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FOOD CORPORATION OF INDIA (FCI)

**Performance Audit Report No. 20 of 2023 on Storage
Management and Movement of Foodgrains by Food
Corporation of India**

DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

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

**COMMITTEE ON PUBLIC UNDERTAKINGS
(2025-26)**

**TWENTY-NINTH REPORT
(EIGHTEENTH LOK SABHA)**



**LOK SABHA SECRETARIAT
NEW DELHI**

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AND PUBLIC DISTRIBUTION)**



Presented to Lok Sabha on 30 March, 2026

Laid in Rajya Sabha on 30 March, 2026

LOK SABHA SECRETARIAT

NEW DELHI

March, 2026/ Chaitra, 1948(Saka)

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COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

Shri Baijayant Panda - Chairperson

Members

LOK SABHA

2. Shri Tariq Anwar
3. Shri Sudip Bandyopadhyay
4. Shri Chandra Prakash Joshi
5. Smt. Kanimozhi Karunanidhi
6. Shri Kaushalendra Kumar
7. Shri Shankar Lalwani
8. Smt. Poonamben Hematbhai Maadam
9. Shri B.Y. Raghavendra
10. Shri Mukesh Rajput
11. Shri Sukhjinder Singh Randhawa
12. Shri Pratap Chandra Sarangi
13. Shri Kodikunnil Suresh
14. Shri Prabhakar Reddy Vemireddy
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17. Shri Neeraj Dangl
18. Shri Milind Murli Deora
19. Dr. Bhagwat Karad
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21. Shri Debashish Samantaray
22. Shri Arun Singh

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltzen - Deputy Secretary
4. Shri Dhruv - Under Secretary

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2025-26) having been authorized by the Committee to submit the Report on their behalf, present this Twenty-Ninth Report (18th Lok Sabha) on the “Performance Audit Report No. 20 of 2023 on Storage Management and Movement of Foodgrains by Food Corporation of India”.

2. The Committee on Public Undertakings (2025-26) had selected the said subject for detailed examination.

3. The Committee on Public Undertakings (2025-26) was briefed about the subject by the representatives of the Comptroller and Auditor General of India on 18^h August, 2025 and thereafter took evidence from the representatives of Food Corporation of India (FCI) on 31st October, 2025. The Committee also took oral evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on 31st October, 2025.

4. The Committee (2025-26) considered and adopted the draft Report at their sitting held on 27th March, 2026.

5. The Committee wish to express their thanks to the representatives of Comptroller and Auditor General of India, Food Corporation of India (FCI) and the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) for tendering evidence before the Committee and furnishing the requisite information to them in connection with examination of the subject.

6. The Committee would also like to place on record their appreciation for the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

7. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi;
27 March, 2026
06 Chaitra,1948(S)

BAIJAYANT PANDA
Chairperson
Committee on Public Undertakings

REPORT

PART- I

A. BACKGROUND

The Food Corporation of India (FCI) was established under the Food Corporations Act, 1964, with the primary objectives of providing effective price support to farmers, maintaining buffer and operational stocks of foodgrains for ensuring national food security, and undertaking procurement, storage and movement of foodgrains for distribution under the Public Distribution System (PDS) and other welfare schemes of the Government of India. With the enactment of the National Food Security Act, 2013, FCI's role has assumed greater significance, as it is required to handle substantially higher volumes of foodgrains for meeting statutory entitlements, thereby increasing the scale, geographical spread and operational complexity of its storage and movement operations.

2. Procurement of foodgrains for the Central Pool is carried out through a combination of centralised procurement by FCI and decentralised procurement (DCP) by State Governments. Under the DCP system, States procure foodgrains on behalf of the Central Government, retain stocks required for intra-State distribution and transfer surplus stocks to FCI. In non-DCP States, procurement and distribution responsibilities are largely handled by FCI through its own agencies or authorized State agencies. The audit report highlights that the increasing share of procurement by DCP States, coupled with variations in State-level incidental charges, has had a direct bearing on the acquisition cost of foodgrains and the overall food subsidy burden.

3. The storage of foodgrains is undertaken in a mix of owned and hired storage facilities, including covered godowns, Cover and Plinth (CAP) storage, and modern steel silos. Although CAP storage is intended to be a temporary arrangement, audit scrutiny revealed its continued and extensive use over prolonged periods, particularly in major procurement States, due to inadequate creation of permanent storage capacity and delays in implementation of storage augmentation schemes such as the Private Entrepreneurs Guarantee (PEG). The audit further noted instances of under-utilisation of FCI's own storage capacity alongside simultaneous hiring of additional storage, resulting in avoidable expenditure.

4. Modernization of storage infrastructure through the construction of steel silos was envisaged as a key reform to reduce storage losses, improve handling efficiency and enable seamless integration with rail-based movement. However, the audit pointed out delays in award and completion of silo projects, limited progress in certain regions, and inadequate integration of silo capacity with the overall storage and movement planning framework of FCI.

5. Movement of foodgrains from surplus to deficit regions is a critical component of FCI's operations and involves substantial expenditure on freight, handling,

demurrage and incidental charges. The audit examined the efficiency of movement planning, utilisation of rail and road transport, incidence of transit losses, and the extent of adoption of cost-optimisation measures such as least-cost routing and long-term tariff arrangements with Railways. It also highlighted operational inefficiencies leading to payment of avoidable demurrage and wharfage charges, as well as delays in settlement of railway claims.

6. In view of the scale of operations and the significant fiscal implications involved, the Comptroller and Auditor General of India conducted a Performance Audit on “Storage Management and Movement of Foodgrains in the Food Corporation of India” covering the period from 2017-18 to 2021-22, with the objective of assessing the adequacy of planning for storage capacity, effectiveness of storage management practices, efficiency of foodgrain movement, and the extent to which costs were being minimized and controls strengthened.

7. The Committee has taken into consideration the findings of the said Performance Audit Report, the written replies furnished by the Ministry of Consumer Affairs, Food and Public Distribution and the Food Corporation of India, as well as the oral evidence tendered by their representatives during the sittings of the Committee, while examining the issues arising out of the audit observations.

B. AUDIT REPORT

(I) Report No. 20 of 2023 (Performance Audit) related to Storage Management and Movement of Food Grains in Food Corporation of India (FCI)

8. The Comptroller and Auditor General of India presented Report No. 20 of 2023 containing the results of a Performance Audit on “Storage Management and Movement of Foodgrains in the Food Corporation of India (FCI)”, covering the period from 2017-18 to 2021-22. The audit was undertaken in view of the critical role played by FCI in ensuring food security under the National Food Security Act, 2013, and the substantial financial outlay involved in procurement, storage and movement of foodgrains, which constitutes a major component of the food subsidy of the Government of India.

9. The audit examined whether planning and creation of storage capacity by FCI were adequate and timely, whether available storage infrastructure was optimally utilised, and whether reliance on temporary storage arrangements such as CAP was being progressively reduced. It also assessed the effectiveness of modernisation initiatives, including the implementation of steel silos and other alternative storage solutions, and examined the efficiency and economy of foodgrain movement operations, particularly with reference to transit losses, route optimisation, and avoidable operational charges.

10. The scope of audit included scrutiny of records relating to procurement, storage and movement at the Headquarters, Regional Offices, District Offices and selected depots of FCI, as well as examination of data relating to hired storage, payments of carrying over charges to State Government agencies, engagement of rail and road transport, and settlement of claims with the Railways. The audit also analysed policy decisions, guidelines and instructions issued by the Department of Food and Public Distribution (DFPD) and their implementation by FCI.

(II) Audit Observations

11. The Performance Audit brought out several systemic and operational deficiencies in the planning, execution and monitoring of storage management and movement of foodgrains by FCI. The audit observed that delays in creation of permanent storage capacity under schemes such as the Private Entrepreneurs Guarantee (PEG) Scheme led to continued dependence on hired godowns and CAP storage, even in States where FCI had adequate owned capacity available, resulting in avoidable expenditure.

12. The audit further noted that modernisation of storage infrastructure through steel silos progressed at a slower pace than envisaged, with delays in award and completion of projects, uneven regional distribution of silo capacity, and limited integration of silo planning with procurement and movement strategies. As a result, the expected benefits of reduced handling losses, lower operational costs and improved efficiency were not fully realized during the audit period.

13. In respect of utilization of storage capacity, audit scrutiny revealed instances of under-utilisation of FCI’s owned storage facilities alongside simultaneous hiring of

storage from State agencies and private parties. This mismatch between available owned capacity and hired capacity led to payment of carrying over charges (COC) and storage rent that could have been avoided through better planning and coordination.

14. The audit also highlighted deficiencies in the movement of foodgrains, including higher-than-necessary transit losses, non-adoption or delayed adoption of least-cost routing mechanisms, and non-availing of available cost-saving arrangements with the Railways. In addition, avoidable expenditure was incurred on account of demurrage and wharfage charges due to delays in loading and unloading operations, as well as ineffective monitoring and delayed settlement of railway claims.

15. Overall, the audit concluded that weaknesses in planning, inadequate capacity augmentation, slow pace of modernisation, sub-optimal utilisation of existing infrastructure, and inefficiencies in movement operations adversely impacted the economy and efficiency of FCI's operations and contributed to higher carrying costs and increased subsidy burden.

C. ISSUES EMERGED IN AUDIT OBSERVATIONS

(I) Planning and Augmentation of Storage Capacity: Delays and Deficiencies in the Private Entrepreneurs Guarantee (PEG) Scheme

16. The C&AG examined the planning and implementation of storage capacity augmentation under the Private Entrepreneurs Guarantee (PEG) Scheme, which was introduced to create covered storage capacity through private participation with assured guarantees by the Government. The audit observed that the PEG Scheme was intended to supplement FCI's owned storage capacity in a time-bound manner, particularly in high-procurement States, so as to reduce dependence on hired godowns and temporary storage arrangements such as Cover and Plinth (CAP) storage.

17. Audit scrutiny revealed that the pace of creation of storage capacity under the PEG Scheme did not keep pace with the growth in procurement during the audit period 2017-18 to 2021-22. In several instances, projects sanctioned under the scheme were delayed at various stages including tendering, award, construction and commissioning. The audit attributed these delays to factors such as non-availability of suitable land parcels, limited response from private entrepreneurs, changes in technical norms, and procedural delays in finalization of contracts.

18. The audit further noted that delays in operationalization of PEG godowns resulted in a persistent gap between available covered storage capacity and actual storage requirements in major procurement States. This gap became particularly pronounced during peak procurement seasons, when procurement volumes exceeded planned storage availability. Consequently, FCI continued to rely extensively on CAP storage for prolonged periods, despite CAP being intended only as a temporary arrangement pending creation of permanent covered capacity.

19. Audit scrutiny also brought out that continued reliance on CAP storage was not limited to isolated locations but was observed across multiple Regions, indicating systemic slippages in storage augmentation planning. The audit pointed out that CAP storage, while operationally expedient in the short term, entailed higher handling intensity and exposure to climatic risks, thereby increasing management complexity during prolonged storage cycles.

20. It was further observed that planning for PEG capacity was not always supported by periodic reassessment of storage requirements based on evolving procurement trends. In some cases, sanctioned PEG capacity was delayed in locations experiencing acute storage pressure, while in other cases capacity was sanctioned in areas where immediate requirement was comparatively lower. The audit noted that absence of a dynamic, region-specific planning framework affected timely alignment of storage creation with procurement realities.

21. The Committee further note that audit also pointed out that the delays under the PEG Scheme had a cascading effect on other aspects of storage management, including continued hiring of godowns and extended use of CAP storage, thereby affecting the overall cost structure of storage operations. Audit findings indicated that, during the audit period, augmentation of permanent covered storage capacity

did not progress in a manner commensurate with procurement growth and stock holding patterns.

22. The Committee, while noting that CAP storage continues to be widely used despite its susceptibility to losses and quality deterioration, sought information on the timeline envisaged by FCI for phasing out CAP storage and the alternative storage arrangements being developed for this purpose. In their written submission to the Committee, the Ministry stated that:

“Grain is stored in scientific manner in covered godown and in CAP (Covered & Plinth). Due care is taken to ensure that health of the grain is monitored and maintained all the times. 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. The procurement is open-ended, whereas the off-take is more or less the same (fixed). As procurement exceeds off-take, the stock level continues to increase. The procurement scenarios are outlined as follows:

Total procurement of Rice and Wheat since 2012-13:

KMS	Procurement of Rice (in LMT)	Procurement of Wheat in LMT	Total procurement (Wheat and Rice)
2012-13	340.44	382.15	722.59
2013-14	318.45	250.72	569.17
2014-15	320.40	281.31	601.71
2015-16	342.18	280.88	623.06
2016-17	381.06	229.61	610.67
2017-18	381.74	308.24	689.98
2018-19	443.99	357.95	801.94
2019-20	518.26	341.32	859.58
2020-21	602.45	389.92	992.37
2021-22	575.88	433.44	1009.32
2022-23	568.66	187.92	756.58
2023-24	525.66	262.02	787.68
2024-25**	538**	266.05	804.05**

**For KMS 2024-25 Procurement is going-on.

Stock position in Central Pool since 2001 (Peak Stock):

Table-7				
Figures in LMT				
As on 1stJuly	Rice	Wheat	Total	Storage Capacity
1	2	3	4=2+3	5
2001	228.61	375.47	604.08	267.18
2002	234.01	413.17	647.18	300.75
2003	132.70	265.36	398.06	258.61
2004	122.51	193.90	316.41	234.38
2005	115.95	161.31	277.26	231.83
2006	119.51	93.20	212.71	227.89
2007	126.14	133.08	259.22	222.34
2008	121.29	241.23	362.52	227.12
2009	204.03	331.22	535.25	246.82
2010	252.66	351.62	604.28	258.59
2011	276.41	378.32	654.73	297.66
2012	321.48	501.69	823.17	519.84
2013	333.06	443.89	776.95	560.44
2014	206.45	415.86	622.31	565.98
2015	164.83	403.51	568.34	578.22
2016	207.91	326.38	534.29	651.43
2017	221.00	334.40	555.40	643.71
2018	242.70	437.55	680.25	724.74
2019	275.81	465.60	741.41	745.00
2020	274.44	558.25	832.69	633.13
2021	299.25	602.91	902.16	723.44*
2022	331.20	311.42	642.62	775.77
2023	262.23	313.88	576.11	733.12
2024	325.18	299.05	624.23	837.68

*The increase in 69.46 LMT in storage capacity was due to change in stack height

Need for the utilization of CAP capacity in view of the open-ended procurement scenario:

Food grain procurement increased from 12.5 LMT in 1965-66 to 1009.32 LMT (Rice: 575.88 LMT + Wheat: 433.44 LMT) in 2021-22.

The annual requirement for food grains under NFSA/OWS is 592 LMT (Rice: 408 LMT + Wheat: 184 LMT). The OMSS requirement is approximately 80 to 100 LMT. Since procurement ranges from 800 LMT to 1000 LMT, in the case of increased procurement, the surplus becomes larger. The surplus of 100 LMT to 200 LMT is added (depending upon the level of procurement) to the Central Pool every year. As procurement consistently exceeds the requirement, there is a need to create storage capacities to accommodate the procured stocks. Accordingly, all out efforts are being made to create covered capacities and added a covered capacity of 570.50 LMT in central pool since 2001. Despite augmentation of 570 LMT additional capacity in central pool, CAP capacities have to utilize as transit storage point to accommodate the stocks in CAP storage to commensurate with open ended procurement level

as creation of covered capacity is a time taking process. In order to phase out the CAP, GoI has given the approval to create 90 LMT covered capacity under PEG scheme in Punjab and Haryana. Out of which tenders for a capacity of 8.84 LMT have been finalized/awarded, while tenders for the remaining capacity of 51.66 LMT are at various stages of finalization. In addition to this initiative, covered storage capacities are also being developed under other schemes, as outlined below.

India's Largest Foodgrain Storage Initiative

The Government of India aims to create large-scale storage capacity at the PACS (Primary Agricultural Credit Societies) level. The Food Corporation of India (FCI) has been assigned a target to develop 250 LMT of storage capacity. In the first phase, FCI has identified locations with a combined capacity of 26 LMT to establish 10,000 PACS godowns.

Central Sector Scheme (CSS)

Storage capacity development is underway under the Central Sector Scheme in the North East, Jharkhand, Kerala, and other hilly regions. So far, 1.08 LMT of storage capacity has been constructed, with an additional 0.52 LMT under construction.

Asset Monetization Scheme on Category-A Assets

According to a KPMG report, 177 locations with a total storage capacity of 17.38 LMT have been identified for development by utilizing government-owned vacant land. Tenders for 71 locations, representing 7.34 LMT of capacity, have been awarded or are in the process of being awarded. FCI has already taken over 34,760 MT of capacity, while the remaining locations are in various stages of tendering or construction. Furthermore, 18 locations with a capacity of 1.50 LMT have been finalized for the second phase of this scheme.

Construction of SILO's under PPP Mode

Steel Silo storage with bulk handling facility is highly mechanized and modernized way of storing food grains in bulk. It ensures better preservation of food grains and enhances its shelf life. If food grains are stored in Silos and transported in bulk, losses due to theft, pilferage and transportation would be negligible compared to food grains storage in bags in conventional warehouses.

In order to upgrade and modernize the storage facilities, Government of India has approved an Action Plan for construction of Silos across the country under PPP mode. The Silos completed and put-to use are as under.

Model of Silos	Capacity in LMT
Circuit Based Model(2007-09)	5.50
Railway Siding & Road Fed Model	19.25
Hub & Spoke Phase-1(DBFOT)	2.00
Grand Total	26.75

The Silos under construction are as under:

Model of Silos	Capacity in LMT
Railway Siding & Road Fed Model	5.00
Hub & Spoke Phase-1(DBFOT)	8.125
Hub & Spoke Phase-1(DBFOO)	24.75
Grand Total	37.875

Tenders for Hub & Spoke Phase-2 for 25.125 LMT silos at 54 locations under DBFOO mode in 17 bundles/Projects are at various stages.”

23. During oral evidence, the representatives of FCI, while explaining the continued use of CAP storage and progress under PEG, stated:

“Regarding your query about phasing out of CAP, I want to inform that it is only a temporary arrangement for wheat. The stock is increasing in the recent past. Rice procurement is increasing to a great level. So, we are storing wheat in CAP and rice in our godowns. But we are trying to phase out this CAP. The Ministry has given us the permission for 90 LMT in Punjab and Haryana to be phased out. For that, for 60 LMT, tenders have been floated, out of which eight PEG godowns have already been awarded.”

24. Further, during one of the sittings, the representatives of the Department of Food and Public Distribution elaborated on the difficulties encountered in grounding PEG projects in certain regions and the measures taken to address these constraints. The Ministry stated:

“We had to revise the norms in hilly States because private investors were not participating as much as they were in the plains. So, we have increased the construction period from one year to two years. Additionally, the guarantee period from the Government has been enhanced from 10 to 15 years. We are optimistic that this will attract more private investors for the success of this scheme in North-Eastern and hilly States”

(II) Modernization of Storage Infrastructure: Implementation of Silo Projects

25. The C&AG examined the programme for modernization of storage infrastructure through construction of steel silos, which was envisaged as a long-term measure to improve scientific storage of foodgrains, reduce dependence on conventional godowns and CAP storage, and enable bulk handling with direct rail connectivity. The audit noted that silo projects were expected to improve storage efficiency, reduce handling losses, and support cost-effective movement of foodgrains.

26. Committee note that the audit scrutiny revealed that progress in creation of silo capacity during the audit period was slower than envisaged. Several silo projects experienced delays at different stages including tendering, award, construction and commissioning. The audit attributed these delays to difficulties in acquisition of suitable land parcels near railway sidings, changes in technical designs, contractual complexities, and coordination challenges involving multiple agencies, including concessionaires and the Railways.

27. The audit further observed that the regional distribution of silo capacity was uneven and not always aligned with procurement and movement requirements. While silo projects were implemented at selected locations, major procurement States continued to rely predominantly on conventional storage and CAP arrangements. The audit noted that the absence of integrated planning linking silo creation with procurement trends and movement planning constrained the realisation of the intended benefits of silo infrastructure during the audit period.

28. It was also observed that, in certain cases, available silo capacity was not optimally utilised due to operational constraints such as incomplete rail connectivity, stabilisation issues during initial phases of operation, and continued dependence on conventional storage systems. As a result, the intended efficiencies in handling and movement could not be fully achieved during the period under review.

29. In this regard, the Committee sought information on the current status of silo projects under Phase-I, Phase-II and Phase-III, including capacity completed, capacity under construction, location-wise progress, and timelines for completion of the sanctioned projects. In their written submission to the Committee, the Ministry in submitted the following written information:

“Current Status under Railway-Siding & Road-fed model

Under Railway-siding & Road-fed model, Silo capacity of 19.75 LMT at 39 locations has been completed and 4.50 LMT at 09 locations is under construction as below:

As on 31.07.2025

Agency	Capacity Completed	Capacity under Construction	Total
FCI	13.25 LMT at 26 locations	3.00 LMT at 06 locations	16.25 LMT at 32 locations
State Govt.	6.50 LMT at 13 locations	1.50 LMT at 03 locations	8.00 LMT at 16 locations
Total	19.75 LMT at 39 locations	4.50 LMT at 09 locations	24.25 LMT at 48 locations

Details of Completed Railway Siding & Road-fed silos

S.No	State/Region	Location	Agency	Capacity (in LMT)	Mode	Year of completion
1	Madhya Pradesh	HARDA	State Govt.	0.50	VGF	2017-18
2	Madhya Pradesh	HOSHANGABAD	State Govt.	0.50	VGF	2017-18
3	Madhya Pradesh	DEWAS	State Govt.	0.50	VGF	2017-18
4	Madhya Pradesh	SATNA	State Govt.	0.50	VGF	2017-18
5	Madhya Pradesh	SEHORE	State Govt.	0.50	VGF	2017-18
6	Madhya Pradesh	UJJAIN	State Govt.	0.50	VGF	2017-18
7	Madhya Pradesh	VIDISHA	State Govt.	0.50	VGF	2017-18
8	Madhya Pradesh	BHOPAL	State Govt.	0.50	VGF	2017-18
9	Madhya Pradesh	INDORE	State Govt.	0.50	VGF	2017-18
10	Punjab	SUNAM	State Govt.	0.50	VGF	2017-18
11	Punjab	MALERKOTLA	State Govt.	0.50	VGF	2017-18
12	Punjab	AHMEDGARH	State Govt.	0.50	VGF	2017-18
13	Punjab	AMRITSAR	State Govt.	0.50	VGF	2017-18
14	Bihar	BUXAR	FCI	0.50	VGF	23.04.2025
15	Punjab	KOTKAPURA	FCI	0.25	VGF	04.11.2018
16		BARNALA	FCI	0.50	Non-VGF	12.03.2020
17		PATIALA	FCI	0.50	Non-VGF	23.08.2022
18		BATALA	FCI	0.50	Non-VGF	14.06.2024
19		CHHEHRETTA	FCI	0.50	Non-VGF	13.06.2024
20		SANGRUR*	FCI	1.00	Non-VGF	01.12.2023
21		SAHNEWAL	FCI	0.50	VGF	01.05.2024
22	Haryana	BHATTU	FCI	0.50	Non-VGF	10.08.2022
23		JIND	FCI	0.50	Non-VGF	14.06.2021
24		SONEPAT	FCI	0.50	Non-VGF	25.08.2021
25		PANIPAT	FCI	0.50	Non-VGF	25.05.2023
26	ROHTAK	FCI	0.50	Non-VGF	18.06.2023	
27	Gujarat	AHMEDABAD	FCI	0.50	Non-VGF	06.05.2021

28		BARODA	FCI	0.50	Non-VGF	10.05.2024
29		AMRELI	FCI	0.50	Non-VGF	13.10.2023
30	Assam	CHANGSARI	FCI	0.50	VGF	23.12.2021
31	Uttar Pradesh	KANNAUJ	FCI	0.50	Non-VGF	09.03.2023
32		DHAMORA	FCI	0.50	VGF	04.03.2023
33		BASTI	FCI	0.50	Non-VGF	24.09.2024
34		FATEHPUR**	FCI	0.50	Non-VGF	08.07.2025
35	Bihar	DARBHANGA	FCI	0.50	Non-VGF	28.02.2024
36		SAMASTIPUR	FCI	0.50	Non-VGF	09.05.2024
37		KATI HAR	FCI	0.50	VGF	01.04.2021
38		KHAGARIA	FCI	0.50	Non-VGF	02.06.2025
39	West Bengal	BALURGHAT	FCI	0.50	Non-VGF	16.06.2025
	TOTAL			19.75		

*Sangrur completion on AUB basis on 14.09.2020, Operational with railway siding on 01.12.2023, COD is yet to be issued.

** Fatehpur completed on AUB Basis on 08.07.2025.

Details of Railway-siding & Road-fed silos under construction:

S.N.	State/ U.T.	Location	Agency (FCI/ State Govt)	Capacity (in LMT)
1.	Bihar	KAIMUR	FCI	0.5
2.		MADHUBANI	FCI	0.5
3.	Uttar Pradesh	GORAKHPUR	FCI	0.5
4.		LUCKNOW	FCI	0.5
5.		HARDUAGANJ	FCI	0.5
6.		PILIBHIT	State Govt.	0.5
7.		LALITPUR	State Govt.	0.5
8.		HAMIRPUR	State Govt.	0.5
9.	West Bengal	MURSHIDABAD	FCI	0.5
	TOTAL			4.5

Status of Hub & Spoke silos – Phase-I

AGENCY	MODE	CAPACITY AWARDED	CAPACITY COMPLETED	CAPACITY UNDER CONSTRUCTION
FCI	DBFOT	10.125 LMT at 14 locations	03.50 LMT at 04 locations	6.625 LMT at 10 locations*
	DBFOO	24.75 LMT at 66 locations	--	24.75 LMT at 66 locations
	Total	34.875 LMT at 80 locations	03.50 LMT at 04 locations	31.375 LMT at 76 locations

*in 01 location- FSD Gonda (1.00 LMT) LOC is yet to be issued

Details of completed Hub & Spoke silos- Phase-I

S.No	State	Location	Capacity (in LMT)	Type (Hub /Spoke)	Date of completion
1	Rajasthan	CAP Alwar	0.75	SPOKE	06.05.2025
2	Uttar Pradesh	SANDILA	0.75	SPOKE	10.06.2025
3	Bihar	KATIHAR (II)	0.50	SPOKE	18.06.2025
4	Punjab	BG Malout**	1.50	HUB	16.06.2025
	TOTAL		3.50		

** In BG Malout 1.50LMT capacity has been taken over on AUB. COD is yet to be issued.

Details of Hub & Spoke silos (Phase-I) under construction

a) DBFOT Mode:

S. No	State/ U.T.	Location	Capacity in LMT	Mode (Hub/ Spoke)
1	Uttar Pradesh	LALPUR	1.00	Spoke
2		KHURJA	0.5	Spoke
3		DHAMORA	0.25	Spoke
4		CHANDARI	1.25	Hub
5		FSD Roza	0.50	Hub
6		FSD Gonda*	1.00	Hub
7	Gujarat	FSD Wadhvan	0.25	Spoke
8		FSD Wankaner	0.25	Spoke
9		FSD Gandhidham	0.375	Hub
10	Maharashtra	FSD Borivali	1.25	Hub
	TOTAL		5.625	

*LOC is yet to be issued at FSD Gonda (1.00 LMT)

b) DBFOO mode

Project No.	State/UT	No. of locations	Capacity (in LMT)	Mode (Hub/Spoke)
Project-1	Punjab	26	10.875	Spoke
Project-2	Bihar	6	3.00	Spoke
	Uttar Pradesh	15	4.00	Spoke

	West Bengal	1	0.25	Spoke
Project- 3	Gujarat	1	0.625	Spoke
	Haryana	12	3.00	Spoke
	Jammu & Kashmir	1	0.75	Spoke
	Madhya Pradesh	4	2.25	Spoke
TOTAL		66	24.75	

- Capacity of 25 LMT is likely to be completed by March 2026 under Hub & Spoke model Phase-I
- Status of Silos under Hub & Spoke model Phase-II: under Hub & Spoke Phase-II, Tenders for construction of 25.125 LMT silos at 54 locations under DBFOO mode in 17 bundles/projects have been floated on 18.09.2024 & 19.09.2024. Technical & Financial evaluation have been completed and issuance of LoA to the L/1 bidder is under consideration.

State	Projects name (No. of Locations)	Total No. of Locations	Total Capacity (in LMT)
Bihar	Bihar-1 (3), Bihar-2 (2)	5	1.75
Gujarat	Gujarat-1 (4), Gujarat-2 (3)	7	3.625
Maharashtra	Maharashtra-1 (3), Maharashtra-2 (3)	6	3.875
Punjab	Punjab-1 (4), Punjab-2 (5), Punjab-3 (3), Punjab-4 (4)	16	7.125
Rajasthan	Rajastha-1 (4), Rajasthan-2 (3)	7	2.25
Uttar Pradesh	Uttar Pradesh-1 (3), Uttar Pradesh-2 (2)	5	3.25
West Bengal	West Bengal-1 (2), West Bengal-2 (3), West Bengal-3 (3)	8	3.25
	Total	54	25.125

Silos under Hub & Spoke Model Phase III: -Development of Hub and Spoke in Phase-III was deferred for the time-being. A review of further development of Hub & Spoke Silos will be done, one month after creation of Phase-II Silos.”

31. During oral evidence, the CMD (In-charge), FCI, while updating the Committee on the progress of silo infrastructure, stated:

“When the audit was done, at that time, it was 29.25 LMT of capacity and there were 54 locations. Now, in 2025, I would like to inform that there are 89.75 LMT of silos, which have been constructed and are under-construction and they have been awarded, and they are available at 189

locations. In recent two or three years, we have awarded lot of silos and we have done lot of work on the hub and spoke silos. Phase-I and Phase-II have been totally awarded and they are under construction.”

32. In the subsequent sitting, the representatives of the Department of Food and Public Distribution elaborated upon monitoring arrangements for silo projects and stated:

“Currently, 29.5 LMT silos are in use, and 35 LMT are under different phases of construction. As per your request regarding the monitoring mechanism, we have a High-Level Committee that meets almost monthly to oversee progress. This committee is headed by the Chairman of FCI, with members from DFPD also participating. We recently awarded the tender for an additional 25 LMT of silos. I would also share that we are piloting a project for rice storage in silos, for which construction has already been completed. The silos are now filled with rice, and we are observing them to ensure we can expand this initiative once the pilot is successful.”

(III) Utilization of Storage Capacity and Payment of Carry Over Charges (COC) to State Government Agencies

33. The Performance Audit examined utilisation of storage capacity by the Food Corporation of India and the consequent payment of Carry Over Charges (COC) to State Government Agencies (SGAs). The audit noted that COC becomes payable when foodgrains procured by SGAs on behalf of FCI are retained beyond the stipulated period owing to non-lifting of stocks by FCI. Efficient utilisation of owned and hired storage capacity by FCI is therefore critical to minimising accumulation of stocks with SGAs and avoiding payment of COC.

34. Audit scrutiny revealed that, during the audit period, significant quantities of foodgrains continued to remain with SGAs for extended durations despite availability of vacant storage capacity with FCI. The audit observed that failure to take direct delivery of wheat equivalent to available vacant capacity resulted in avoidable payment of COC, particularly in major procuring States such as Punjab and Haryana.

35. The audit further noted that sub-optimal utilisation of owned and hired storage capacity in consuming regions contributed to accumulation of stocks in procuring regions. In several instances, delays in induction of stocks into consuming regions, constraints in movement planning, and temporary reduction of storage capacity due to dismantling of godowns for silo construction resulted in prolonged retention of stocks with SGAs and consequent payment of COC.

36. The audit also highlighted that despite availability of vacant covered and CAP capacity, Regions failed to plan direct delivery from SGAs in a timely manner. This resulted in avoidable expenditure on COC amounting to ₹170.26 crore during the audit period. The audit observed that lack of coordination between procurement closure timelines and direct delivery schedules further exacerbated the problem.

37. The Committee sought clarification on the failure of FCI to instruct State Government Agencies to deliver wheat directly against available vacant storage capacity, which resulted in payment of carry over charges, and also sought to know whether accountability had been fixed for such avoidable expenditure. In their written submission to the Committee, the Ministry stated:

“Carryover charges in the form of storage and interest are payable on quantity of wheat not taken over by FCI during the stipulated period beyond 30th June of the respective year. The matter is under examination in consultation with FCI.

Punjab:

Punjab procures about 247 LMT of Wheat and Rice annually, whereas the average covered peak capacity is only 116 LMT—less than 50% of annual procurement. Utilization of storage capacity has consistently exceeded 100%.

- i. Storage Utilization on 30th June ranged from 101% to 107%, indicating overutilization of storage space in Punjab.

- ii. Since Rice requires covered storage, Wheat is largely kept in CAP or transit storage. FCI's covered godowns are primarily utilized for Rice, while Wheat is kept in CAP storage.

Haryana:

Total quantity of Wheat and Rice procured by Haryana during the period of 2017-18 to 2021-22 are 414.30 LMT and 197.35 LMT respectively.

The utilization of FCI's owned and hired storage capacities (covered and CAP) consistently remained above 100% during the said period.

- i. The Wheat procurement in Haryana generally takes place during April and May months and the stock is liquidated on priority in the subsequent months. Despite such liquidation, the utilization of FCI (Owned/ Hired) covered storage capacity continued to remain above 95% from RMS 2017-18 to RMS 2021-22 (as on 30th June).
- ii. It is also pertinent to mention that space is also reserved in FCI (Owned/Hired) godowns for the receipt of pending CMR for the corresponding season as well.

In view of the above, it is submitted that FCI had to take delivery of Wheat beyond 30th June during RMS 2017-18 to RMS 2021-22 more than 100% utilization of storage capacity in Punjab and more than 95% in Haryana during RMS 2017-18 to RMS 2021-22."

38. On a pointed query regarding inability of FCI to instruct State Government Agencies (SGAs) for direct delivery of Wheat equivalent to vacant capacity, resulting in payment of ₹170.26 crore as carry-over charges and whether any accountability has been fixed for such an avoidable expenditure, the Ministry in a written reply stated that:-

"As per the information furnished by FCI collated from its Regional offices, the factual position in respect of Direct delivery of wheat and Payment of carry over charges in Punjab and Haryana during RMS 2021-22 is as given below:

Haryana

Discrepancy in Reported Wheat Quantity: The quantity of wheat with SGAs indicated as 139 LMT in the table (Annexure-IV) does not match the actual stock position held by SGAs as on 30.06.2021, which is approximately 71.80 LMT.

Overutilization of Storage Capacity: As per statement of utilization, the utilization of FCI's owned and hired covered storage capacity, as on 30.06.2021 was 106%, indicating overutilization beyond the available capacity. Therefore, the figure of 6.62 LMT shown as vacant space in the table is also incorrect. The storage availability was in the negative, implying no actual vacant space existed at that time.

Continued use of CAP despite phasing-out decision: It was decided during the meeting held on 23.03.2021 to phase out the use of CAP storage by both FCI and State Government Agencies and transition fully to scientific

storage by RMS 2024-25. However, stocks continued to be stored in CAP storage in Haryana region, in order to utilize the vacant space available in CAP and to avoid Carry Over Charges (CoC).

Punjab

Storage Capacity vs. Procurement: Punjab procures around 247 LMT of wheat and rice annually. Average covered peak capacity is 116 LMT, i.e., less than 50% of annual procurement. Storage Utilization on 30th June (RMS 2017-2022) had consistently been above 100%.

Use of CAP over covered storage: It may be noted that CoC expenditure primarily arises from storage charges, as other cost components remain the same for both FCI and State Agencies. Since wheat is largely stored in CAP, which is nearly four times cheaper than covered storage and prioritized for liquidation, the overall CoC burden is reduced. This allows FCI to reserve covered space for rice, avoiding the need to hire additional covered godowns for CMR. Thus, the audit contention lacks merit as this approach ensures cost effective storage management.

Direct Delivery Constraints: Most procurement is completed by 15th May, limiting the window for direct delivery post 15th June. Hence, utilizing post-June vacant space is not always feasible. Punjab and Haryana faced significant storage constraints during the procurement period. Additionally, as over 95% of wheat procurement is completed by mid-May each year, there remains limited scope for effecting direct deliveries post-June.”

(IV) Movement of Food Grains: Transit Losses and Route Rationalization

39. The Performance Audit examined the efficiency of movement of foodgrains from procuring regions to consuming regions, with specific reference to transit losses, planning of rake movement, and adoption of least-cost routes. Efficient movement planning is critical not only for timely availability of foodgrains across the country but also for minimising storage congestion in procuring States and reducing avoidable expenditure on storage and carry over charges.

40. Audit scrutiny revealed that, during the audit period, significant shortfall was observed between the number of rakes planned and the number of rakes actually moved from major procuring States such as Punjab and Haryana. The audit noted that this shortfall in movement resulted in accumulation of stocks in procuring regions, forcing continued storage in CAP and hired godowns and exposing foodgrains to risks of deterioration and damage.

41. The audit further observed that inadequate planning and execution of movement plans led to avoidable expenditure in the form of storage charges and carry over charges. In selected Divisional Offices, shortfall in rake movement resulted in short despatch of foodgrains, on which FCI continued to incur storage charges at CAP or hired godown rates, despite availability of vacant storage capacity in certain consuming regions.

42. Audit scrutiny also highlighted deficiencies in route rationalization. It was observed that movement decisions were not always based on least-cost considerations, and in some cases foodgrains were routed through longer or costlier routes despite availability of more economical alternatives. The audit pointed out that inadequate use of analytical tools and insufficient coordination with Railways contributed to higher freight expenditure and sub-optimal movement efficiency during the audit period.

43. The audit further noted instances of transit losses exceeding permissible norms. Delays in movement, prolonged exposure during transit, and operational constraints contributed to transit losses, which added to the overall cost burden borne by the Central Pool.

44. The Committee sought information on the measures taken by FCI to improve coordination with Railways for timely allotment of rakes, steps adopted to ensure adherence to movement plans, and the mechanisms put in place to rationalize routes and minimize transit losses during movement of foodgrains. In their written submission to the Committee, the Ministry submitted as under:

“Demurrage charges are imposed by the Railways for the detention of rakes beyond the free time allotted. The free time starts from the moment a rake is placed, regardless of the time of placement. Since rakes are sometimes placed at odd hours, including during the early morning, this leads to detention. FCI field offices frequently raise concerns about infrastructural deficiencies—primarily at railheads that are otherwise declared fit for 24-hour operations—with their respective Zonal and Divisional Railways. These deficiencies often cause delays in loading and

unloading operations. Additionally, some Railway divisions have regularly imposed penal demurrage charges on FCI arbitrarily and sometimes without prior notice, despite requests from this office for exemption from such penalties. Other causes of rake detention include failures by HTC, labour issues, law & order issues and natural hurdles such as incessant rain, landslides etc. FCI addresses these concerns regularly in Joint Coordination Committee (JCC) meetings with the Railways at zonal and regional levels. The matter is also being raised in IMC meetings held between FCI and Railway Board. Notwithstanding these challenges, the Corporation continues to make every effort to minimize demurrage and wharfage charges to the maximum extent possible.”

(V) Operational Inefficiencies and Weaknesses in Accountability Mechanisms

45. The Performance Audit examined operational inefficiencies in planning, execution and monitoring of storage and movement operations of the Food Corporation of India, with particular emphasis on the persistence of deficiencies repeatedly highlighted in earlier audit reports and Parliamentary Committee examinations. The audit noted that issues such as overstocking, prolonged reliance on CAP storage, delays in creation of permanent storage capacity, inefficient movement planning and weak internal controls continued to affect efficiency and economy of operations during the audit period. Audit scrutiny revealed that several deficiencies flagged in earlier C&AG Reports, including earlier Performance Audit Reports, as well as observations and recommendations of Parliamentary Committees, had not been fully addressed. The audit observed that despite repeated identification of systemic issues relating to stock management, storage constraints and movement inefficiencies, corrective action taken by FCI remained partial and uneven across Regions.

46. The audit further noted that accumulation of excess stocks beyond prescribed buffer norms continued to exert pressure on storage and movement systems. This, in turn, resulted in extended dependence on CAP storage and heightened operational complexity, particularly in major procurement States. The audit observed that persistence of such conditions indicated gaps in planning and execution mechanisms, rather than isolated operational constraints (Report No. 20, pg. 80). Audit scrutiny also brought out that weaknesses in internal accountability frameworks contributed significantly to the recurrence of operational inefficiencies. The audit observed that responsibility for implementation of audit recommendations and Committee observations was diffused, with no clearly defined timelines or ownership for corrective action. Absence of structured follow-up mechanisms and periodic review at higher management levels limited effective enforcement of accountability.

47. The audit further noted that similar deficiencies were observed across multiple functional areas including storage planning, utilisation of capacity, movement of foodgrains and handling of transit-related issues indicating that operational inefficiencies were systemic in nature. The audit observed that replies to audit observations were often confined to explanations of constraints, without corresponding institutional reforms to prevent recurrence of the same issues in subsequent years.

48. The Committee, while noting that several deficiencies flagged in earlier C&AG Reports (2013 and 2017) and recommendations of the Committee on Public Undertakings / Standing Committees, including issues relating to overstocking, continued reliance on CAP storage and inefficient movement of foodgrains etc. continued to persist, sought clarification on the reasons for non-resolution of these issues despite repeated recommendations and the accountability framework created to ensure compliance with such recommendations. The Ministry, in response submitted the following written information:

“Inefficient movement in previous report basically relates to non-achievement of 100% plan compliance. The procurement is open-ended, whereas the off-take is more or less the same (fixed). As procurement exceeds off-take, the stock level continues to increase. The procurement scenarios are outlined as follows:

Total procurement of Rice and Wheat since 2012-13

KMS	Procurement of Rice (in LMT)	Procurement of Wheat (in LMT)	Total procurement (Wheat and Rice)
2012-13	340.44	382.15	722.59
2013-14	318.45	250.72	569.17
2014-15	320.40	281.31	601.71
2015-16	342.18	280.88	623.06
2016-17	381.06	229.61	610.67
2017-18	381.74	308.24	689.98
2018-19	443.99	357.95	801.94
2019-20	518.26	341.32	859.58
2020-21	602.45	389.92	992.37
2021-22	575.88	433.44	1009.32

Stock position in Central Pool since 2001 (Peak Stock)

Figures in LMT				
As on 1st July	Rice	Wheat	Total	Storage Capacity
1	2	3	4=2+3	5
2001	228.61	375.47	604.08	267.18
2002	234.01	413.17	647.18	300.75
2003	132.70	265.36	398.06	258.61
2004	122.51	193.90	316.41	234.38
2005	115.95	161.31	277.26	231.83
2006	119.51	93.20	212.71	227.89
2007	126.14	133.08	259.22	222.34
2008	121.29	241.23	362.52	227.12
2009	204.03	331.22	535.25	246.82
2010	252.66	351.62	604.28	258.59
2011	276.41	378.32	654.73	297.66
2012	321.48	501.69	823.17	519.84
2013	333.06	443.89	776.95	560.44
2014	206.45	415.86	622.31	565.98
2015	164.83	403.51	568.34	578.22
2016	207.91	326.38	534.29	651.43
2017	221.00	334.40	555.40	643.71
2018	242.70	437.55	680.25	724.74
2019	275.81	465.60	741.41	745.00
2020	274.44	558.25	832.69	633.13
2021	299.25	602.91	902.16	723.44*
2022	331.20	311.42	642.62	775.77
2023	262.23	313.88	576.11	733.12
2024	325.18	299.05	624.23	837.68

*The increase in 69.46 LMT in storage capacity was due to change in stack height

Need for the utilization of CAP capacity in view of the procurement scenario:

Food grain procurement increased from 12.5 LMT in 1965-66 to 1009.32 LMT (Rice: 575.88 LMT + Wheat: 433.44 LMT) in 2021-22. The annual requirement for food grains under NFSA/OWS is 592 LMT (Rice: 408 LMT + Wheat: 184 LMT). The OMSS requirement is approximately 80 to 100 LMT. Since procurement ranges from 800 LMT to 1000 LMT, in the case of increased procurement, the surplus becomes larger. The surplus of 100 LMT to 200 LMT is added (depending upon the level of procurement) to the Central Pool every year. As procurement consistently exceeds the requirement, there is a need to create storage capacities to accommodate the procured stocks. Accordingly, all out efforts are being made to create covered capacities and added a covered capacity of 570.50 LMT in central pool since 2001. Despite augmentation of 570 LMT additional capacity in central pool, CAP capacities have to utilize as transit storage point to accommodate the stocks in CAP storage to commensurate with open ended procurement level as creation of covered capacity is a time taking project. Govt. of India (Gol) reviewing the storage scenario & taking necessary actions rigorously to phase out the CAP capacities. At present 90 LMT CAP phasing out scheme is under pipeline in Punjab & Haryana. Out of which tenders for a capacity of 8.84 LMT have been finalized or awarded, while tenders for the remaining capacity of 51.66 LMT are at various stages of finalization. In addition to this initiative, covered storage capacities are also being developed under other schemes, as outlined below.

India's Largest Foodgrain Storage Initiative

The Government of India aims to create large-scale storage capacity at the PACS (Primary Agricultural Credit Societies) level. The Food Corporation of India (FCI) has been assigned a target to develop 250 LMT of storage capacity. In the first phase, FCI has identified locations with a combined capacity of 26 LMT to establish 10,000 PACS godowns.

Central Sector Scheme (CSS)

Storage capacity development is underway under the Central Sector Scheme in the North East, Jharkhand, Kerala, and other hilly regions. So far, 1.08 LMT of storage capacity has been constructed, with an additional 0.52 LMT under construction.

Asset Monetization Scheme on Category-A Assets

According to a KPMG report, 177 locations with a total storage capacity of 17.38 LMT have been identified for development by utilizing government-owned vacant land. Tenders for 71 locations, representing 7.34 LMT of capacity, have been awarded or are in the process of being awarded. FCI has already taken over 34,760 MT of capacity, while the remaining locations are in various stages of tendering or construction. Furthermore, 18 locations with a capacity of 1.50 LMT have been finalized for the second phase of this scheme.

Construction of SILO's under PPP Mode

Steel Silo storage with bulk handling facility is highly mechanized and modernized way of storing food grains in bulk. It ensures better preservation of food grains and enhances its shelf life. If food grains are stored in Silos and transported in bulk, losses due to theft, pilferage and transportation would be negligible compared to food grains storage in bags in conventional warehouses.

In order to upgrade and modernize the storage facilities, Government of India has approved an Action Plan for construction of Silos across the country under PPP mode. The Silos completed and put-to use are as under:

Model of Silos	Capacity in LMT
Circuit Based Model(2007-09)	5.50
Railway Siding & Road Fed Model	19.25
Hub & Spoke Phase-1(DBFOT)	2.00
Grand Total	26.75

The Silos under construction are as under:

Model of Silos	Capacity in LMT
Railway Siding & Road Fed Model	5.00
Hub & Spoke Phase-1(DBFOT)	8.125
Hub & Spoke Phase-1(DBFOO)	24.75
Grand Total	37.875

Tenders for Hub & Spoke Phase-2 for 25.125 LMT silos at 54 locations under DBFOO mode in 17 bundles/Projects are at various stages.

49. In a written submission, the FCI while detailing the plan to reduce the subsidy burden through operational efficiencies through better movement planning, reduced carrying cost, rationalization of procurement charges, stated that:-

“With regard to better movement planning, reduced carrying cost:

"Anna Chakra" PDS Supply Chain Optimization Tool: DFPD started PDS Supply Chain Optimization with partners IIT Delhi, FITT, and the UNWFP in March 2023 and the "Anna Chakra" tool on December 5, 2024, to optimize the Public Distribution System (PDS) supply chain.

This initiative aims to enhance efficiency, reduce carbon emissions, and save costs while serving 81 crore vulnerable people. Results are promising, including transport cost savings of around Rs 250 crore annually. The tool uses a state-specific algorithm to optimize routes based on warehouse locations, storage, and road distances, reducing transport distances by 15-50%.

At this juncture, optimization of PDS supply chain has been implemented in 30 States, saving reported by 18 States, tool installed in 30 States and Anna Chakra Tool hosted 8 States.

Status of Procurement Optimization: Optimization exercise has been extended to Procurement Optimization and Paddy Procurement results for KMS 2025-26 has been shared with 10 States.

Inter-state Route optimization:

Inter-state movement optimization has been undertaken to streamline and enhance the interstate movement operations of food grains, primarily by rail, undertaken by the Food Corporation of India (FCI). These movements are planned to meet Public Distribution System (PDS) requirements in consuming states while simultaneously managing storage space in procuring or surplus regions.

Optimization on daily planning: The daily planning and execution of these operations is carried out by FCI using the tool developed for this purpose.

The tool achieves two broad functions: Data Collection component ensures seamless and standardized data acquisition from the field level, incorporating built-in validation checks and interlocks to prevent erroneous data propagation. The second component, relates to optimization, and embeds relevant mathematical models / algorithms to determine cost-effective movement between various railheads, operating within FCI's defined operational and logistical constraints.

Together, these modules improve the efficiency and transparency of planning, contributing to reductions in transportation costs, optimized resource utilization, and strengthened coordination across FCI's national food grain movement network.”

PART-II

OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE

1. The present Performance Audit contained in Report No. 20 of 2023 of the Comptroller and Auditor General of India, examined by the Committee on Public Undertakings, pertains to “Storage Management and Movement of Foodgrains in the Food Corporation of India (FCI)”. The audit examined Key elements relating to planning and augmentation of storage capacity, modernisation of storage infrastructure, utilisation of available storage capacity, movement of foodgrains, payment of carry over charges and persistence of operational inefficiencies across successive audit cycles. The Food Corporation of India, functioning under the Ministry of Consumer Affairs, Food and Public Distribution, plays a central role in the procurement, storage and movement of foodgrains for implementation of the Public Distribution System and other welfare schemes of the Government, and is therefore a key pillar of the country’s food security architecture. The Committee further note that the audit findings bring out underlying challenges in planning, execution and monitoring of storage and movement operations, resulting in continued use of interim storage solutions such as Cover and Plinth (CAP) storage, non-ideal utilisation of covered storage capacity, extended timelines in evacuation of stocks, avoidable payment of carry over charges and operational frictions in movement planning. The audit also highlights that several areas for refinement noted in earlier reports and Parliamentary Committee recommendations remain long-standing, indicating the need to follow-up and strengthen oversight frameworks. The Committee examined the audit findings in detail and took into account the written replies furnished by the Ministry and the Food Corporation of India, as well as the oral evidence tendered before them by the representatives of the Ministry and FCI. The Committee carefully assessed the explanations offered in response to audit observations, the hurdles mentioned by the Ministry and FCI, and the remedial measures stated to have been initiated during and after the audit period. The Committee also considered the implications of the audit findings in the context of increasing procurement levels, evolving food security requirements and the significant fiscal outlay involved in storage and movement of foodgrains. Before finalising their observations and recommendations, the Committee undertook an elaborate examination of the evidence placed before them and deliberated

upon the systemic nature of the issues highlighted in the audit. Based on this examination and deliberation, the Committee present their observations and recommendations in the succeeding paragraphs, with a view to addressing the gaps noted in the audit and strengthening the efficiency, economy and accountability of storage and movement operations of the Food Corporation of India.

Planning and Augmentation of Storage Capacity under the PEG Scheme

2. The Committee observed that the Private Entrepreneurs Guarantee (PEG) Scheme was introduced as a key measure to create permanent covered storage capacity and to progressively eliminate dependence on temporary arrangements such as Cover and Plinth (CAP) storage. However, the Committee note that audit examination revealed extended project cycles in completion and operationalization of PEG projects, which resulted in a widening gap between available covered storage capacity and actual storage requirements across major procurement States. The Committee further note that following multiple sanctioning of capacity and subsequent revisions of PEG norms to improve private participation, a significant portion of sanctioned capacity remained under construction or at tendering stages during the audit period. This situation led to sustained utilisation of interim storage for extended periods, notwithstanding the stated objective of phasing out such storage. While the Ministry and FCI associated the prolonged implementation with land availability constraints and low private participation in certain regions, the Committee find that these operational limitations were recurrent and systemic in nature and requiring more comprehensive advance preparation and risk management. In light of the above, the Committee recommend that the Ministry and FCI adopt a dynamic and data-driven storage planning framework under the PEG Scheme, aligned with procurement trends and region-wise storage deficits, with clearly defined timelines, milestone-based monitoring and accountability mechanisms to ensure timely completion of projects and a definitive, State-wise roadmap for phased elimination of CAP storage. The Committee desire that FCI should identify the demand areas to have storage rationalization and feel that to attract private partners in PEG scheme, if possible, the Government should focus on minimizing bureaucratic hurdles which exists in the forms of various channels in the system to bring operational flexibility in the scheme.

Modernisation of Storage Infrastructure through Silo Projects

3. The Committee note that steel silo projects were envisaged to modernise storage infrastructure through scientific storage, mechanised handling and integration with rail-based movement, thereby reducing handling losses and improving operational efficiency. The Committee, however, observed that audit findings indicated extended timelines in execution of silo projects, variable regional distribution of silo capacity and constraints in utilisation of commissioned silos. The Committee further note that silo capacity lacked full integration with procurement volumes and evacuation requirements, particularly in high-procurement States, resulting in continued dependence on conventional godowns and CAP storage. While the Ministry and FCI have stated that silo capacity has scaled extensively in recent years, the Committee find that the utility of such growth expansion are yet to be fully optimised owing to operational bottlenecks, pending rail connectivity and transitional reliance on existing storage systems. Accordingly, the Committee recommend that silo planning and execution be fully integrated with procurement and movement strategies. To this extent, the utilisation of existing silo capacity be closely monitored and improved, so as to ensure that future silo projects are sanctioned and implemented in a time-bound manner, with explicit linkage to reduction in CAP storage and demonstrable gains in storage and movement efficiency across all states/regions.

The Committee note from the submissions furnished by the Ministry and the Food Corporation of India that several measures have been initiated in recent years with a view to modernising storage management and improving monitoring of depot operations. These initiatives include the adoption of technology-driven systems for real-time monitoring of foodgrain stocks and depot activities, including the deployment of the DARPAN platform for digitisation of depot-level operations and stock management. The Committee further note that efforts have also been made to strengthen surveillance and operational oversight through installation of CCTV systems in storage depots and increased use of digital tools for monitoring storage conditions, stock movement and operational activities. The Ministry and FCI have also indicated that steps are being taken to improve coordination between procurement, storage and movement operations through better data visibility and monitoring mechanisms across regions. In addition, modernization efforts

relating to storage infrastructure, including development of steel silos and improvement of storage facilities, have been undertaken to promote scientific storage and reduce reliance on conventional storage practices. The Committee observe that these measures are intended to enhance transparency, strengthen monitoring of storage operations and facilitate more efficient management of foodgrain stocks across the country.

Utilisation of Storage Capacity and Payment of Carry Over Charges

4. The Committee observed that varied capacity usage of available storage capacity and delays in evacuation of stocks resulted in avoidable payment of Carry Over Charges to State Government Agencies (SGA) during the audit period. The Committee note that audit findings highlighted instances where foodgrains continued to remain with State agencies beyond the permissible period despite availability of vacant storage capacity with FCI, thus leading to avoidable financial burden on the Central Pool. The Committee further notes that the buildup of stocks was influenced by scheduling variations in new storage projects and a need for more robust forward planning for direct delivery from State agencies. While the Ministry has cited open-ended procurement and fixed off-take obligations as contributory factors, the Committee find that improved coordination and timely decision-making could have mitigated the extent of Carry Over Charges. In view of this, the The Committee recommends that FCI further refine its forward-looking logistics for direct delivery to ensure optimal synchronization with the real-time availability of storage capacity. This initiative should be supported by the development of an integrated digital framework to enhance the monitoring of available capacity across all regions. The Committee reiterate that FCI periodically review cases of payment of Carry Over Charges to evaluate the underlying factors and strengthen process ownership wherever warranted in a time-bound manner.

Movement of Foodgrains: Transit Variances and Route Rationalisation

5. The Committee observed that efficient movement of foodgrains from surplus to deficit regions is critical towards preventing congestion in procuring States and ensuring timely availability in consuming regions. The Committee note that audit examination revealed execution gaps of movement plans, systemic limitations in route rationalisation and instances of transit variances surpassing the established benchmarks during the audit period. The

Committee further note that there is scope for more seamless coordination with the Railways and a more consistent application of least-cost routing to further optimize freight expenditures and mitigate transit-related logistical risks. While the Ministry and FCI have referred to operational hurdles such as availability of rakes, the Committee find that systematic planning and monitoring mechanisms offer significant scope for further development to address such existing and emerging challenges. Accordingly, the Committee recommend, FCI to institutionalize a visionary movement planning and monitoring system that leverages modern coordination with the Railways, adopting innovative least-cost routing practices in a structured manner and FCI should strategically analyze and mitigate transit losses. The Committee would like to know the steps taken in this regard at Action Taken Stage.

Operational Optimization and the Strengthening of Governance Frameworks.

6. The Committee underscores the potential for systemic optimization in addressing the areas highlighted in earlier C&AG Reports and Parliamentary Committee recommendations such as overstocking, prolonged reliance on CAP storage, evolving movement planning and sub-optimal utilisation of storage capacity have continued to remain in a state of active evolution throughout the audit period. The Committee note that recurrence of these issues across successive audit cycles underscores the need for a more integrated approach to follow-up and accountability mechanisms within the Ministry and FCI. The Committee further note that while replies have been furnished to audit observations and Committee recommendations, such responses calls for a more synchronised approach to ensuring long-term operational improvements. In light of the above, the Committee recommend that the Ministry and FCI establish a formalised and time-bound accountability framework for implementation of audit and Committee recommendations, with clearly defined ownership, periodic review at senior management level and outcome-based reporting to ensure that legacy issues are addressed in a comprehensive and durable manner.

Conclusion

7. The Committee recognise the critical role played by the Food Corporation of India in ensuring national food security. At the same time, the Committee note that the findings of the Performance Audit reveal areas for

further systemic optimization in planning, execution and accountability relating to storage and movement of foodgrains. The Committee believe that efficient storage and movement operations require disciplined planning, modern infrastructure and robust accountability mechanisms. The Committee, therefore, encourages the Ministry and FCI to implement the recommendations contained in this Report in letter and spirit, optimize expenditure, achieve peak operational efficiency, and further enhance public confidence in the food management system.

New Delhi;
27 March, 2026
06 Chaitra,1948(S)

BAIJAYANT PANDA
Chairperson
Committee on Public Undertakings

COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

MINUTES OF THE SEVENTH SITTING OF THE COMMITTEE

The Committee sat on Monday, 18th August, 2025 from 1500 hrs. to 1545 hrs. in Committee Room No. '1', Ground Floor, Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - **Chairperson**

MEMBERS

Lok Sabha

2. Shri Tariq Anwar
3. Shri Chandra Prakash Joshi
4. Shri Kaushalendra Kumar
5. Shri Shankar Lalwani
6. Smt. Poonamben Hematbhai Maadam
7. Shri B.Y. Raghvendra
8. Shri Mukesh Rajput
9. Shri Sukhjinder Singh Randhawa
10. Shri Pratap Chandra Sarangi
11. Shri Kodikunnil Suresh
12. Shri Lalji Verma

Rajya Sabha

13. Shri Neeraj Dangi
14. Dr. Bhagwat Karad
12. Shri Debashish Samantaray

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltzen - Deputy Secretary

REPRESENTATIVES FROM C&AG OF INDIA

1. Ms. Smita Shailendra Chaudhri - Dy. Comptroller and Auditor General (Report Central)
2. Ms. Ritu Dhillon - DG
3. Ms. Tanya Singh - Principal Director Central Expenditure (Agriculture, Food and Water Resources)
4. Shri Vishal B. Chawre - Pr. Director/OSD (Report Central-I)
5. Ms. Bhanumati Nathan - Director, O/o PD CE (AF & WR)

2. At the outset, Hon'ble Chairperson welcomed the Members and the representatives of the Office of the Comptroller & Auditor General of India (C&AG) and outlined the nature of agenda for the day i.e. Briefing by Audit on Report No. 20 of 2023 of the Comptroller and Auditor General of India on "Storage Management and Movement of Food Grains by Food Corporation of India (FCI)". Further, Chairperson reminded Members of Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of the proceedings before Parliamentary Committees.

3. In his opening remarks, Hon'ble Chairperson referred to the salient audit findings, namely:(i) avoidable hiring of storage capacity in Punjab and Haryana despite availability of own vacant cover and plinth (CAP), leading to an extra expenditure of ₹62.76 crore; (ii) Shortfall in taking direct delivery of wheat from State Government Agencies, resulting in ₹170.26 crore paid as carry-over charges; (iii) delays in land acquisition for silos in Bihar and Assam, causing avoidable expenditure of ₹16.85 crore and ₹18.08 crore respectively; (iv) non-recovery of ₹17.02 crore penalty from concessionaires and undue favour of ₹5.83 crore in project cost reduction;(v) inefficient movement planning and short despatch of stock leading to ₹182.29 crore in extra storage charges etc. The Chairperson emphasised that these issues reflected systemic deficiencies in storage utilisation, movement optimisation, quality testing under FSSAI norms, and in enforcement of accountability.

4. The representatives of C&AG made a presentation highlighting major issues contained in the Audit Report, covering: (i). Statutory and non-statutory charges in procurement and their impact on acquisition cost; (ii). Excess stock holding beyond prescribed buffer norms and absence of a clear liquidation policy; (iii). Under-utilisation of FCI's own storage and dependence on hired godowns;(iv). Shortcomings in augmentation of modern storage capacity (silos) and related financial lapses; (v). Deficiencies in quality control and compliance with regard to food safety standards; (vi). Inefficient movement planning and inadequate use of Linear Programming alongwith lack of direct issue from railheads; etc.

5. Members sought clarification on various issues such as the rationale behind maintaining food stocks at almost double the prescribed buffer norms; steps taken to rationalise statutory and non-statutory charges by States; reasons for persistent under-utilisation of FCI's own storage capacity and heavy reliance on hired godowns; lapses with regard to land acquisition for silos and mechanisms for fixing responsibility; inefficiencies in movement planning, including shortfall in rake allotment and multiple handling costs; etc.

6. The representatives of the Office of C&AG responded to some queries of the Members and briefed on the Memoranda of Important Points (MIPs) that may be

pursued when the subject is taken up with the representatives of FCI and the Ministry of Consumer Affairs, Food and Public Distribution. After deliberations, the Committee decided that the representatives of FCI and the Ministry may be called for detailed discussion in subsequent sittings to examine corrective actions and policy reforms required.

7. Summing up, Hon'ble Chairperson thanked the representatives of C&AG for their valuable briefing and suggestions, and also appreciated the active participation of Members. The Chairperson observed that since FCI is pivotal to the country's food security system, the Committee's examination would focus on ensuring efficiency, accountability, and financial prudence in its operations.

(The Committee then adjourned.)

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COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE

The Committee sat on Monday, **Friday, the 31st October, 2025** from **1430 hrs. to 1530 hrs.** in Committee Room No. '1', Ground Floor, Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - **Chairperson**

MEMBERS

Lok Sabha

2. Shri Tariq Anwar
3. Shri Sukhjinder Singh Randhawa
4. Shri Pratap Chandra Sarangi

Rajya Sabha

5. Dr. John Brittas
6. Shri Neeraj Dangi
7. Shri Arun Singh

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltzen - Deputy Secretary

REPRESENTATIVES FROM C&AG OF INDIA

1. Shri A. M. Bajaj - Dy. C&AG
2. Shri Vishal B. Chawre - Pr. Director/OSD (Report Central-I)

FOOD CORPORATION OF INDIA

1. Shrimati Vanita Rattan Sharma – CMD (In-charge) and Executive Director (Finance)
2. Dr. Ajit Kumar Sinha – Executive Director (Storage & Contracts)

2. The Chairperson welcomed the representatives of the Food Corporation of India (FCI) and drew their attention to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of evidence before the Parliamentary Committees. Hon'ble Chairperson stated that the sitting had been convened for evidence in connection with the examination of the subject "Performance Audit Report No. 20 of 2023 on Storage Management and Movement of Foodgrains by Food Corporation of India" and referred to the role of FCI in procurement, storage and movement of foodgrains under the National Food Security Act and other welfare schemes. The Chairperson highlighted focus areas arising from the Audit Report, particularly relating to excess stockholding beyond buffer norms, scope for enhanced utilization of FCI's own storage capacity, continued reliance on Cover and Plinth (CAP) storage, opportunities to optimize movement planning, along with avoidable financial implications, steps taken to modernize logistics and multi-modal transportation and sought clarifications from the representatives of FCI on corrective measures taken.

3. Thereafter, the representatives of the Food Corporation of India gave clarification on various aspects such as open-ended procurement at Minimum Support Price (MSP), maintenance of buffer and operational stocks, utilisation of storage capacity including CAP storage, augmentation of covered storage capacity, modernisation through silos, and movement of foodgrains across States.

4. The Members then raised various aspects such as reasons for holding foodgrains beyond buffer norms, continued reliance on CAP storage in dueling progress of its phasing out, e-auctions under the open market sale scheme, details regarding types of procurement viz's DCP & Non DCP, hiring of godowns despite availability of owned capacity, rationalization of statutory and Non-statutory charges, inefficiencies in movement planning, introduction of Bill Tracking System (BTS), various details regarding Anna and Depot Darpan, smart warehouse, Warehouse Innovation Network and Governing system and Grievances Redressal System (GRS), etc. and steps taken to improve operational efficiency and accountability.

5. The representatives of the Food Corporation of India clarified issues on which information was readily available with them. In respect of some points for which

information was not readily available, the Chairperson desired that written replies may be furnished to the Committee Secretariat within the stipulated time.

(Representatives of Ministry were then called in)

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COMMITTEE ON PUBLIC UNDERTAKINGS (2025-26)

MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE

The Committee sat on Monday, **Friday, the 31st October, 2025** from **1545 hrs. to 1645 hrs.** in Committee Room No. '1', Ground Floor, Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - **Chairperson**

MEMBERS

Lok Sabha

2. Shri Tariq Anwar
3. Shri Sukhjinder Singh Randhawa
4. Shri Pratap Chandra Sarangi

Rajya Sabha

5. Dr. John Brittas
6. Shri Neeraj Dangi
7. Shri Arun Singh

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltzen - Deputy Secretary

REPRESENTATIVES FROM C&AG OF INDIA

1. Shri A. M. Bajaj - Dy. C&AG
2. Shri Vishal B. Chawre - Pr. Director/OSD (Report Central-I)

REPRESENTATIVES OF THE MINISTRY OF CONSUMER AFFAIRS,

DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

1. Shri Sanjeev Chopra Secretary (DFPD)
2. Shri Sanjiv Shankar AS&FA
3. Ms. C. Shikha Joint Secretary (Policy & FCI)
4. Ms. Anita Karn Joint Secretary (Storage)

2. The Chairperson welcomed the representatives of the Ministry of Consumer Affairs, Food and Public Distribution and drew their attention to Direction 55(1) of the 'Directions by the Speaker' regarding confidentiality of evidence before the Parliamentary Committees.

3. Hon'ble Chairperson stated that the sitting had been convened for evidence in connection with the examination of the subject "Performance Audit Report No. 20 of 2023 on Storage Management and Movement of Foodgrains by Food Corporation of India". The Chairperson referred to key focus areas discussed during the Committee's interaction with FCI and sought the Ministry's views on policy-level factors contributing to excess stockholding, steps initiated under the Open Market Sale Scheme Domestic (OMSSD) in including e-auctions, extended timelines in revision of buffer stocking norms, road map and progress regarding phasing out old CAP facilities along with other systemic constraints in storage capacity creation and movement planning.

4. Thereafter, the representatives of the Ministry of Consumer Affairs, Food and Public Distribution gave clarification on various aspects such as the policy framework governing open-ended procurement at MSP, buffer stocking norms being minimum in nature, constitution of a Technical Group to review stocking norms, rationalization of statutory and Non-statutory charges and its monitoring Under procurement Centre Self-Assessment Portal (PCSAP) ongoing efforts for augmentation of covered storage capacity, and coordination mechanisms with Railways for movement of foodgrains.

5. The Members then raised various aspects such as timelines for revision of buffer stocking norms, measures to ensure timely completion of storage infrastructure projects, proper liquidation of surplus stocks of FCI and moderation of market prices, steps taken to address recurring audit observations, and mechanisms for strengthening accountability and monitoring, and expansion of Decentralized Procurement Scheme (DCP) to non-traditional States.

6. The representatives of the Ministry clarified issues on which information was readily available with them. In respect of some points for which information was not

readily available, the Chairperson desired that written replies may be furnished to the Committee Secretariat within the stipulated time.

(The Committee then adjourned.)

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COMMITTEE ON PUBLIC UNDERTAKINGS
(2025-26)

MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 27th March, 2026 from 1000 hrs. to 1030 hrs. in Committee Room No. 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Baijayant Panda - **Chairperson**

MEMBERS

LOK SABHA

2. Shri Tariq Anwar
3. Shri Kaushalendra Kumar
4. Shri Shankar Lalwani
5. Shri Mukesh Rajput
6. Shri Pratap Chandra Sarangi
7. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

8. Dr. John Brittas
9. Shri Neeraj Dangi
10. Shri Surendra Singh Nagar
11. Shri Debashish Samantaray

SECRETARIAT

1. Shri Anjani Kumar - Joint Secretary
2. Smt. Mriganka Achal - Director
3. Shri Tenzin Gyaltzen - Deputy Secretary

2. The Hon'ble Chairperson briefly apprised the Members on the two draft Reports. The Committee then considered and adopted the following draft reports, without any changes/modifications: -

- i. Performance Audit Report No. 20 of 2023 on Storage Management and Movement of Foodgrains by Food Corporation of India; and*
- ii. Modernisation and Upgradation Programme in Mishra Dhatu Nigam Limited (MIDHANI) based on Chapter-IV of C&AG Audit Report No. 18 of 2023;*

3. The Committee authorized the Chairperson to finalize the draft Reports on the basis of factual verification as suggested by the concerned CPSUs/Ministry/Department/C&AG and presentation of the Reports to Parliament soon.

The Committee, then, adjourned.

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