

22

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2022-2023)**

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 Eighteenth Report of the Committee (Seventeenth Lok Sabha) on Demands for Grants (2022-23) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)}

TWENTY SECOND REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2022/Agrahayana, 1944 (Saka)

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(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

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Presented to Lok Sabha on 09.12.2022

Laid in Rajya Sabha on 09.12.2022



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2022/Agrahayana, 1944(Saka)

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**COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION(2022-23)**

Smt. Locket Chatterjee- Chairperson

Members

Lok Sabha

2. Dr. Farooq Abdullah
3. Shri Sudip Bandyopadhyay
4. Shri Girish Bhalchandra Bapat
5. Shri Shafiqur Rahman Barq
6. Shri Gangasandra Siddappa Basavaraj
7. Km. Debasree Chaudhuri
8. Shri Anil Firojiya
9. Shri Rajendra Dhedyia Gavit
10. Shri Sanganna Amarappa Karadi
11. Shri Khagen Murmu
12. Shri Mitesh Rameshbhai Patel
13. Shri Subrat Pathak
14. Shri Ganesan Selvam
15. Dr. Amar Singh
16. Smt. Himadri Singh
17. Smt. Kavita Singh
18. Shri Nandigam Suresh
19. Shri Saptagiri Sankar Ulaka
20. Shri Rajmohan Unnithan
21. Shri Vaithilingam Ve.

Rajya Sabha

22. Shri Satish Chandra Dubey
23. Dr. Fauzia Khan
24. Shri Baburam Nishad
25. Shri Rajmani Patel
26. Shri Sakaldeep Rajbhar
27. Dr. Anbumani Ramadoss
28. Shri C. Ve Shanmugam
29. Shri Harbhajan Singh
30. Ms. Dola Sen
31. Vacant

LOK SABHA SECRETARIAT

- | | | |
|----------------------------------|---|------------------|
| 1. Shri Srinivasulu Gunda | - | Joint Secretary |
| 2. Dr. Vatsala Joshi | - | Director |
| 3. Dr. Mohit Rajan | - | Deputy Secretary |
| 4. Smt. Darshana Gulati Khanduja | - | Under Secretary |

INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2022-2023) having been authorized by the Committee to submit the Report on their behalf, present this Twenty Second Report on Action Taken by the Government on the Recommendations/ Observations contained in the Eighteenth Report of the Committee (Seventeenth Lok Sabha) on Demands for Grants (2022-23) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Eighteenth Report was presented to Lok Sabha and laid in Rajya Sabha on 22.03.2022. The Government has furnished its replies indicating Action Taken on the recommendations contained in the Report on 22 June, 2022.

3. The Report was considered and adopted by the Committee at their sitting held on 9th November, 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;
10th November, 2022
19 Kartika, 1944 (Saka)

LOCKET CHATTERJEE
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 Eighteenth Report of the Committee (17th Lok Sabha) on Demands for Grants (2022-23) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)

1.2 The Eighteenth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 22.03.2022. It contained 18 recommendations/observations. Action taken replies in respect of all the 18 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 -

Para Nos.:- 2.10, 2.12, 3.7, 3.15, 3.27, 3.34, 3.43, 4.15, 4.21, 4.26, 5.18, 5.22 and 5.23

Total: 13
Chapter – II

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

Para Nos.:- 5.7

Total: 1
Chapter – III

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

Para No.:- 3.8, 3.25, 4.7

Total: 3
Chapter – IV

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

Para No. :- 4.10

Total: 1
Chapter – V

1.3 The Committee desire that action taken notes on the Recommendations/ Observations contained in Chapter I and Chapter - V of this report be furnished to them expeditiously.

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

A. Need for Performance Evaluation of DCP Scheme

Recommendation (SI No. 4, Para No. 3.8)

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

"The Committee are dismayed to note that though on the request of the Department, an Evaluation Advisory Committee under NITI Aayog was constituted to carry out performance evaluation of the DCP Scheme in the year 2017, yet despite several reminders, the evaluation has not been concluded till date. The Evaluation Study of Decentralized Procurement Scheme for the procurement of Wheat/Paddy by Institute of Economic Growth also has not been completed yet. The Committee desire the Department to prioritize this work and take the matter at highest level for completion of the aforesaid Evaluation and pursue both the Agencies to complete their respective jobs within a span of six months after submission of this report and the Committee would like to be apprised thereof accordingly."

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

"The study was entrusted to NITI Aayog for evaluation of DCP scheme in 2017. Since no significant progress was made in the matter, a DO letter from Secretary (F&PD) was sent to CEO, NITI Aayog in 2019. But no response was received from NITI Aayog. The last letter was sent to NITI Aayog in March 2021 requesting to complete the study and submit the report to this Department as earliest possible, but no response has been received so far from NITI Aayog."

1.7 The Committee in their Original Report desired to get complete the evaluation of the DCP Scheme for procurement of wheat/paddy by Evaluation Advisory Committee under NITI Aayog and Institute of Economic growth by taking the matter at the highest level. In the Action Taken Reply the Department informed that despite their Letter in March 2021 to NITI Aayog, no response have been received till date. The Committee, while reiterating its original recommendation, desire to take up the matter at the highest level for completion of the evaluation by both agencies on priority basis and submission of their Report at the earliest.

B. Need to expedite completion of Aadhaar Seeding in Ration Card

Recommendation (SI No. 6, Para No. 3.25)

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

"The Committee note that total percentage of Aadhaar Seeding with Ration Card in different States/UTs in the country is 93.8%. The Department has stated that the

progress of Aadhaar Seeding in North-Eastern States is low mainly due to poor Aadhaar generation in Assam and Meghalaya. The Committee express their displeasure over the fact that in States such as Arunachal Pradesh, Assam, Meghalaya and West Bengal, the process of seeding of Aadhaar Card with Ration Cards is still under way and only 60%, 47%, 28% and 80% of Seeding has been completed respectively. The Committee strongly recommend the Department to 100 % complete the work of Aadhaar Seeding with Ration Cards. They further desire that the issue of Aadhaar Seeding with Ration Card should be sorted out at the highest level so that under the 'One Nation One Ration Card' Scheme, aiming to empower all migrant beneficiaries in lagging States may be realized, enabling poor people to reap the seamless benefits of Welfare Schemes of the Government."

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

"At present, overall Aadhaar seeding with Ration Cards (at least one member of household) has reached up to 94.4% at the National level. It is highlighted that incremental improvement has been reported of Aadhaar seeding in Ration Card in Assam and Meghalaya with 81% and 35% respectively. Further, the Aadhaar seeding with Ration Card in Arunachal Pradesh and West Bengal is 60% and 80% respectively. However, this Department is regularly making all possible efforts to increase the Aadhaar seeding in ration card database. In this connection, Department has already shared guidelines/best practices for increasing Aadhaar Seeding and validating Aadhaar numbers with all States/UTs. The matter is regularly being pursued with lagging States/UTs to expedite the Aadhaar seeding with Ration Card through meetings, advisories, letters, etc.

Due to Department's continuous efforts, at present 35 State/UTs have enabled "One Nation One Ration Card (ONORC)" plan covering about 77 crore NFSA beneficiaries (96.80% of NFSA population) to seamlessly exercise this option and receive their foodgrains/ benefits in these States/UTs. This Department is continuously pursuing with remaining State of Assam for enabling the facility of ONORC by next few months, depending upon its technical readiness."

1.10 The Committee, in their Original Report, expressing their displeasure over the slow pace of Aadhaar Seeding with Ration Card in States such as Arunachal Pradesh, Assam, Meghalaya and West Bengal recommended that 100 per cent seeding should be completed in these States. In the Action Taken Reply Department has stated *inter alia* that matter is regularly being pursued with lagging States/UTs to expedite the Aadhaar Seeding with Ration Cards and incremental improvement from 28% to 35 % and 47% to 81% in Meghalaya and Assam respectively could be seen. The Department's reply however is silent as to the status of improvement in the remaining two states viz. Arunachal Pradesh and West Bengal. In view of the afore mentioned, the Committee are of the opinion that substantial/vigorous steps needs to be taken to have considerable improvement in this regard. They accordingly reiterate their recommendation made in this regard.

C. Need for Early Liquidation of Outstanding Dues of FCI

Recommendation (SI No.10, Para No. 4.7)

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

“The Committee note with concern that a large amount of dues are outstanding against the Ministry of Rural Development and Ministry of Human Resource Development (now Ministry of Education) on account of foodgrains provided to them by FCI for various Welfare Schemes on payment basis. The Committee have been informed that an amount of Rs. 2454.03 Crore is outstanding as on 31.12.2021 for payment to FCI by Ministry of Rural Development against the foodgrains supplied under Sampoorna Gramin Rojgar Yojana (SGRY) Scheme upto 31.02.2008 i.e, when the

scheme was closed. Further, an amount of Rs. 350.42 crore is outstanding (as on 03.12.2021) in respect of Ministry of Education (HRD) against the foodgrains supplied under the Mid-Day-Meal Scheme (MDM), whereas an amount of Rs. 56.46 Crore is outstanding in respect of Ministry of External Affairs for wheat issues to World Food Programme (WFP) for supply of Fortified Biscuits to Afghanistan under Government of India's donation to Afghanistan. The Committee feel that inability to liquidate the outstanding dues of FCI over the years would adversely affect the functioning of FCI and put burden on ever rising Food Subsidy Bill. The Committee, therefore, strongly recommend that Department should make sincere efforts towards the settlement of outstanding dues by constituting a Recovery Cell of Higher Officials for regular persuasion of the matter at highest level with other Ministries; to recover the outstanding dues, which will eventually reduce the liabilities of FCI."

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

"Department of Food & PD and Food Corporation of India (FCI) is regularly pursuing the matter with the concerned Ministries i.e. M/o Rural Development, M/o Education (HRD) and M/o External Affairs for liquidating the outstanding dues of FCI. To review outstanding dues of FCI and expedite the settlement, VC was held on 04.06.2021 under the chairmanship of JS (P&FCI) with concerned Ministries. Subsequently, communication dated 22.04.2022 was issued to the MoRD to convene a meeting at senior level to expedite the matter. However, information is still awaited from concerned Ministries in this regard."

1.13 The Committee in their original report observed that an amount of Rs 2454.03 crore against Ministry of Rural Development and Rs 350.42 crore against Ministry of Education and Rs 56.46 crore against Ministry of External Affairs were outstanding for payment to FCI on Account of food grains provided to them for a long time and urged the Department/FCI to take necessary steps for settlement of the dues by constituting a Recovery

Cell of higher officials for regular persuasion of the matter at highest level with other Ministries. The Department in its Action Taken Reply has stated that communication dated 22.04.2022 was issued to MoRD to convene a meeting at senior level to expedite the matter and information is awaited from concerned Ministry in this regard. The Committee note that huge amounts are pending for payment to FCI for a long time , in some cases more than a decade, impacting adversely the finances of FCI. It appears that even setting up of recovery Cell of senior officials of the Department have not had much impact on the pendency of the amounts from the Ministries. The Committee, therefore, while suggesting effective measures to recover the dues, reiterate their recommendation made in this regard.

D. Need to reduce Establishment Cost of FCI

Recommendation (SI No.11, Para No. 4.10)

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

“The Committee note that during the Financial Year 2021-22, the Establishment Cost of FCI, which is reimbursed by the Government along with the expenditure incurred on procurement, transportation and storage of foodgrains in the form of Food Subsidy is very high, i.e., Rs. 2430 Crore indicating a large portion of the Food Subsidy goes towards meeting the Establishment Cost. The Committee appreciate the concerted efforts taken by FCI to rationalize its manpower to optimize the effectiveness of human resources. The Committee have also been informed that the recommendations of Third Party Audit of Staffing Norms of the Corporation are under examination for implementation. The Committee desire to be apprised of the status of implementation of the aforesaid recommendations. Taking into consideration, ever rising Food Subsidy Bill over the years, the Committee recommend that the FCI should take

appropriate measures to rationalize the Establishment Cost especially in the wake of Audit Report of Centre for Good Governance for Staffing Norms and attempt to reduce it further.”

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

“The recommendations of Staff Strength Audit report by the Centre for Good Governance is still under examination by a Committee of Executive Directors.”

1.16 The Committee in their Original Report desired FCI to rationalize the Establishment Cost specially in the wake of Audit Report of Centre for Good Governance for staffing norms to reduce to ever rising food subsidy bill. The Department in their Action Taken Report has stated that recommendation of the Audit Report is still under examination by a Committee headed by Executive Director. The Committee, therefore while reiterating their earlier recommendation suggest the Department to expedite the examination of the audit report by the empowered Committee on the matter.

CHAPTER II

RECOMMENDATIONS/ OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (SI No.1, Para No. 2.10)

2.1 The Committee note that total BE for Revenue Schemes during the Financial Year 2021-22 is Rs. 251248.34 Crore, was revised at RE Stage to Rs. 299363.35 crore, however, the Actual Expenditure as on 23.02.2022 is Rs. 238524.73 Crore, i.e. 77.28% of RE 2021-22. Similarly, total BE for Capital Schemes during the Financial Year 2021-22 is Rs. 52725.96 Crore, which was reduced at RE Stage to Rs. 12636.65 Crore but the Actual Expenditure as on 23.02.2022 is only Rs. 2600.39 Crore. Further, the BE 2022-23 for Revenue has been kept at Rs. 213929.91 crore i.e. 28.5% less than RE 2021-22.

The reasons specified by the Department for less allocation of funds for the year 2022-23 include non-provision of funds for PM-GKAY, closing of some Sugar Sector Schemes and slow progress of expenditure under few Schemes. The Committee are, however, constrained to note that Department has not been able to utilize allocated funds during the year 2021-22 due to slow progress of expenditure under few schemes. The Committee deprecate this anomalous situation arising out of a seemingly unplanned method of projecting outlay *viz-a-viz* Actual Expenditure. Less utilization of allocated funds indicates not only lack of proper planning at the initial stage on the part of the Department but also inadequate monitoring. The Committee, therefore, urge the Department to work out on the developing Standard Operating Procedures (SOPs) for expenditure with improvised monitoring for proper and rightful utilization of funds.

Reply of the Government

2.2 The figure of expenditure depicted in the observations of the Committee is as of 23.02.2022. However, actual expenditure occurred under Revenue Section was to the tune of Rs. 301730.61 crore against the BE of Rs. 251248.34 crore and RE of Rs. 299363.35 crore as on 31.03.2022. Similarly, the actual expenditure occurred under Capital Section was to the tune of Rs. 2630.40 crore against the BE of Rs. 52725.96 crore and RE of Rs. 12636.65 crore as on 31.03.2022.

Hence, it can be seen that expenditure under Revenue Section is more than BE/ RE during FY 2021-22. So far as less expenditure under Capital

Section is concerned, this was mainly due to NIL release of 'Ways and Means Advance' against the allocation of Rs. 50000 crore in BE and Rs. 10000 crore in RE. This advance is provided to FCI as per their cash flow requirement and needs to be repaid within the same financial year by FCI. This advance is budget neutral and there was no actual saving under this scheme.

Out of the remaining provision of Rs. 2636.65 crore in RE 2021-22 (excluding WMA), an amount of Rs. 2630.40 crore was utilised leaving a balance of Rs. 6.25 crore only which is less than 1%, i.e. 0.24% of the RE 2021-22.

In view of above, it is evident that performance of the department is satisfactory.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June 2022]

Recommendation (SI No.2, Para No. 2.12)

2.3 The Committee are surprised to note that under the Revenue Scheme Central Assistance to States/UTs for meeting expenditure on Intra-State movement, handling of foodgrains – FPS Dealers' margin under NFSA (Grant), during the year 2021-22, BE was Rs. 4000 Crore which was raised to Rs. 6000 Crore at RE Stage but Actual Expenditure could be only Rs. 3602.22 Crore. The Committee fail to understand the reason for enhancing BE 2022-23 to Rs. 6572 Crore, when RE of Rs. 6000 crore during the year 2021-22 has not been fully utilized. The Committee have been informed that in view of the spread of Covid-19, Government is allocating foodgrains under the scheme Pradhan Mantri Garib Kalyan Anna Yojana, which has been extended till March, 2022. Under this Scheme, the entire expenditure towards intra-State movement & handling of foodgrains and Fair Price Shop Dealers' Margin is to be borne by the Central Government. To meet this expenditure, higher funds has been sought at BE 2022- 23. On the face of it, the Committee are not convinced with the reply given by the Department. However, they are constrained to note that the upward/downward variation of funds at BE/RE/AE Stages indicate lack of proper planning on the part of the Department, which needs to be avoided in future. Keeping in view the fact that the Department of Food and Public Distribution has been entrusted with a very important responsibility of ensuring Central Assistance to States/UTs for meeting expenditure on Intra-State movement, handling of foodgrains, the Committee strongly urge the Department to strictly

monitor the expenditure of funds from the initial stage itself so that the allocated funds are properly utilized during the Financial Year itself. To achieve this, the Committee recommend the Department to prepare a realistic workable action plan to utilize such funds evenly throughout the year.

Reply of the Government

2.4 Actual expenditure occurred under the scheme “Central Assistance to States/UTs for meeting expenditure on Intra-State movement, handling of foodgrains- FPS Dealers’ margin under NFSA” during 2021-22 was Rs. 6000 crores against the BE of Rs. 4000 crore and RE of Rs. 6000 crores. Hence, it can be seen that expenditure under the said scheme is more than BE and that funds have been fully utilised as per RE during FY 2021-22.

The department has incurred expenditure with proper planning and timelines during FY 2021- 22. Further, there is strict monitoring of expenditure of funds from the initial stage. For this, a Monthly Expenditure Plan (MEP) is prepared beforehand. Further, weekly expenditure statement monitoring is done by holding weekly Sr. officers’ meetings.

In view of the above, recommendations of the committee are already being complied. However, lapses, if any, will be duly taken care of.

Under the scheme “Assistance to State Agencies for intra-State movement of foodgrains and FPS dealers’ margin under NFSA”, Rs.4000 Crore was provided at BE (2021- 22) stage which was revised to Rs.6000 Crore at RE stage. The entire fund allocated at RE stage has been released to States/UTs. An amount of Rs.6572 Crore sought at BE (2022-23) has been sought keeping in view of the allocation of foodgrains being made to States/UTs under the PMGKAY. The entire expenditure towards intra-State movement & handling of foodgrains under PMGKAY is to be borne by the Central Government. There are several proposals of the States/UTs pending with the Central Government and the entire fund is likely to be utilized during 2022-23.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June 2022]

Recommendation (SI No. 3, Para No. 3.7)

2.5 The Committee regret to note that after 24 years of launching of the Scheme and despite repeated recommendations of the Committee for taking concrete steps to convince the remaining States/UTs to adopt Decentralized Procurement Scheme (DCP), the Scheme has been adopted by only 9

States/UTs for Wheat and 16 States/UTs for Rice. While noting that procurement of foodgrains is more effective under the DCP Scheme since non-Decentralized procurement involves one additional handling transaction of FCI taking over the stock of foodgrains and releasing them to the State Government, the Committee are fully convinced that the remaining States/UTs should also adopt the DCP Scheme at the earliest possible. It is all the more imperative for the States/UTs to adopt the DCP Scheme in order to make sure an effective implementation of National Food Security Act, 2013. The Committee, therefore, strongly recommend that the Department should make earnest efforts to motivate the remaining States to adopt the Scheme and try to cordially address their problems, if any, in implementation of the Scheme and provide maximum possible assistance to them to achieve this objective.

Reply of the Government

2.6 It is stated that adoption of DCP mode requires substantial responsibility on the part of the State Government like arrangements for funds, storage space, gunny, manpower etc. which sometimes may lead to hesitancy for adopting the same. Regular efforts are made to persuade such states to adopt the DCP mode by addressing their concerns. Till now 16 States for rice and 9 states for wheat have adopted DCP mode. State of Himachal Pradesh and Rajasthan (which adopted partially for 9 districts) have been advised to carry out procurement operation under DCP mode from KMS 2022-23 onwards. Further, the State Government of Assam is also being advised to switch over to DCP system from Non-DCP system of procurement. FCI has also conveyed to States to provide maximum possible assistance for the purpose.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No. G-20017/06/2022-AC Dated the 22nd of June 2022]

Recommendation (SI No.5, Para No. 3.15)

2.7 The Committee note that allocation of funds - in respect of Food Subsidy during 2021-22 is Rs. 290573.11 Crore but Actual Expenditure as on 11.02.2022 is Rs. 220445.61 Crore only i.e. 76% of allocation. However, the Committee appreciate the efforts being made by the Department for reducing the Bill on Food Subsidy during 2021-22 in comparison to 2020-21. However, the

Committee feel that it is still very high and there is still scope to reduce it further. The Committee, therefore, urge the Department to optimize the Food Subsidy Bill without compromising the demands of beneficiaries as well as being prepared for addressing unwarranted situations like COVID-19 pandemic in future by preparing a back-up plan.

Reply of the Government

2.8 Consistent efforts are being made by DFPD for reducing the bill on food subsidy. Release of sufficient subsidy has significantly reduced the interest portion, which has led to reduction in Economic Cost of foodgrains. After repeated perusal made by DFPD, banks have rationalised Rate of Interest charged to FCI from 7.74% to 6.68% and DCP states from 8.74% to 7.28%. Other incidentals including commission to societies/ Arhatia have been delinked with MSP, which has further optimised the food subsidy bill.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Recommendation (SI No.7, Para No. 3.27)

2.9 The Committee note that Computerization of Supply Chain Management has been implemented in 31 States/UTs and in Arunachal Pradesh and Manipur, Computerization is still under way and this activity is not applicable in Chandigarh, Lakshadweep and Puducherry since all the three come under Direct Benefit Transfer Scheme (DBT). The Committee, therefore, recommend the Department to figure out the reasons for delay in Computerization of Supply Chain Management and complete the Computerization of Supply Chain Management in the remaining North-Eastern States within a fixed time period.

Reply of the Government

2.10 The Computerization of Supply Chain Management has been implemented in 31 States/UTs and this activity is not applicable in UTs of Chandigarh, Lakshadweep, and Puducherry. Implementation of supply chain management is still to be completed in Arunachal Pradesh and Manipur, majorly due to difficult terrain, poor internet connectivity, limited IT infrastructure, etc. Both States have been advised to adopt Supply Chain Application (FEAST) developed by NIC HQ for smooth rollout of this application across all depots. In this regard, NIC HQ has completed customisation & necessary changes in FEAST

application to meet state specific requirements. Necessary technical support and training has been imparted to the concerned officials and field staff by NIC HQ. All efforts are being made by the Government to complete the Computerization of Supply Chain Management in Arunachal Pradesh and Manipur.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Recommendation (SI No.8, Para No. 3.34)

2.11 The Committee note that COVID-19 Pandemic has affected the entire country in multiple ways. It has impacted the Food Delivery System with direct and indirect consequences on lives and livelihood of people, especially the most vulnerable sections of the society. The Committee applaud the Government that they had launched scheme like Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) under the Pradhan Mantri Garib Kalyan Package as part of the Economic Response to COVID -19, for additional allocation of food-grains from the Central Pool @ 5 kg per person per month free of cost for all the beneficiaries covered under Targeted Public Distribution System (TPDS)/National Food Security Act(NFSA) (Antyodaya Anna Yojana (AAY) & Priority Households(PHH)) including those covered under Direct Benefit Transfer (DBT) for a total period of 19 months during the year 2020-21 and 2021-22. The Committee, however, observe that the Department has not carried out or proposed a Study or an objective assessment of the Scheme - in terms of Capital Outlay and Expenditure and their final outcome on the lives of beneficiaries. The Committee, therefore, recommend the Department to make an objective assessment to find out, up to what extent the Scheme has helped beneficiaries and how long it needs to be continued further.

Reply of the Government

2.12 As part of the concurrent evaluation of NFSA (Phase II, 2020-23), Department of Food and Public Distribution (DFPD) has engaged reputed government/ research institutions as Monitoring Institute (MI) to evaluate, inter-alia, impact of distribution of foodgrains under Pradhan Mantri Garib Kalyan Anna Yojana (PM-GKAY) in all the 36 States/UTs. The concurrent evaluation exercise for the first year (2020-21) is currently underway and MIs are in the process of submitting reports for the assigned States/UTs. The Department has received results from 30 States/UTs so far. The results of the concurrent evaluation

indicate that majority of the beneficiaries were getting their monthly entitlement under PMGKAY in right quantity, free-of-cost and are satisfied with the quality and quantity of foodgrains distributed.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Recommendation (SI No.9, Para No. 3.43)

2.13 The Committee note that to address anemia and micro-nutrient deficiency in the country, the Government of India approved a Centrally Sponsored Pilot Scheme on 'Fortification of Rice and its distribution under PDS' for a period of 3 years beginning from 2019-20 with a total outlay of Rs. 174.64 Crore. The Committee have also been informed that the States of Kerala, Karnataka, Assam and Punjab have not started distribution of Fortified Rice. It is not clear why Punjab has been selected for distribution of fortified rice under the known fact that the rice is not distributed through PDS in Punjab. It seems that no methodological selection of States has been done at the time of selecting the States/Districts for Pilot Project. The Committee would like to know the criteria on the basis of which these States have been selected for Pilot Project. The Committee feel that the Scheme is simple, cost-effective and aims to eliminate mal-nutrition and nutritional deficiency among its beneficiaries. The Committee, therefore, strongly recommend the Department to implement the Scheme throughout the country in a phased manner in order to address the problem of malnutrition especially in States; where rice is the staple diet. The Committee also suggest the Department that while preparing the plan to implement the Scheme of distribution of Fortified Rice in all the states, the States opting Decentralized Procurement of rice should be encouraged to distribute Fortified Rice through PDS and develop requisite infrastructure required for the purpose.

Reply of the Government

2.14 Punjab is one of the largest producers of rice. However, rice is not distributed under PDS in Punjab. However, Punjab, being a surplus state in rice supplies rice to most of the deficit States across the country. Hence, when the state opted for scheme, it was considered appropriate to allow Punjab also in the Pilot scheme, which might be instrumental in creating an ecosystem for rice fortification in the State and the country as well. This step has helped to enhance and to further consolidate/strengthen the ecosystem, which has later eased the

procurement of fortified rice by FCI/State agency for the smooth implementation of scheme in deficit states.

Further, the Government of India has approved the supply of fortified rice through the FCI and State Agencies in the entire Targeted Public Distribution System (TPDS) and Other Welfare Schemes (OWS) including Integrated Child Development Services (ICDS) and PM POSHAN covering all the States and Union Territories in a phased manner. The following three phases are envisaged for full implementation of the initiative:

- Phase-I: Covering ICDS and PM POSHAN in India all over by March 2022.(completed).
- Phase-II: Phase I above plus TPDS and OWS in all Aspirational and High Burden Districts on stunting (total 291 districts) by March 2023.
- Phase-III: Phase II above plus covering the remaining districts of the country by March 2024.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Recommendation (SI No.12, Para No. 4.15)

2.15 The Committee are disappointed to note the non-achievement of Physical and Financial Targets set during the Financial Years 2019-20, 2020-21 and 2021-22 in respect of construction of Godowns under Central Sector Scheme.

In the North-Eastern States, Physical target set during the Financial Year 2021-22 was 30020 MT but only 20000 MT has been achieved till 08.02.2022, i.e. 66.6%. The Financial Target set was Rs. 25 Crore but its achievement has been only Rs. 14.28 crore till 08.02.2020, i.e. 57%. In States other than North-East, Physical target set during the Financial Year 2021-22 was 26220 MT but its achievement was NIL. The reasons cited for slow progress in achievement of Physical and Financial Targets are Nationwide lock down due to COVID -19 Pandemic; State Govts. have not been able to timely hand over land parcels in different states of NE; Inclement weather; Local interference and Law and order situation; and Difficult Geographical Terrain. The Committee believe that inadequacy of storage space badly hampers the running of an efficient Public Distribution System in North-Eastern States thereby putting them in disadvantaged condition.

The Committee, therefore, strongly recommend that as COVID-19 Pandemic situation has now subsided considerably, FCI should gear up their efforts in stepping up the construction of godowns specially in the North-Eastern Regions and Regions other than the North-East on priority basis so that benefits

of Public Distribution System percolate down to the people living in the far East areas of the country.

Reply of the Government

2.16 The direction of Committee has been noted and is being complied after the relaxations of Covid-19 guidelines. Construction work at Sairang (10,000MT), Kokrajhar (15000MT) and Aalo (1670MT) has gained pace and it is likely that work at Aalo, Tamenglong, Baghmara is going to be completed in next few months. The issue of land parcel at Silchar (Behara) has also been followed up rigorously and all the necessary approval has been given to concerned Zonal Office and Regions along with the required budget. All formalities of land acquisition may be completed in a month. Parallely, FCI has requested to CPWD for preparation and submission of estimate for the construction of godown.

Secondly, the construction work at Palampur which was under construction has now been completed in May'2022 and remaining two projects Reckong-Peong & Mandi will also likely to be completed by September, 2022 or before.

Thus, all out efforts are being made by FCI to expedite the progress of work at all sites, so that work can be completed as per the targets.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Recommendation (SI No.13, Para No. 4.21)

2.17 The Committee note that during Financial Years 2019-20, 2020-21 and 2021-22, value of Transit Losses is Rs. 257.92 Crore, Rs. 426.85 Crore and Rs. 295.65 Crore (till December, 2021) respectively. Though, in terms of value, Transit Losses have come down to Rs. 295.65 Crore during 2021-22 till December, 2021, the amount is still more than the year 2019-20 i.e. Rs. 257.92 Crore. The Committee feel that these losses are still too high and needs to be reduced further. The Committee further note that total number of regular/surprise checks undertaken by the Headquarter Vigilance Squad during the last three years, 2019-20, 2020-21 and 2021-22 are 76, 31 and 58 respectively, which is very less, keeping in view the magnanimity of transition work involved. Any damage of foodgrains that occurs due to human error should be thoroughly investigated and responsibility for the, losses should be fixed. Regular monthly inspection and constant monitoring are also required to check the losses. The Committee, therefore, recommend that vigorous efforts should be made to minimize the Transit Losses and to increase the number and frequency of surprise checks. The Committee also desire that FCI should evolve its own procedures so as to make sure that the losses to the Corporation are minimized.

Reply of the Government

2.18 The transit losses during last 3 years is as under :-

(Qty in LMT, Value in Crore Rs.)

Year	Qty Moved	Qty of Loss	% of loss	Value of Loss
2019-20*	409.64	0.94	0.23	257.92
2020-21*	618.74	1.49	0.24	426.85
2021-22#	604.32	1.40	0.23	398.22

(* indicates audited figures, # indicates provisional figures)

It may kindly be seen from above data that percentage of Transit losses has come down during the year 2021-22 in comparison to year 2020-21. The increase in quantity and value of losses in absolute term during last 2 years is because FCI has moved about 200 LMT more stocks during 2020-21 & 2021-22 due to requirement under PMGKAY schemes launch during Covid pandemic. Though in monetary terms the value has increased but in terms of percentage it remains almost same. The value has also increased due to higher rate applied for working out losses during 2020-21 and 2021-22 as compared to 2019-20.

FCI own procedures and efforts undertaken to control Transit Losses:

I. Review of TL/ Destination Shortages

i) Zone-wise/ Region-wise/ Dist.-wise/ Depot-wisetrend of transit losses is being reviewed in every Monthly Performance Review (MPR) Meetings as well as in special review meetings at different levels:-

S. No.	Reviewed at	Level of review	MPR Frequency
1	Headquarter	Zones/ Regions	Monthly
2	Zonal	Regions/ D.O's	
3	Regional	D.O's/ Depots	
4	District	Depots	

ii) Mandatory Joint Verification (JV) teams are being deputed to investigate all the transit losses cases of more than 0.75% on monthly basis.

iii) Independent Consignment Certification Squad (ICCS) are being deployed at the time of loading and unloading of rakes.

iv) Various surprise checks are arranged at both ends at loading as well as unloading stations.

II. Increased frequency of regular inspection/ investigation

i) Highest TL/ Destination Shortages of Zone & Region are being investigated by ED (Zone) and GM (Region) respectively. If highest TL of a Region is investigated by ED (Zone) then 2nd highest TL of the Region will be investigated by the GM (Region) concerned.

ii) GM(SL/TL)/ DGM (SL-TL) of the Zone are investigating 3 cases of the different Regions and supervising loading/ unloading of 3 rakes reporting higher trend of TL.

iii) Chart of monthly investigations & rake supervisions being carried out by Z.O, R.O & D.O level is as under:-

S. No.	Conducted by	No. of TL investigations	No. of Rake supervision during loading/ unloading
1	ED (Zone)	1x5 = 5	
2	GM (R) *	1x24 = 24	
1	GM/ DGM at Z. O	3x5 = 15	3x5=15
2	R.O	Highest 5 to 10 depots TL by Cat I Officer	10% of rakes (by R.O Squad)
3	DM/ AGM (QC)/ Cat I Officer of R. O		20% of rakes (if RTL of Depot >0.50%) 10% of rakes (if RTL range of Depot is < 0.50%)

(* Total there are 26 Regions, among which Delhi & H.P do not have RTL)

iv) Mobile squads have also been deployed in J&K, NEF, Assam, Arunachal Pradesh and Uttar Pradesh Regions from where the high incidences of losses were reported.

III. Administrative/ Disciplinary actions

i) JV (Joint Verification) is being conducted for TL more than 0.75% and after JV, responsibility is fixed upon the delinquents whosoever found responsible.

ii) The recovery of Rs. 33.54 Crore (from April 2021 to March 2022) have been imposed against staff, contractor and State Agencies out of which Rs. 14.10 Crore pertains to Transit Loss.

iii) Disciplinary actions have been taken against delinquents related to Rail Transit against 227 and 343 staff during the year 2020-21 & 2021-22 (Up to Dec'21) respectively.

iv) Depot Staff is being rotated wherever depot reporting higher Rail Transit Loss (RTL) continuously for six months.

IV. Systematic changes

i) The complete movement of foodgrains is being monitored on real time basis through DOS (Depot Online System).

ii) Polythene sheets are being spread on the floor of railway wagons to retrieve the spilled over grains.

iii) CCTV Cameras have been installed in Depots.

iv) An experiment is being conducted in six Districts by making use of high security seal to avoid tempering enroute pilferage beside the made-up bags accord at railhead are also being accounted properly. One the experiment is

over, and report is received then it will be replicated through the country for further improvement.

v) The SOP is also being revised to strengthen it so that responsibility could be fixed on defaulters.

V. Frequent regular/ surprise checks are being undertaken by FCI HQRS Vigilance Division.

The number of inspections conducted by Headquarters Vigilance Squad during the last three years are as below:

Year	No. of inspections conducted by FCI Hqrs. Vigilance Squads
2019-20	76
2020-21	31
2021-22	69

Due to pandemic situation prevailing across the country during 2020-21 & 2021-22, less squads were deputed from FCI Headquarters during the period. However, all the desired inspections were being conducted at field level formations to ensure effective monitoring.

VI. Damage foodgrains – investigation & fixing of responsibility

As per procedure each and every damage foodgrain case is investigated and responsibility is fixed upon the delinquent officers/ officials. Same is critically examined during the course of District Categorization Committee (DCC) & Regional Categorization Committee (RCC).

Reasons for Transit Losses

Since there is locational variance in production, procurement, and consumption of foodgrains in the country, therefore the surplus stocks procured in the procuring Regions has to be inevitably moved to the deficit consuming Regions. The procured foodgrains are mainly moved by rail from procuring Regions to consuming Regions for distribution under NFSA and other welfare schemes. Following factors are responsible for Transit Loss during movement of foodgrains by Rail

- Moisture driage of foodgrains during the transit – when the rakes are moved, it takes 7 to 8 days to reach destination and during transit, due to hot weather, stocks get dried up and significance moisture driage take place.
- Difference in weight between dispatch & receipt points – when stocks moved from one depot, it weighs on Electronic Lorry Weighbridge at both the ends. There is a standard error of ± 5 Kg in LWB. Rake of 74000 bags are transported in about 200 to 400 trucks depending upon the carrying capacity and at each point of time (dispatching as well as receiving) these

trucks are weighed twice to take the tare weight as well as gross weight. No one knows which way this ± 5 Kg variation will shift during weighment.

- Driage of gunny weight due to driage in gunny moisture due to hot weather during transit.
- Multiple handling during loading/ unloading operations.
- Uses of hooks by labour during handling.
- Poor texture of gunny bags etc.

Due to above factors, certain quantity of loss during transit is inevitable. However, with the sustained efforts being made by FCI, Transit losses are controlled and are maintained at barest minimum level i.e., 0.23% during last year i.e., 2021-22 (provisional) which is all time lowest and will be reduced further after audit as per past trend. Transit loss data of last 10 years mentioned below is revealing that transit loss has been significantly reduced: -

(Qty in LMT, Value in Crore Rs.)

Year	Qty Moved	Qty of Loss	% of loss	Value of Loss
2012-13*	448.02	2.12	0.47	388.18
2013-14*	527.85	2.43	0.46	475.99
2014-15*	533.74	2.30	0.43	506.44
2015-16*	437.36	1.30	0.30	298.86
2016-17*	438.09	1.32	0.30	313.90
2017-18*	456.72	1.12	0.25	286.40
2018-19*	415.00	1.03	0.25	276.85
2019-20*	409.64	0.94	0.23	257.92
2020-21*	618.74	1.49	0.24	426.85
2021-22#	604.32	1.40	0.23	398.22

(* indicates audited figures, # indicates provisional figures)

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Recommendation (SI No.14, Para No. 4.26)

2.19 The Committee note that Steel Silos Storage with bulk handling facility is a highly mechanized and a scientific way of bulk storage of foodgrains. These ensure better preservation of foodgrains and enhances its shelf life. The Committee also feel, if silo storage is adopted, it would minimize storage, transit

and pilferage losses as compared to storage in conventional Godowns/Warehouses. Silos can be operated round the clock, so it will improve overall efficiency. The Committee think that setting up of smaller size Silos near procurement and consumption locations throughout the country will immensely reduce the transport cost of FCI as it will help in avoiding operations at multiple locations. The Committee have also been informed that it had been proposed to construct 111-125 LMT Wheat Silo under Hub and Spoke Model and its construction would be taken up in 3 Phases. The document for phase 1 has been submitted to Department by FCI for appraisal and approval. The Committee would like to be informed of the status of the proposal. Further, the Committee strongly recommend the Department to create network of Silos on Hub and Spoke Model in the entire country in a planned manner. They further desire that these Silos should be uniformly spread in all States and the location of setting up Silos should also be thoughtfully identified.

Reply of the Government

2.20 In respect of the status of implementation of predominantly Railway Siding Silos, it is to inform that the total capacity of 12.25 LMT at 24 locations are completed/put to use and project at 33 locations having capacity of 16.50 LMT is at various stages of implementation. Agency wise details are as under:

Fig.in LMT/No. of locations

Agency	Target	Completed Capacity/No. of locations after 2016	Under Implementation			Total
			Under Construction	LoC to be issued	Total	
FCI	29	6.25/12	10.00/20	5.00/10	15.00/30	21.25/42
CWC	2.5	0	0	0	0	0
State Govt.	68.5	6/12	0	1.5/3	1.5/3	7.5/15
Total	100	12.25/24	10.0/20	6.5/13	16.50/33	28.75/57

List of Silos completed in 2020-21 and 21-22 areas under:

Sl.No.	Location	Capacity(in LMT)	Remarks(year of completion)
1	Sangrur	1.00	20-21
2	Katihar	0.5	21-22
3	Ahmedabad	0.5	21-22
4	Jind	0.5	21-22
5	Sonepat	0.5	21-22
6	Bhattu	0.5	21-22
7	Changsari	0.5	21-22
	Total	4.00	

SilocompletedduringRMS22-23onAUB basis:

SI.No.	Location	State	Capacity (in LMT)
1	Kannauj	UP	0.50
2	Panipat	Haryana	0.50
			1.00

Silolikelytobecompletedduringyear22-23:

SI.No.	Location	State	Capacity(in MT)	Expected completion
1	Dhamora	UP	0.50	June'22
2	Batala	Punjab	0.50	Aug'22
3	Chhehreata	Punjab	0.50	Jul'22
4	Rohtak	Haryana	0.25	Sep'22
5	Kaimur	Bihar	0.50	Nov'22
6	Buxar	Buxar	0.50	Nov'22
Total	2.75			

Hub & Spoke model: FCI have identified total 249 locations with capacity of 111.125 LMT under Hub & Spoke model and subsequently recommended for final approval of the Ministry. The process of construction of Silos under Hub & Spoke will be undertaken in 3 phases with 30% in Phase I, another 30% in Phase II and remaining 40% in Phase III. Capacity of approximately 34.87 LMT in 80 locations would be taken up in 1st phase. Phase I proposal is under appraisal and approval stage.

It is stated that bid documents for Phase I for DBFOT mode for 10.125 LMT capacity at 14 locations has been approved by DFPD vide letter dated 25.04.2022 and accordingly tenders have been floated by FCI on 26.04.2022, and last date of the bid submission is 13.06.2022. For DBFOO mode for 24.75 LMT at 66 locations, latest PPPAC meeting held on 13.05.2022 and subsequently revised bid documents have been forwarded to DFPD by FCI on 27.05.2022 for approval, which is under consideration for final approval from Ministry of Finance.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June 2022]

Recommendation (SI.No.16, Para No.5.18)

2.21 The Committee note that Government is encouraging production of Ethanol under Ethanol Blending Programme (EBP) by diverting excess sugar. The EBP has been extended to the entire country except UT of Andaman & Nicobar and Lakshadweep w.e.f. 01.04.2019. To promote this bio-fuel, the Government has scaled up the blending targets from 5% to 10% under EBP by

2022 and 20% by 2025. The Government has also allowed production of Ethanol from B-heavy molasses, sugarcane juice, sugar syrup and sugar. The Committee have also been apprised that production of sugar since 2017-18 sugar seasons is surplus and is much higher than demand in the country. The excess stock of sugar has been depressing the sugar prices thereby affecting liquidity position of sugar mills. As such, in order to overcome the problem of excess stock of sugar, Govt. has also permitted the production of ethanol from sugar cane juice, B-Hy molasses, sugar and sugar syrup and has fixed the remunerative ex-mill price of ethanol derived from C-heavy @ Rs. 46.66/litre , B-heavy molasses/partial sugarcane juice @ Rs.59.08/litre, 100% sugarcane juice/syrup/sugar @ Rs.63.45 per litre and from damaged foodgrains/maize @ Rs. 52.92/litre to improve the liquidity of sugar mills to enable them to clear their cane dues. The Committee while appreciating the versatile efforts of the Government in the direction of Ethanol Blending, strongly recommend the Department to think in terms of making it mandatory for the Sugar Mills - having high production of sugar to convert some portion of sugar to Ethanol. This move will not only generate revenue resulting in reduced cane price arrears but eventually generate employment, as well.

Reply of the Government

2.22 Government has been fixing remunerative ex-mill price of ethanol derived from C-heavy & B-heavy molasses & ethanol derived from sugarcane juice/ sugar/ sugar syrup for ethanol season to encourage mills to divert excess sugarcane to ethanol.

As the ethanol prices are remunerative therefore sugar mills are diverting sugar to ethanol in their interest. In sugar seasons 2018-19, 2019-20 & 2020-21 about 3.37 LMT, 9.26 LMT & 22 LMT of sugar has been diverted to ethanol. In the current season 2021-22, about 35 LMT of sugar is estimated to be diverted; & by 2025-26 about 60 LMT of sugar is targeted to be diverted to ethanol, which would likely to solve the problem of excess sugarcane/ sugar. In view of this, it is not required to make diversion of ethanol mandatory at present.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Recommendation (SI No.17, Para No. 5.22)

2.23 The Committee note that total of Rs. 16612 Crore Sugarcane Arrears are outstanding. Though, the Cane Price Arrears have reduced considerably but they are still very high. The Committee is surprised to note that despite the provisions

for making payment of Sugarcane within 14 days of the supply of sugarcane by the farmer, it is rarely done. The Cane Price Arrears pertaining to the Sugar Season 2016-17 and earlier are still outstanding and no action has been taken against the Sugar Mills for recovery of Cane Price Arrears along with the interest @ 15% as per the provisions of Sugarcane (Control) Order, 1966. The Committee feel that non-payment of Sugarcane Arrears in time can be discouraging and might refrain the farmers from growing Sugarcane and they may be forced to opt out for growing other crops. The Committee feel that the sale of Ethanol to OMCs at remunerative prices has increased the liquidity of Sugar Mills. This makes it more imperative on the part of Sugar Mills to clear the arrears of the farmers at the earliest. The Committee feel that farmers need to be paid remunerative price immediately on delivery of their Agricultural Produce. They, therefore, strongly recommend the Department to take appropriate measures by pressing on the Sugar Mills in order to liquidate all the arrears and ensure immediate payment to the farmers. The Committee would like to be apprised of the Action Plan worked out/specific steps taken for the purpose.

Reply of the Government

2.24 With a view to improve the liquidity position of sugar mills and to enable them to make timely payment of cane dues of farmers, Central Government had taken various measures viz. extended assistance to sugar mills to facilitate export of sugar; extended assistance to mills for maintaining buffer stocks; extended soft loans to sugar mills through banks to clear cane price dues; fixed Minimum Selling Price of sugar etc.

As a result of pro-farmers measures taken by the Govt, about 99% of cane dues of previous sugar seasons have been cleared. Even for the sugar season 2020-21, out of total cane dues payable of Rs. 92938 crores, about Rs. 92446 crores have been paid & only Rs. 492 crores are pending as on 31.03.2022; thus 99% cane dues have been cleared which is the historically highest paid amount percentage wise & amount wise in any sugar season.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Recommendation (SI No.18, Para No. 5.23)

2.25 The Committee also note that out of 756 installed Sugar Mills in the country, 506 Mills are in operation and 250 Sugar Units had not been operating due to various reasons including financial crunches, non-availability of raw material and obsolete Plant and Machinery, etc. Considering the large outstanding amount of Sugarcane Arrears as also the number of non-operational

Sugar Mills, the Committee recommend the Department to frame a comprehensive policy for revival of the Sick Sugar Mills by providing them capital assistance, easy and cheaper loans, etc. which, in turn, will generate additional revenue and thereby paving the way for faster clearing of Cane Price Arrears. The Committee are also of the view that while considering the revival of the Sick Sugar Units, the important factor like linkage of such units with partial Ethanol Production may also be explored.

Reply of the Government

2.26 The Central Government de-licensed the sugar industry in 1998. Now, entrepreneurs/societies are free to operate the private/cooperative sugar mills as per their commercial decision. The onus of running the cooperative/private sugar mills now lies with the concerned cooperative society/entrepreneurs. However, with a view to improve the liquidity position of sugar mills and to enable them to make timely payment of cane dues of farmers, Central Government had taken various measures viz. extended assistance to sugar mills to facilitate export of sugar; extended assistance to mills for maintaining buffer stocks; extended soft loans to sugar mills through banks to clear cane price dues; fixed Minimum Selling Price of sugar etc.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

CHAPTER III

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

Recommendation (SI No.15, Para No. 5.7)

3.1 The Committee are happy to note that since 2017-18 Sugar Season, the production of Sugar has been higher than the domestic demand. During the Sugar Season 2021-22, production of sugar is 308 LMT as against the demand of 270 LMT. This increase in sugar production over the years can be attributed to efforts of the Government and improved variety of Sugarcane. The Committee expect that the Sugarcane/Sugar Production is likely to remain surplus in coming Sugar Seasons with the reduction in cyclicity in Sugar production. The Committee hope that while fixing the Fair and Remunerative Price of Sugarcane, the interests of the Sugarcane Farmers are taken into consideration. Further, the excess stock of Sugar has been depressing the sugar prices thereby affecting liquidity position of Sugar Mills. As such, in order to overcome the problem of excess stock of Sugar, the Government has also permitted the production of Ethanol from sugar cane juice, B-Heavy molasses, sugar and sugar syrup, to improve the liquidity of Sugar Mills to enable them to clear their cane dues. The Committee hope that the Department will continue to take appropriate steps to increase sugarcane production and declare Fair and Remunerative Price of Sugarcane well in time to encourage farmers for cultivation of Sugarcane in the coming years.

Reply of the Government

3.2 No comments to offer.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

CHAPTER IV

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

Recommendation (SI No.4, Para No. 3.8)

4.1 The Committee are dismayed to note that though on the request of the Department, an Evaluation Advisory Committee under NITI Aayog was constituted to carry out performance evaluation of the DCP Scheme in the year 2017, yet despite several reminders, the evaluation has not been concluded till date. The Evaluation Study of Decentralized Procurement Scheme for the procurement of Wheat/Paddy by Institute of Economic Growth also has not been completed yet. The Committee desire the Department to prioritize this work and take the matter at highest level for completion of the aforesaid Evaluation and pursue both the Agencies to complete their respective jobs within a span of six months after submission of this report and the Committee would like to be apprised thereof accordingly.

Reply of the Government

4.2 The study was entrusted to NITI Aayog for evaluation of DCP scheme in 2017. Since no significant progress was made in the matter, a DO letter from Secretary (F&PD) was sent to CEO, NITI Aayog in 2019. But no response was received from NITI Aayog. The last letter was sent to NITI Aayog in March 2021 requesting to complete the study and submit the report to this Department as earliest possible, but no response has been received so far from NITI Aayog.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Comments of the Committee

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

Recommendation (SI No.6, Para No. 3.25)

4.3 The Committee note that total percentage of Aadhaar Seeding with Ration Card in different States/UTs in the country is 93.8%. The Department has stated that the progress of Aadhaar Seeding in North-Eastern States is low mainly due to poor Aadhaar generation in Meghalaya and Assam. The Committee express their displeasure over the fact that in States such as Arunachal Pradesh, Assam, Meghalaya and West Bengal, the process of seeding of Aadhaar Card with Ration Cards is still under way and only 60%, 47%, 28% and 80% of Seeding has been completed respectively. The Committee strongly recommend the Department to 100 % complete the work of Aadhaar Seeding with Ration Cards. They further desire that the issue of Aadhaar Seeding with Ration Card should be sorted out at the highest level so that under the 'One Nation One Ration Card' Scheme, aiming to empower all migrant beneficiaries in lagging States may be realized, enabling poor people to reap the seamless benefits of Welfare Schemes of the Government.

Reply of the Government

4.4 At present, overall Aadhaar seeding with Ration Cards (at least one member of household) has reached up to 94.4% at the National level. It is highlighted that incremental improvement has been reported of Aadhaar seeding in Ration Card in Assam and Meghalaya with 81% and 35% respectively. Further, the Aadhaar seeding with Ration Card in Arunachal Pradesh and West Bengal is 60% and 80% respectively. However, this Department is regularly making all possible efforts to increase the Aadhaar seeding in ration card database. In this connection, Department has already shared guidelines/best practices for increasing Aadhaar Seeding and validating Aadhaar numbers with all States/UTs. The matter is regularly being pursued with lagging States/UTs to expedite the Aadhaar seeding with Ration Card through meetings, advisories, letters, etc.

Due to Department's continuous efforts, at present 35 State/UTs have enabled "One Nation One Ration Card (ONORC)" plan covering about 77 crore NFSA beneficiaries (96.80% of NFSA population) to seamlessly exercise this option and receive their foodgrains/ benefits in these States/UTs. This Department is continuously pursuing with remaining State of Assam for enabling the facility of ONORC by next few months, depending upon its technical readiness.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Comments of the Committee

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

Recommendation (SI No.10, Para No. 4.7)

4.5 The Committee note with concern that a large amount of dues are outstanding against the Ministry of Rural Development and Ministry of Human Resource Development (now Ministry of Education) on account of foodgrains provided to them by FCI for various Welfare Schemes on payment basis. The Committee have been informed that an amount of Rs. 2454.03 Crore is outstanding as on 31.12.2021 for payment to FCI by Ministry of Rural Development against the foodgrains supplied under Sampoorna Gramin Rojgar Yojana (SGRY) Scheme upto 31.02.2008 i.e, when the scheme was closed. Further, an amount of Rs. 350.42 crore is outstanding (as on 03.12.2021) in respect of Ministry of Education (HRD) against the foodgrains supplied under the Mid-Day-Meal Scheme (MDM), whereas an amount of Rs. 56.46 Crore is outstanding in respect of Ministry of External Affairs for wheat issues to World Food Programme (WFP) for supply of Fortified Biscuits to Afghanistan under Government of India's donation to Afghanistan. The Committee feel that inability to liquidate the outstanding dues of FCI over the years would adversely affect the functioning of FCI and put burden on ever rising Food Subsidy Bill. The Committee, therefore, strongly recommend that Department should make sincere efforts towards the settlement of outstanding dues by constituting a Recovery Cell of Higher Officials for regular persuasion of the matter at highest level with other Ministries; to recover the outstanding dues, which will eventually reduce the liabilities of FCI.

Reply of the Government

4.6 Department of Food & PD and Food Corporation of India (FCI) is regularly pursuing the matter with the concerned Ministries i.e. M/o Rural Development, M/o Education (HRD) and M/o External Affairs for liquidating the outstanding dues of FCI. To review outstanding dues of FCI and expedite the settlement, VC was held on 04.06.2021 under the chairmanship of JS (P&FCI) with concerned Ministries. Subsequently, communication dated 22.04.2022 was issued to the MoRD to convene a meeting at senior level to expedite the matter. However, information is still awaited from concerned Ministries in this regard.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Comments of the Committee

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

CHAPTER V

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

Recommendation (SI No.11, Para No. 4.10)

5.1 The Committee note that during the Financial Year 2021-22, the Establishment Cost of FCI, which is reimbursed by the Government along with the expenditure incurred on procurement, transportation and storage of foodgrains in the form of Food Subsidy is very high, i.e., Rs. 2430 Crore indicating a large portion of the Food Subsidy goes towards meeting the Establishment Cost. The Committee appreciate the concerted efforts taken by FCI to rationalize its manpower to optimize the effectiveness of human resources. The Committee have also been informed that the recommendations of Third Party Audit of Staffing Norms of the Corporation are under examination for implementation. The Committee desire to be apprised of the status of implementation of the aforesaid recommendations. Taking into consideration, ever rising Food Subsidy Bill over the years, the Committee recommend that the FCI should take appropriate measures to rationalize the Establishment Cost especially in the wake of Audit Report of Centre for Good Governance for Staffing Norms and attempt to reduce it further.

Reply of the Government

5.2 The recommendations of Staff Strength Audit report by the Centre for Good Governance is still under examination by a Committee of Executive Directors.

[Ministry of Consumer Affairs, Food & Public Distribution

(Department of Food & Public Distribution)

O.M. No. G-20017/06/2022-AC Dated the 22nd of June
2022]

Comments of the Committee

(Please see Para No. 1.16 of Chapter -I of the Report)

**NEW DELHI;
10 November, 2022
19 Kartika, 1944 (Saka)**

**LOCKET CHATTERJEE,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution.**

CONFIDENTIAL

**MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2022-2023)
HELD ON WEDNESDAY, 9th NOVEMBER, 2022**

The Committee sat from 1500 hrs. to 1730 hrs. in Committee Room '2', Block 'A', Extension to Parliament House Annexe, New Delhi.

PRESENT

Smt. Locket Chatterjee - Chairperson

Members

Lok Sabha

2. Dr. Farooq Abdullah
3. Shri Anil Firojiya
4. Shri Khagen Murmu
5. Shri Mitesh Rameshbhai (Bakabhai)Patel
6. Shri Subrat Pathak
7. Dr. Amar Singh
8. Smt. Kavita Singh
9. Shri Saptagiri Sankar Ulaka
10. Shri Rajmohan Unnithan

Rajya Sabha

11. Shri Satish Chandra Dubey
12. Dr. Fauzia Khan
13. Shri Baburam Nishad
14. Shri Rajmani Patel

SECRETARIAT

1. Shri Srinivasulu Gunda - Joint Secretary
2. Dr. Vatsala Joshi - Director
3. Shri Ram Lal Yadav - Additional Director
4. Dr. Mohit Rajan - Deputy Secretary

XXXX XXXX

2. xxxx The Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the draft reports on Action Taken by the Government on observations/recommendations contained in the 18th Report(17th LS) on Demands for Grants (2022-23) pertaining to Department of Food and Public Distribution; xxxx. Thereafter, the Committee took up for consideration the Draft Reports. After due deliberations, the Committee unanimously adopted the Action Taken Report without any amendment/modification and authorized the Chairperson to carry out verbal and consequential changes, if any, therein and present the same to the Parliament.

XXX XXX XXX XXX

3. xxxx xxxx xxxx

4. xxxx xxxx xxxx

XXXX

5. xxxx xxxx xxxx.

6. xxxx xxxx xxxx.

XXXX

The Committee then adjourned.

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

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

(SEVENTEENTH LOK SABHA)

- (i) Total number of Recommendations: 18
- (ii) Recommendations/Observations which have been accepted by the Government :
- Para Nos. :- 2.10, 2.12, 3.7, 3.15, 3.27, 3.34, 3.43, 4.15, 4.21, 4.26, 5.18, 5.22, 5.23
- (Chapter – II, Total -13)
- Percentage : 72.22%
- (iii) Recommendations/Observations which the Committee do not desire to pursue in view of the replies received from the Government
- Para Nos.:- 5.7
- (Chapter – III, Total -1)
- Percentage : 5.56%
- (iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
- Para Nos. 3.8, 3.25, 4.7
- (Chapter – IV, Total 3)
- Percentage : 16.66%

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

Para No.:- 4.10

(Chapter – V, Total - 1)

Percentage : 5.56%