
3. For the depots showing more than 0.50% RTL, loading/unloading of 20% of the rakes being supervised by Area Manager/ AGM (QC)/ Category-I Officer of Regional Office (RO) and in case of RTL within the range of 0.30% to 0.50%, loading/ unloading of 10% of the rakes is to be supervised by Area Manager/ AGM (QC)/ Category-I Officer of RO. Apart from above, 02 highest Storage Loss cases of the Area Office is to be investigated by Divisional Manager/ACM(QC).
4. GM (Region) has to investigate one case each of Highest SL and TL/destination shortage reported in the Region every month and Investigation Report must be furnished to Headquarters through Zonal Office latest by 20th of the following month. In addition, the Regional Squad will also supervise at least 10% of the rakes. The Depot staff should be rotated in case of depot continuously reporting higher trend of losses for 06 months.
5. ED (Zone) has to investigate one case each of Highest SL and TL/Destination Shortages in the Zone every month and investigation report must be submitted to Headquarters by 20th of following month along with Reports of CM (Regions) under his control. Zonal Office will also prepare list of Depots reporting high SL/TL/Destination shortage every month and identify notorious depots for monitoring of losses. 3 cases each of SL and TL/Destination Shortage be investigated by Zonal Office GM (STL)/ DGM (STL) besides ED (Zone)/GM (Region). Further, Zonal Squad will also supervise Loading/unloading of minimum 3 rakes in the Zone in respect of notorious depots

The target of Storage and Transit losses fixed by FCI Hqrs. for each region is being monitored during monthly review meetings chaired by Chairman and Managing Director (C&MD). However, all out efforts would be made to reduce the losses in the future.

Regular review of the progress of the disciplinary cases has been undertaken including online means with the Zonal/Regional offices and also with the Inquiry Officers to expedite the disposal of pending cases against the delinquent officials expeditiously.

Apart from above, following action has been taken by FCI to improve Vigilance administration in the organisation including speedy disposal of cases.

- As preventive measures to curb corruption and irregularities, inspections are conducted on a regular/surprise basis by officers.
- A list of sensitive post has been prepared to avoid the posting of officers with doubtful integrity in such positions. Further, this circular forms a basis to remove an officer from a sensitive seat if their integrity is doubtful.

- FCI (Staff) Regulations has been amended to incorporate provisions for appearance in departmental inquiries through Video Conferencing in line with extant Guidelines.
- Guidelines have also been issued for timely production of documents related to departmental inquiries requisitioned by the Inquiry Officers to ensure timely completion of Inquiry.”

**1.10 While taking note of very high transit losses, the Committee had felt that strict action should be taken against the delinquent officials so that they could not be able to escape themselves from accountability for such unjustified losses. The Ministry in its Action Taken Reply has stated that FCI had taken various pro-active steps to reduce the losses such as spreading of polythene sheets on the floors of railway wagons to retrieve the spilled over grains, deployment of joint verification team to investigate the cases of high transit losses etc. Further, FCI has fixed its own targets/standards and an action plan has been drawn to reduce the aforesaid losses. Though the Ministry has stated that regular review of the progress of the disciplinary cases has been undertaken, yet the Committee find that the reply is silent about the status of cases of major and minor offences (till date) that have been disposed off. They take a very serious view of it. The Committee feel that transit losses are still on higher side and need to be reduced further by putting a stringent monitoring mechanism on real time basis and fixing the responsibility. The Committee while reiterating their earlier recommendation desire the Ministry to put in place a time bound solid action plan immediately and implement the same vigorously so as to curb the storage and transit losses. The Committee would like to be informed of the steps taken in the matter.**

**C. Need to reduce corruption in FCI.**

**Recommendation No. 8**

1.11 The Committee recommended as follows:-

"The Committee are pained to know that despite taking various remedial measures, a large number of vigilance cases have been registered against FCI officials during the years 2017-18, 2018-19, 2019-20 and 2020-21 (till September, 2020) i.e. 817, 828, 691 and 406 respectively. The Committee also observe that a complaint against GM (Haryana) is pending and in the case of Manager (Commercial), Udaipur District and Manager (Accounts), Udaipur- charge sheets have been issued/penalty imposed. The Committee further find that during 2020-21, 3 cases have been referred to the Central Bureau of Investigation (CBI) and 3 cases to the Central Vigilance Commission (CVC). The Committee are of the view that corruption in FCI may spiral out of control if strict action is not taken. The Committee, therefore, recommend that FCI should strengthen its vigilance mechanism in coordination with the States/UTs so as to detect corrupt practices by FCI officers and take stringent punitive action against them, if found guilty. The Committee also desire that senior officers should be held accountable to uproot the evil of corruption. The Committee further desire that the Public Distribution System should be made more transparent and accountable. The Committee are of the opinion that FCI staff may be transferred after a fixed period to avoid creation of vested interests. The Committee further recommend that efforts should be made for early disposal of pending cases as delay in disposal of vigilance cases would encourage corrupt practices and undermine the authority of law ."

1.12 The Ministry in its action taken note has stated:-

"Following is the status of Major/ Minor cases initiated & disposed of by FCI between 2017-2018 and 2020-2021

Period	Opening Balance		Number of Cases Initiated during the year		Disposed of during the year		Closing Balance	
	Major	Minor	Major	Minor	Major	Minor	Major	Minor
2017-18	156	187	64	753	74	742	146	198

<b>2018-19</b>	146	198	92	736	112	706	126	228
<b>2019-20</b>	126	228	71	620	85	661	112	187
<b>2020-21</b>	112	187	53	664	79	706	86	145

From above, it may be seen that the total cases have come down progressively during last four years. Reducing trend of closing balance reflects that Corporation has disposed cases in a time-bound manner.

In the last three years, five complaints have been registered against GM (FCI) Haryana and out of these two complaints have been closed after investigation. Further, three complaints are in the final stage of disposal. In the case of Manager (Commercial), Udaipur District and Manager (Accounts), Udaipur, as observed by the Committee, the action has been completed. FCI is closely coordinating with Zones/Regions to deal and expedite the disposal of corruption issues, and Prosecution Sanctions. FCI has also come up with comprehensive transfer policy guidelines for its employees during March 2021. The guidelines comprise stringent stipulations for implementing the timely transfer of officials holding sensitive seats.

Following action has been taken by FCI to improve Vigilance administration:-

- a. Amendment in the Staff Regulation of FCI on 16.10.2020 for imposing a penalty of dismissal/removal from service where ever the corruption, bribery or disproportionate assets are proved.
- b. As preventive measures to curb corruption and irregularities, inspections are conducted on a regular/surprise basis by officers.
- c. A list of sensitive post has been prepared to avoid the posting of officers with doubtful integrity in such positions. Further, this circular forms a basis to remove an officer from a sensitive seat if their integrity is doubtful.
- d. FCI (Staff) Regulations has been amended to incorporate provisions for appearance in departmental inquiries through Video Conferencing in line with extant Guidelines.
- e. Guidelines have also been issued for timely production of documents related to departmental inquiries requisitioned by the Inquiry Officers to ensure timely completion of Inquiry."

**1.13 The Committee had emphasized the need for early disposal of pending cases registered against FCI Officials to uproot the evil of corruption. The Ministry in its Action Taken Reply has stated that the reducing trend of closing balance of major and minor cases during the last four years reflects that FCI has disposed of cases in a time bound manner. The Committee are distressed to find that the Ministry has not furnish the details of complaints that had been registered against GM (FCI, Haryana) and had been closed. The Committee, therefore, urge the Ministry to endeavour to curb the cases further and furnish a status report of cases that have been closed. They also urge the Ministry to expedite disposal of remaining 3 complaints against GM (FCI, Haryana) and all other pending major and minor cases to prevent corruption in FCI. The Committee also desire the Ministry to frame a strong policy for transfer of officers/staff within a fixed time frame to contain the corruption.**



## CHAPTER II

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

#### Recommendation No. 2

2.1 The Committee are dismayed to note that even after 23 years of its inception, the Decentralized Procurement Scheme(DCP) has been undertaken only by 8 States for wheat and 15 States for rice. The Committee feel that DCP Scheme has contributed remarkably to the increased efficiency of Public Distribution System by making it possible to supply foodgrains suited to local taste. Though DCP Scheme is not mandatory for States, the Department should look at its advantages and encourage its adoption in non-traditional States also. The Committee believe that the Government will take vigorous steps to motivate the remaining States to adopt DCP Scheme so that the cost of distribution can be saved and the benefit of MSP reaches every doorstep. To achieve this, the Department/FCI should take steps for creation of necessary infrastructure in coordination with the State Governments in a time-bound manner.

#### Reply of the Government

2.2 Government is making all out efforts for implementing the scheme in all the States & regular follow-up is being made with the Non-DCP States to adopt the DCP mode. As on date, 16 States have adopted DCP mode of procurement for Rice and 9 States adopted DCP mode for Wheat. The list of States which are operating under the DCP Schemes for Rice and Wheat is as under:

#### **STATES UNDERTAKING DECENTRALIZED PROCUREMENT OF RICE**

DCP for Rice		
S.N.	State	With Effect From
1	Uttarakhand	2002-03
2	Chhattisgarh	2001-02
3	Odisha	2003-04
4	Tamilnadu	2002-03
5	West Bengal	1997-98
6	Kerala	2004-05
7	Karnataka	2009-10

8	Madhya Pradesh	2007-08
9	Andhra Pradesh	Fully DCP from KMS 2015-16.
10	Bihar	2013-14
11.	Telangana	Fully DCP from KMS 2014-15.
12.	Maharashtra	2016-17
13.	Jharkhand	2016-17(only for 1 district) 2017-18 (only for 5 District), 2018-19 onwards (only for 6 District)
14.	Gujarat	2017-18
15	Andaman Nicobar	2003-04
16	Tripura	For 2018-19 and 2019-20 (Rabi crop only) and 2020-21 (Kharif & rabi crop)

**STATES UNDERTAKING DECENTRALIZED PROCUREMENT OF WHEAT**

<b>DCP for Wheat</b>		
<b>S.N.</b>	<b>State</b>	<b>With Effect From</b>
1	Madhya Pradesh	1999-2000
2	Uttarakhand	2003-04
3	Chattisgarh	2001-02
4	Gujarat	2004-05
5	West Bengal	2010-11
6	Bihar	2014-15
7.	Punjab	2014-15
8	Rajasthan#	2013-14 to 2015-16 (for 1 district) and 2016-17 (for 9 districts)
9.	Maharashtra	From 2020- 21

**Note:**

1. \*Punjab was DCP State for Wheat from RMS 2014-15, but on request of State Govt, FCI is participating in procurement operations.

2. Uttar Pradesh was DCP for KMS 1999- 2000 to KMS 2009-10 and RMS 1999-2000 to RMS 2010-11. Procurement of wheat & rice is under Non-DCP mode.
3. #Rajasthan was DCP for wheat in RMS 2013-14 to 2015-16 (for 1 district) and 2016- 17 (for 9 districts). From RMS 2017-18 onwards wheat is procured under Non-DCP mode.
4. Jharkhand was DCP for KMS 2016-17 (only for 1 district) 2017-18 (only for 5 District), 2018-19 (only for 6 District). They have adopted Non-DCP in KMS 2019- 20.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Food & Public Distribution)  
O.M. No.G-20017/05/2021-AC Dated the 16<sup>th</sup> June, 2021]

### **Comments of the Committee**

(Please see Para No. 1.7 of Chapter -I of the Report)

### **Recommendation No. 3**

2.3 The Committee note that despite various initiatives taken by the Department to reduce the storage and transit losses, the transit losses are still very high i.e. Rs. 280.94 crore in 2020-21 (upto October, 2020). The Committee feel that strict action should be taken against the delinquent officials and they should not escape accountability for unjustified losses. The Committee also feel that it should be the continuous endeavour of FCI to minimize the operational cost by controlling the operational losses and other overheads. The Committee, therefore, believe that the Department should continue to make vigorous efforts to reduce and minimize the storage and transit losses of foodgrains during the year 2021-22 and beyond to prevent the food subsidy from rising further and also to reduce the burden on public exchequer and tax payer of the country.

The Committee further note that the number of cases (major and minor offences) initiated against officials of FCI for unjustified transit losses during the years 2018-19, 2019-20 and 2020-21 (till September, 2020) are 153, 114 and 44 and for storage losses, these are 266, 258 and 154 respectively. The number of cases (major and minor) pending for unjustified transit and storage losses as on 30 September, 2020 stand at 18 and 89 respectively. The Committee recommend that FCI should fix its own standards/set guidelines/checklist so that employees become extra careful and vigilant in the matter of foodgrains stocks so that minimum loss is caused to this public corporation on this account. The Committee also desire that the framework for addressing the pendency of legal

cases at Department level should be reviewed to 60 include such essential ingredients necessary for streamlining the procedure currently followed, establishing a monitoring system of pending legal cases and taking other necessary steps for disposal of all pending cases against the delinquent officials expeditiously in a time-bound manner.

### **Reply of the Government**

2.4 Food Corporation of India (FCI)/State Agencies mainly procure wheat and rice stocks for distribution under National Food Security Act (NFSA) and Other Welfare Schemes (OWS) of the Govt. of India. The procured stocks are mainly moved by rail from procuring Regions to the consuming Regions for distribution under NFSA and OWS. Transit Loss (TL) in foodgrains during the loading/unloading operations is mainly due to moisture driage or grains during the transit, difference in weight on account of weighment on different weighbridges, multiple handlings and driage of gunny weight during the transit. Due to these operational reasons, some quantity of transit losses are bound to occur as these are due to operational reasons and inevitable.

FCI had taken proactive steps to reduce the losses such as spreading of polythene sheets on the floors of railway wagons to retrieve the spilled-over grains, the Joint Verification Team is deputed to investigate the cases of high transit losses, deployment of independent Consignment Certification Squad (ICCS) at the time of loading and unloading of rakes, Investigation of high Transit Loss cases by GMs and EDs and Installation of CCTV Cameras at FCI Godowns. With these proactive steps undertaken by FCI to have a control mechanism on the losses, substantial reduction in transit losses has been observed over the years which is evident from the fact that during 2013-14, the loss was to the tune of 2.43 Lakh MT whereas this has come down to 94,000 MT during 2019-20, which is only 0.25% of the total grain handled by FCI. Though the figure seems to be slightly higher in numerical terms but in view of the huge operations of FCI, the losses in percentage terms only, presents a true picture.

Further, it is to submit that FCI has fixed its own targets/standards and following action plan has been drawn to reduce the losses:

1. An 'SOP' regarding Joint Verification of High TL cases has been laid down vide circular dated 23.12.2015 and revised *vide* circular dated 16.02.2017. Joint Verification is to be conducted in respect of rakes reporting more than 0.75% transit losses.
2. Deployment of Independent Consignment Certification Squad (ICCS) at the time of loading and unloading of every rake is being ensured.

3. For the depots showing more than 0.50% RTL, loading/unloading of 20% of the rakes being supervised by Area Manager/ AGM (QC)/ Category-I Officer of Regional Office (RO) and in case of RTL within the range of 0.30% to 0.50%, loading/ unloading of 10% of the rakes is to be supervised by Area Manager/ AGM (QC)/ Category-I Officer of RO. Apart from above, 02 highest Storage Loss cases of the Area Office is to be investigated by Divisional Manager/ACM(QC).
4. GM (Region) has to investigate one case each of Highest SL and TL/destination shortage reported in the Region every month and Investigation Report must be furnished to Headquarters through Zonal Office latest by 20th of the following month. In addition, the Regional Squad will also supervise at least 10% of the rakes. The Depot staff should be rotated in case of depot continuously reporting higher trend of losses for 06 months.
5. ED (Zone) has to investigate one case each of Highest SL and TL/Destination Shortages in the Zone every month and investigation report must be submitted to Headquarters by 20th of following month along with Reports of CM (Regions) under his control. Zonal Office will also prepare list of Depots reporting high SL/TL/Destination shortage every month and identify notorious depots for monitoring of losses. 3 cases each of SL and TL/Destination Shortage be investigated by Zonal Office GM (STL)/ DGM (STL) besides ED (Zone)/GM (Region). Further, Zonal Squad will also supervise Loading/unloading of minimum 3 rakes in the Zone in respect of notorious depots

The target of Storage and Transit losses fixed by FCI Hqrs. for each region is being monitored during monthly review meetings chaired by Chairman and Managing Director (C&MD). However, all out efforts would be made to reduce the losses in the future.

Regular review of the progress of the disciplinary cases has been undertaken including online means with the Zonal/Regional offices and also with the Inquiry Officers to expedite the disposal of pending cases against the delinquent officials expeditiously.

Apart from above, following action has been taken by FCI to improve Vigilance administration in the organisation including speedy disposal of cases

- As preventive measures to curb corruption and irregularities, inspections are conducted on a regular/surprise basis by officers.
- A list of sensitive post has been prepared to avoid the posting of officers with doubtful integrity in such positions. Further, this circular forms a basis to remove an officer from a sensitive seat if their integrity is doubtful.
- FCI (Staff) Regulations has been amended to incorporate provisions for appearance in departmental inquiries through Video Conferencing in line with extant Guidelines.
- Guidelines have also been issued for timely production of documents related to departmental inquiries requisitioned by the Inquiry Officers to ensure timely completion of Inquiry.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Food & Public Distribution)  
O.M. No.G-20017/05/2021-AC Dated the 16<sup>th</sup> June, 2021]

### **Comments of the Committee**

(Please see Para No. 1.10 of Chapter -I of the Report)

### **Recommendation No. 4**

2.5 The Committee note that despite adequate checks and balances in the form of internal audit, CAG Audit and review of capacity utilization by Regional/Zonal Officers/FCI Headquarters to ensure optimum utilization of storage capacity to minimize the cost of storage, capacity utilization of covered/hired and CAP/hired (as on 01.06.2020) is still very high i.e. 95% and 132% respectively. The corresponding owned capacity utilization is 75% and 20% respectively. The reasons cited by the Ministry for under- utilization of owned capacity do not seem to be convincing i.e. owned capacity is under repair and maintenance. The Committee desire that hiring of godowns should be resorted to only when it is absolutely necessary, and that efforts should be made to minimize the rent paid to various agencies in this regard. The Committee, therefore, strongly recommend that FCI should utilize their own storage capacity to the maximum (whether covered or CAP) before hiring any storage capacity in order to save precious funds spent on taking the storage space on rent.

### **Reply of the Government**

2.6 Considering the operations of FCI, BICP (Bureau of Industrial Costs and Prices) has prescribed the storage capacity utilization norm of the godowns to be 75%. However, for better utilization of the storage capacity and consideration higher stock levels, capacity utilization norm of 80 % has been considered optimum.

FCI's owned covered capacity as on 30.06.2021 is 151.58 LMT having utilization of 73% and covered hired capacity is 290.46 LMT with 99% utilization. In case of CAP, owned capacity is 25.71 LMT having utilization of 24% and hired CAP capacity is 12.32 LMT with utilization of 105%. It is informed that Govt. of India has decided to phase out CAP capacity by replacing them with scientific storage. It can be noticed that utilization of hired CAP is high. As a general principle hiring is done in case of storage gap at a specific location.

Capacity utilization varies from month to month due to different levels of stock at different point of time. The utilization remains highest at the end of Rabi Marketing Season (RMS) in the month of June every year. The utilization in case of CAP is bound to be lower in view of the inherent shortcoming of this mode of

storage as it is used as a last resort when covered storage is not available and that too for wheat only. Moreover, the stocks stored in CAP are liquidated on top priority.

FCI's owned operative capacity is utilized to the maximum extent possible before hiring capacities and the hired capacities are de-hired when not required. However, capacity hired under guarantee scheme cannot be de-hired during the guarantee period. FCI tries to ensure optimum utilization of its existing capacity. Adequate checks and balances are in place in the form of Internal Audit and CAG audit so as to ensure proper utilization of available capacity whether owned or hired and to ensure that no infructuous expenditure is made on account of rental charges by hiring the godowns unnecessarily. Monitoring and review of capacity utilization is also carried out by Regional Offices/ Zonal Offices/FCI HQs to ensure optimum utilization of storage capacity and to minimize the cost of storage.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Food & Public Distribution)  
O.M. No.G-20017/05/2021-AC Dated the 16<sup>th</sup> June, 2021]

### **Recommendation No. 6**

2.7 The Committee are concerned to observe that during the years, i.e. 2017-18, 2018-19 and 2019-20, total value of damaged foodgrains recorded is very high viz. Rs. 32232460.50, Rs. 67332841.95 and Rs. 26096367.48 respectively. The Committee note that accrual of damaged foodgrains is mainly due to storage pests' attack, leakages in godowns, procurement of poor quality stocks, exposure to rains, floods, or due to negligence of officials/officers, etc. The Committee feel that damage done to foodgrains due to natural calamities like rains/floods is beyond human control. But the damages to foodgrains due to negligence of officials/officers can be avoided to the maximum extent by keeping a strict vigil and holding them accountable. The Committee also feel that the movement of foodgrains to distribution centres is also very slow. As a result, huge piling of foodgrains and rotting takes place, thereby causing heavy losses. The Committee recommend that the Department should give special attention to the major wheat producing States, such as Punjab and Haryana and create adequate storage capacity in such States. The Department should also consider creation of storage space in other States such as Rajasthan, Maharashtra and Tamil Nadu where the non-cultivable land can be used to institute modern silos/godowns for storing foodgrains which will serve as a supply centre to both northern and southern regions.

The Committee further feel that the matter is being approached in a very casual manner by the Government in a country where incidence of hunger and

malnutrition are still reported, and hence, such careless losses are a matter of grave concern. The 63 Committee, therefore, recommend that utmost care should be taken to ensure that the foodgrains do not get damaged/spoiled by taking adequate scientific storage measures and fixing responsibilities on officials/officers for accrual of damaged foodgrains.

### Reply of the Government

2.8 Foodgrains stocks procured by FCI is stored and preserved scientifically through technically qualified and trained manpower. FCI is storing/ handling large quantities of foodgrains over long periods for round the year distribution under Targeted Public Distribution System (TPDS) and OWS of Govt. of India. Food grains stocks stored in the warehouses are regularly inspected by the trained technical manpower and health of the foodgrains stocks is monitored. In case of any discrepancies like insect infestation, stocks are immediately subjected to fumigation to make the stocks pest free. Further, in order to monitor the stocks turning 'non issuable' a 'Damage Monitoring Cell' has been put in place at every level, i.e. Divisional Office. Regional Office & Zonal Office. Due to proactive approach to preserve the quality of foodgrain stocks, during the year 2017-18, 2018-19 and 2019-20 a meagre quantity of 2663, 5213 and 1930 Tonnes of foodgrain has become 'Non issuable,' which is merely 0.006%.0.010% & 0.004 % of total stocks handled in the respective years.

(Fig. in Tonnes)

Year of Accrual	2017-18	2018-19	2019-20
Total Quantity Damaged	2663	5213	1930
Reasons of damage			
<b>NATURAL CALAMITIES</b>			
Rain	22	0	15
Flood	1527	4390	993
Cyclone	5	0	689
<b>A. TOTAL</b>	<b>1554</b>	<b>4390</b>	<b>1697</b>
<b>B. OPERATIONAL REASONS</b>	<b>1109</b>	<b>823</b>	<b>233</b>
<b>G. TOTAL (A+B)</b>	<b>2663</b>	<b>5213</b>	<b>1930</b>
Percentage of Damages due to natural calamities	<b>58</b>	<b>84%</b>	<b>88%</b>

In view of above it would be seen that major quantity i.e. 84% in 2018-19 and 88% in 2019-20 became non issuable on account on natural calamities like flood and cyclone which was beyond human control.

In case any stock becomes non issuable due to negligence of any officer / officials, suitable disciplinary action is taken against them. In this connection, it is



to apprise that during the year 2017-18, 2018-19 & 2019-20, 18, 17 and 4 officers /officials respectively were identified and disciplinary action stands taken against them.

Steps taken by FCI to prevent foodgrains becoming 'Non issuable' are as under:

- i. All godowns are constructed as per specifications.
- ii. Foodgrains are stored by adopting proper scientific code of storage practices.
- iii. Adequate dunnage materials such as wooden crates, bamboo mats, polythene sheets are used to check migration of moisture from the floor to the foodgrains.
- iv. Fumigation covers, nylon ropes, nets and insecticides for control of stored grain insect pests are provided in all the godowns.
- v. Prophylactic (spraying of insecticides) and curative treatments (fumigation) are carried out regularly and timely in godowns for the control of stored grain insect pests.
- vi. Effective rat control measures, both in covered godowns as well as in CAP storage are used.
- vii. Foodgrains in 'Cover and Plinth' (CAP) storage are stored on elevated plinths and wooden crates are used as dunnage material. Stacks are properly covered with specifically fabricated low-density black polythene water -proof covers and tied with nylon ropes/nets.
- viii. Regular periodic inspections of the stock/godowns are undertaken by qualified and trained staff and all senior officers. The health of the foodgrains is monitored at regular intervals by a system of checks and super checks at different levels. Following Checks and Super checks are conducted in the godowns by FCI to ensure proper preservation of foodgrains in the storage.
  - a) Fortnightly inspection of stocks by Technical Assistant.
  - b) Monthly inspection by Manage(QC)
  - c) Quarterly inspection by AGM(QC)
  - d) Super Checks by Regional, Zonal and FCI Hqrs Squads on random basis
- ix. The principle of "First in First Out" (FIFO) is followed to the extent possible so as to avoid longer storage of foodgrains in godowns
- x. Only covered rail wagons are used for movement of foodgrains so as to avoid damage during transit.
- xi. Damage Monitoring Cells have been set up at District, Regional and Zonal levels to regularly monitor quality of stocks and reduce damages. In case any negligence is reported suitable action is taken against officers / officials found responsible.
- xii. Identify & repair all the leakage point in the roof.
- xiii. Cleaning of drainages in the godown premises ensured.
- xiv. Ensure no seepage inside the godowns.
- xv. No clogging up of water in the premises.
- xvi. Immediate action to segregate & recondition of the stocks whenever it gets affected.

In view of above it may be appreciated that all out efforts are being made to preserve the foodgrains properly and no causal approach is being adopted by

the Govt. to reduce such losses. However the action as advised by the Hon'ble committee would be taken in future to reduce the losses further.

In reply of the observations of the committee for creating adequate scientific storage capacity in major procuring regions such as; Punjab, Haryana as well as in Rajasthan, Maharashtra and Tamil Nadu where the non-cultivable land can be used to institute modern silos/godowns for storing foodgrains, it is informed that the construction of modern warehouses in the form of steel silos is already undertaken and future technologically advance Silos have been proposed under Hub & Spoke model. The details are as under:

(fig.LMT)

State	Completed/Under Implementation		Proposed Capacity	
	No. of location	Silo Capacity	No. of location	Silo Capacity
Punjab	11	5.75	47	19
Haryana	5	2.5	37	11
Maharashtra			23	13
Tamil Nadu	2	0.5	0	0
Rajasthan			21	10.25

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Food & Public Distribution)  
O.M. No.G-20017/05/2021-AC Dated the 16<sup>th</sup> June, 2021]

### **Recommendation No. 7**

2.9 The Committee feel that diversion of foodgrains meant for the poorest of the poor is the biggest menace in the functioning of one of the important welfare schemes of Government, i.e. Public Distribution System (PDS). The Committee note the large number of complaints on TPDS received in the Department from individuals, organizations and through media reports etc., from 2017 to 2020 (upto 31.10.2020) from Uttarakhand, Bihar, Uttar Pradesh, Delhi, Haryana and various other States. The Committee find that during the years, i.e. 2017, 2018, 2019 and 2020, the total number of complaints received in the Department were 1213, 941, 855 and 2469 respectively. These complaints related generally to leakages/diversion of foodgrains, foodgrains not reaching the intended beneficiary, issuance of ration cards to ineligible persons, quality and quantity of foodgrains and other FPS related matters in different States/ regions in the country. Under PDS (Control) Order, 2001, the constitution of Vigilance Committee by the States/UTs at Fair Price Shop (FPS) level is mandatory. In addition to the aforesaid system, the Ministry gets the Utilization Certificate (UC)

from various State Governments that help in monitoring the PDS Scheme. In spite of the elaborate system of monitoring, the diversion of foodgrains still continues. Besides evolving various systems of monitoring mechanism, it is pertinent to ensure that these systems work properly. In view of the aforesaid position, the Committee strongly recommend to the Department to ensure that the various monitoring mechanism work properly failing which the objective of having mechanism of monitoring is really defeated. The Committee further desire that Government should take the issue of monitoring seriously as it will help preventing and reducing cases of diversion of foodgrains/complaints emerging from different parts of the country. Since crores of rupees are being spent for allocating subsidized foodgrains to the poorest of the poor in the country every year, it is vital that the benefits thereof reach the intended sections of the society.

### **Reply of the Government**

2.10 Department of Food and Public Distribution receives complaints on TPDS from individuals, organizations & through media reports etc. from various States/UTs including Uttarakhand, Bihar, Uttar Pradesh, Delhi, Haryana. Total 941 complaints were received during the year 2018 and necessary actions were taken for speedy resolution of those complaints. Resultantly, there were reduction in receipt of total number of complaints (855) in the Department during the year 2019. Due to outbreak of pandemic Covid-19, there were increased number of complaints (2469) in 2020 (upto 31.10.2020) especially during the complete lockdown from 23.03.2020 onwards and necessary action was taken for its speedy resolution. Also, Government's popular schemes of Pradhan Mantri Garib Kalyan Yojana (PMGKY) linked with TPDS and Atma Nirbhar Bharat (ANB) were launched and foodgrains allocation and distribution was increased to manage the additional foodgrains distribution to about 80.00 crore beneficiaries. Further, during the year 2021 even on having witnessed second wave of pandemic Covid-19 along with partial lockdown throughout the country, there have been receipt of only 611 complaints from January, 2021 upto 30.06.2021. Constant watch has been kept and Necessary measures/action have also been taken for its speedy resolution.

As per sub-clause (2) of clause 8 of TPDS (control) order 2015, the State Governments/Union Territory Administrations are required to furnish Utilization Certificate in respect of foodgrain allocation under NFSA 2013 every year. A number of States/UTs have not been furnishing UCs regularly. The States/UTs have already been requested vide this Department's letters dated 18.11.2019 for the year 2017-18, 2018-19 and 2019-20. However, very few States/UTs (Chattisgarh, Delhi Gujarat, J&K, Karnataka, Sikkim, Tripura, Dadra Nagar Haveli

and Daman & Diu) have furnished UCs so far. The remaining States/UTs have not furnished the same.

Further, States/UTs have been requested to furnish UCs for the year 2020-21 and 2021-22 (till September) and of previous years to this Department. Therefore, regular follow up is being made to furnish pending UCs under NFSA, 2013 (AAY+PHH+Tide-Over category).

This Department also allocates foodgrains to D/o School Education and Literacy under Mid Day Meal (MDM) Scheme, to M/o Women and Child Development under Wheat Based Nutrition Programme (WBNP) and Scheme for Adolescent Girls (SAG), to M/o Rural Development under Annapurna Scheme and to States/UTs under Welfare Institutions and Hostel Scheme. All concerned Administrative Ministries and States/UTs in r/o above welfare schemes are being regularly followed up with to furnish pending UCs.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Food & Public Distribution)  
O.M. No.G-20017/05/2021-AC Dated the 16<sup>th</sup> June, 2021]

### **Recommendation No. 8**

2.11 The Committee are pained to know that despite taking various remedial measures, a large number of vigilance cases have been registered against FCI officials during the years 2017-18, 2018-19, 2019-20 and 2020-21 (till September, 2020) i.e. 817, 828, 691 and 406 respectively. The Committee also observe that a complaint against GM (Haryana) is pending and in the case of Manager (Commercial), Udaipur District and Manager (Accounts), Udaipur- charge sheets have been issued/penalty imposed. The Committee further find that during 2020-21, 3 cases have been referred to the Central Bureau of Investigation (CBI) and 3 cases to the Central Vigilance Commission (CVC). The Committee are of the view that corruption in FCI may spiral out of control if strict action is not taken. The Committee, therefore, recommend that FCI should strengthen its vigilance mechanism in coordination with the States/UTs so as to detect corrupt practices by FCI officers and take stringent punitive action against them, if found guilty. The Committee also desire that senior officers should be held accountable to uproot the evil of corruption. The Committee further desire that the Public Distribution System should be made more transparent and accountable. The Committee are of the opinion that FCI staff may be transferred after a fixed period to avoid creation of vested interests. The Committee further recommend that efforts should be made for early disposal of pending cases as delay in

disposal of vigilance cases would encourage corrupt practices and undermine the authority of law.

### **Action taken by the Government**

2.12 Following is the status of Major/ Minor cases initiated & disposed of by FCI between 2017-2018 and 2020-2021

Period	Opening Balance		Number of Cases Initiated during the year		Disposed of during the year		Closing Balance	
	Major	Minor	Major	Minor	Major	Minor	Major	Minor
<b>2017-18</b>	156	187	64	753	74	742	146	198
<b>2018-19</b>	146	198	92	736	112	706	126	228
<b>2019-20</b>	126	228	71	620	85	661	112	187
<b>2020-21</b>	112	187	53	664	79	706	86	145

From above, it may be seen that the total cases have come down progressively during last four years. Reducing trend of closing balance reflects that Corporation has disposed cases in a time-bound manner.

In the last three years, five complaints have been registered against GM (FCI) Haryana and out of these two complaints have been closed after investigation. Further, three complaints are in the final stage of disposal. In the case of Manager (Commercial), Udaipur District and Manager (Accounts), Udaipur, as observed by the Committee, the action has been completed. FCI is closely coordinating with Zones/Regions to deal and expedite the disposal of corruption issues, and Prosecution Sanctions. FCI has also come up with comprehensive transfer policy guidelines for its employees during March 2021. The guidelines comprise stringent stipulations for implementing the timely transfer of officials holding sensitive seats.

Following action has been taken by FCI to improve Vigilance administration:-

- a. Amendment in the Staff Regulation of FCI on 16.10.2020 for imposing a penalty of dismissal/removal from service where every the corruption, bribery or disproportionate assets are proved.
- b. As preventive measures to curb corruption and irregularities, inspections are conducted on a regular/surprise basis by officers.
- c. A list of sensitive post has been prepared to avoid the posting of officers with doubtful integrity in such positions. Further, this circular forms a basis to remove an officer from a sensitive seat if their integrity is doubtful.

- d. FCI (Staff) Regulations has been amended to incorporate provisions for appearance in departmental inquiries through Video Conferencing in line with extant Guidelines.
- e. Guidelines have also been issued for timely production of documents related to departmental inquiries requisitioned by the Inquiry Officers to ensure timely completion of Inquiry.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Food & Public Distribution)  
O.M. No.G-20017/05/2021-AC Dated the 16<sup>th</sup> June, 2021]

### **Comments of the Committee**

(Please see Para No. 1.13 of Chapter -I of the Report)

## CHAPTER III

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

#### **Recommendation No. 1**

3.1 The Committee observe that the Department of Food and Public Distribution is the nodal department with regard to the formulation and implementation of national policies on foodgrains relating to procurement, movement, scientific research, storage, distribution and sale. The Committee further observe that wheat procurement at Rabi Market Season (RMS) for the years 2017-18, 2018-19, 2019-20 and 2020-21 were 308.24, 357.95, 341.32 and 389.92 LMT respectively and rice procurement at Kharif Market Season (KMS) for the years 2017-18, 2018-19 and 2019-20 were 381.84, 443.99 and 519.48 LMT respectively. Farmers retain a part of their produce for their self consumption and seeds. The surplus is sold by them in the market. The surplus varies from farmer to farmer depending upon his size of land holding, productivity, family size etc. The Committee note that the Minimum Support Price (MSP) is announced by the Government of India at the beginning of sowing season of crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices which determines the MSP based on the input costs and margin to farmers. FCI and State Government Agencies procure the foodgrains at MSP. The Committee also note that FCI operations in this regard are supporting operations. Presently, FCI's direct procurement is less than 5 percent. All operations are conducted by State Agencies. The Committee recommend that Government/FCI should assist the State Governments for creation of adequate infrastructure in the States for ensuring effective procurement

The Committee also note that the lower staff (technical and non-technical) posted at procurement centres sometimes refuse to procure the produce of farmers on non-bonafide technical reasons thereby causing great hardships to the farmers and thus leading to distress sale. Farmers are also at times harassed in the name of moisture content in the produce. The Committee, therefore, desire that if the stock conforms to Fair Average Quality (FAQ) norms, it should not be rejected on flimsy grounds. The Committee further desire that FCI should organize interaction programmes for the officials so that they understand the responsibility of procurement operations to avoid harassment of farmers.

## **Reply of the Government**

3.2 FCI vide its letter dated 09.11.2021 have sensitized its all Zonal Offices and Regional Offices to take necessary action on the recommendations of the Standing Committee.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Food & Public Distribution)  
O.M. No.G-20017/05/2021-AC Dated the 16<sup>th</sup> June, 2021]

### **Recommendation No. 5**

3.3 The Committee are concerned to note that during the year 2020-21, FCI could not achieve physical and financial targets for construction of godowns. During the year 2020-21 (as on 31.01.2021) the physical target set for construction of godowns in North-Eastern States was 30020 MT, but its achievement in this regard was NIL. So far as financial target is concerned, it was Rs. 45 crore but its achievement in this respect was Rs. 13.64 crore.

Similarly, during the year 2020-21, for States other than North-East, the physical target was 6220 MT but achievement was NIL. Financial target was Rs. 16 crore but achievement was only Rs. 3.07 crore. The Ministry has also informed that land for storage capacity of 43,340 MT (28,340 – NE and 15000-other than NE) has been identified and is likely to be handed over to FCI shortly at 4 locations ( 3 locations – NE and 1 location-other than NE). The Committee also note that construction of silos completed by FCI and State Governments is 8.25 LMT, and 21.5 LMT is under implementation. The Committee desire that the Department/FCI should make sincere efforts to expedite completion of on-going godown construction projects particularly in J&K, NE States, Andaman & Nicobar and Lakshadweep Islands. In the opinion of the Committee, existence of sufficient storage capacity in these States is a pre-requisite for the people of the States to reap the benefits of Public Distribution System. The Committee understand the problem faced by FCI in construction of godowns in NE Region which are mainly due to difficult terrain, frequent bandhs, and land acquisition restrictions, law and order situation and inclement weather which affects construction work. The Committee, therefore, recommend that the Department should take up the matter with the States/UTs at the highest level to solve the problem of storage. The Committee also recommend that mini godowns should be created in different parts of the States/UTs.



## Reply of the Government

3.4 During the year 2020-21, FCI could not achieve physical and financial targets for construction of godowns. During the year 2020-21 the physical target set for construction of godowns in North-Eastern States was 30020 MT but achievement in this regard was NIL. During year 2020-21, the work of construction of Godowns at 5 locations in NE were in progress. The work of Dhemaji/20000 MT was completed, however handing over of the Godown was got delayed due to election in Assam State and undertaken in April 2021. So far as financial target is concerned, it was Rs.25 crore but financial achievement was Rs 29.70 crore up to 31.03.2021.

The main reason for non-achievement of targets in the year 2020-21 is outbreak of Covid-19 in North Eastern/ other than NE region. In NE Region, there are issues like delay in handing over of suitable land by State Governments, inclement weather and problems like regular floods, landslides and accessibility issues which hinders the smooth progress of works almost in the entire North Eastern region.

Similarly, during the year 2020-21, for States other than North-East, the physical target was 6220 MT but Physical achievement was NIL. Financial target was Rs. 15 crore but achievement was only Rs. 4.98 crore up to 31.03.2021.

As of now there is no proposal for Construction of Godown under Central Sector Scheme in J&K, Andaman & Nicobar and Lakshadweep Islands.

It is further informed and updated that land parcel for storage capacity of 38,340 MT (23,340 – NE and 15000- other than NE) has been identified at four locations (3 locations – NE and 1 location-other than NE). As of Now at one location i.e. Champai/Mizoram/3340 MT land has been finalized and offered on temporary lease basis up to 31<sup>st</sup> Dec 2021. Once permanent boundary wall will be erected by FCI, long term lease will be executed by State Government in favor of FCI. In another case i.e. Silchar-Bihara/Assam/20000 MT/Rail fed, land acquisition process could not be completed due to non-issue of NOC from NF Railways. Land offered by Jharkhand state under DhumkaPh-II project 15000MT has not been found suitable. Thus the matter of land acquisition is pending with State government for Silchar-Bihara/Assam/20000 MT and DhumkaPh-II/15000MT is still pending in spite of our continuous follow-up with State Governments.

[Ministry of Consumer Affairs, Food & Public Distribution  
(Department of Food & Public Distribution)  
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## **CHAPTER IV**

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

**-NIL-**

## **CHAPTER V**

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

**-NIL-**

**NEW DELHI;  
17 JULY, 2022  
26 Ashadha, 1944 (Saka)**

**SUDIP BANDYOPADHYAY,  
CHAIRPERSON,  
Standing Committee on Food,  
Consumer Affairs and Public Distribution.**

## APPENDIX I

### MINUTES OF THE NINTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2021-2022) HELD ON MONDAY, 30 MAY, 2022

The Committee sat from 1500 hrs. to 1630 hrs. in Committee Room 'D',  
Ground Floor, Parliament House Annexe, New Delhi.

#### **PRESENT**

Shri Sudip Bandyopadhyay - Chairperson

#### **Members**

#### **Lok Sabha**

2. Dr. Farooq Abdullah
3. Shri Anil Firojiya
4. Shri Khagen Murmu
5. Smt. Himadri Singh
6. Shri Ganesan Selvam
7. Shri Saptagiri Ulaka
8. Sh. Rajmohan Unnithan

#### **Rajya Sabha**

9. Dr. Fauzia Khan
10. Shri Rajmani Patel
11. Shri Ramji
12. Shri G.K.Vasan

#### **SECRETARIAT**

1. Shri Shiv Kumar - Additional Secretary
2. Dr. Vatsala Joshi - Director
3. Dr. Mohit Rajan - Deputy Secretary

## WITNESSES

xxx      xxx      xxx

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the draft Report on Action Taken by the Government on recommendations/observations contained in the 13<sup>th</sup> Report of the Committee on the subject 'Procurement, Storage and Distribution of Foodgrains by Food Corporation of India' pertaining to Department of Food and Public Distribution. Thereafter, the Committee took up for consideration the Draft Report. After due deliberations, the Committee unanimously adopted the said Action Taken Report without any amendment/modification and authorized the Chairperson to finalise the Report.

3.      xxx      xxx      xxx

4.      xxx      xxx      xxx

**The Committee then adjourned.**

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## APPENDIX II

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

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/ OBSERVATIONS CONTAINED IN THE THIRTEENTH REPORT OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2021-22)

#### (SEVENTEENTH LOK SABHA)

- (i) Total number of Recommendations: 8
- (ii) Recommendations/Observations which have been accepted by the Government :
- Para Nos. :- 2,3,4,6,7 and 8
- (Chapter – II, Total 6)  
Percentage : 75%
- (iii) Recommendations/Observations which the Committee do not desire to pursue in view of the replies received from the Government
- Para Nos.:- 1 and 5
- (Chapter – III, Total - 2)  
Percentage : 25%
- (iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
- Para Nos. NIL
- (Chapter – IV, Total -0)  
Percentage : 0.00%
- (v) Recommendations/Observations in respect of which the interim replies of the Government have been received.
- Para No.:- NIL
- (Chapter – V, Total - 0)  
Percentage : 0.00%