

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

STARRED QUESTION NO:123
ANSWERED ON:27.02.2006
DIVERSION OF FOODGRAINS
Nikhil Kumar Shri ;Owaisi Shri Asaduddin

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether a recent survey by some independent agencies have indicated large scale diversion of Public Distribution System (PDS) foodgrains in North Eastern States as reported in The Hindu dated February 1, 2006;
- (b) if so, the details thereof;
- (c) the details regarding diversion of PDS foodgrains in other parts of the country during the last three years;
- (d) whether diversion of other goods being distributed under PDS has also been reported;
- (e) if so, the details thereof during the said period, State-wise;
- (f) whether the monitoring system of PDS has failed to check this diversion;
- (g) if so, the remedial measures taken in this regard; and
- (h) the action taken against the officers held responsible?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a), (b), (c), (d), (e), (f) (g) & (h): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (h) OF THE STARRED QUESTION NO. 123 DUE FOR ANSWER ON 27.02.2006 IN THE LOK SABHA.

(a), (b) & (c): Yes, Sir. In a study conducted during 2003-04, by ORG Marg, New Delhi on evaluation of Targeted Public Distribution System in the country diversion of foodgrains (wheat and rice) has been reported in most of the States. In the North Eastern States the position has been as under:-

Name of the State Diversion (%)
Rice Wheat

Arunachal Pradesh	64.1	96.2
Assam	37.2	100.00
Manipur	97.7	100.00
Meghalaya	61.3	100.00
Mizoram	52.6	100.00
Nagaland	88.6	100.00
Sikkim	Negligible	100.00
Tripura	3.8	Not calculated

The diversion figures during 2003-04 brought out in the ORG Report referred to above in respect of other States are given below:

Name of the State Diversion (%)
Rice Wheat

Bihar	14.7	44.7
Chattisgarh	33.4	71.4
Dadra & Nagar Haveli	48.5	69.4
Delhi	10.5	25.1
Goa	42.9	Not calculated.
Gujarat	16.2	24.4

Harayana	Not calculated.	74.2
Himachal Pradesh	58.2	34.1
Jammu & Kashmir	64.3	13.5
Jharkhand Neg.	37.5	
Kerala Neg.	42.6	
Madhya Pradesh	48.3	44.7
Maharashtra Neg.	25.6	
Rajasthan	Not calculated.	59.0
Uttar Pradesh	32.4	59.1
Uttaranchal	53.3	58.0
West Bengal	34.9	86.6
All India	39.0	53.3

The Programme Evaluation Organization (PEO) of the Planning Commission has in a report based on study of 18 major States submitted in March, 2005 has also reported leakage and diversion of subsidized foodgrains in TPDS, as a percentage of offtake of BPL quota as follows:

Sl. States Foodgrains leakage through Foodgrains leakage at FPS.
No. ghost cards

1. Andhra Pradesh	Negligible	20.60
2. Assam	33.35	8.33
3. Bihar	26.13	55.41
4. Gujarat	28.29	13.77
5. Haryana	Negligible	55.65
6. Himachal Pradesh	31.03	0.41
7. Karnataka	25.67	17.73
8. Kerala	3.91	17.80
9. Madhya Pradesh	54.48	7.94
10. Maharashtra	10.78	15.75
11. Orissa	13.49	9.90
12. Punjab	Negligible	76.50
13. Rajasthan	Negligible	31.95
14. Tamil Nadu	9.26	6.40
15. Uttar Pradesh	22.30	38.97
16. West Bengal	13.85	5.30

All India 16.67 19.71

(d) & (e): The terms of reference of the ORG Study did not include evaluation of distribution of sugar. As regards Kerosene, the State-wise details on estimated leakage as per recent comprehensive study conducted by National Council of Applied and Economic Research are given below:-

Figures in percent

States	Siphoning off of kerosene for non-household purpose	Diversion of PDS to open market	Diversion of kerosene to households	Total diversion
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Andhra Pradesh	6.3	29.7	1.9	37.9
Assam	13.8	29.1	1.1	44.0
Bihar	15.7	31.2	7.6	54.5
Chandigarh	64.5	19.2	1.6	85.2
Chhattisgarh	16.9	10.9	12.4	40.3
Delhi	10.9	41.7	1.2	53.8
Goa	8.5	6.5	1.4	16.5
Gujarat	34.8	3.1	1.7	39.5
Haryana	21.7	18.0	0.9	40.6
Himachal Pradesh	2.0	5.6	3.1	10.7
Jharkhand	32.5	18.1	4.8	55.5
Karnataka	8.8	23.4	5.7	37.9
Kerala	6.7	11.9	0.6	19.2
Madhya Pradesh	20.1	16.9	2.8	39.8
Maharashtra	20.3	9.9	1.1	31.3
Meghalaya	11.0	14.1	0.0	25.1
Orissa	11.5	39.6	0.6	51.6
Punjab	52.6	15.9	0.3	68.8
Rajasthan	22.3	1.8	1.2	25.3
Tamil Nadu	7.7	37.7	1.0	46.4
Uttar Pradesh	21.7	13.5	3.9	39.1
Uttaranchal	39.6	3.5	0.8	43.9
West Bengal	4.5	13.7	0.6	19.1

(f) & (g) : A system to monitor distribution of foodgrains and other goods being distributed under PDS is already in place. Under the System, the responsibility for distribution of foodgrains and other goods through PDS outlets lies with the respective State Governments. However, the following measures have been taken by the Government to reach the PDS items to the beneficiaries.

(i) The reports of the ORG Marg and the Programme Evaluation Organisation have been sent to the State Governments for their comments . In addition, the issue of diversion has been discussed in the recently held Regional Conferences with the State Governments. The State Governments have however, expressed reservations in these conferences on the findings of the studies.

(ii) As regards diversion of wheat particularly in the North Eastern States, the Central Government in addition to reducing wheat allocation in all rice eating states has also issued instructions that the custom of allowing flour mills to lift wheat directly from the FCI godowns be stopped and the State Governments should ensure that the wheat after being milled is put back in the PDS net-work, for distribution to ration card holders.

(iii) In the recently held Regional Conferences with the State Governments including the conference for North Eastern States held in Guwahati on 31st January, 2006 the issue of diversion of foodgrains has been discussed at length and State Governments asked to take steps like door delivery of foodgrains, involvement of Self-Help Groups of stakeholders in distribution, computerization of PDS beneficiaries etc. The Chhattisgarh Government has reported that it has cancelled the Fair Price Shops licenses and with a view to ensuring better distribution has allotted Fair Price Shops to 3404 Gram Panchayats, 2753 Primary Agriculture Cooperative Societies, 1587 Womens` Self Help Groups, 243 Forest Protection Committees and 2032 Shops to other cooperative societies. Andhra Pradesh and Karnataka have taken up review of the BPL beneficiaries and have started issue of computerized ration cards alongwith bar coded coupons. Sikkim has also computerized the TPDS operations.

(iv) The Public Distribution System (Control) Order, 2001 was issued in order to streamline the functioning of the PDS and to make the same more effective and accountable. Any offence committed in violation of the provisions of the Order invokes criminal liability under Section 7 of the Essential Commodities Act, 1955.

(v) The State Governments and the Union Territory Administrations have been asked to actively involve the Panchayati Raj Institutions to monitor the functioning of the Fair Price Shops, as a measure of social audit;

(vi) The State and Union Territories have also been asked to constitute Vigilance Committees at the State, District, Block and FPS levels to oversee the functioning of PDS;

(vii) With a view to efficiently reaching PDS commodities to the consumers in a transparent manner, a model Citizen`s Charter has been issued by the Central Government for adoption by the State Governments/UT Administration;

(viii) Under the Area Officers Scheme, the Senior Officers of the Government visits their allocated States/UTs to conduct review of the TPDS. The observations made by the Area Officers in their reports are sent to the concerned State Government/UT for taking necessary action.

(ix) The Central Government has made necessary provisions in the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993, issued under the Essential Commodities Act, 1955 to check diversion of kerosene.

(x) Further to check the black marketing of the SKO, Oil Marketing Companies (OMCs) undertake inspections of SKO dealers and take action against guilty dealers based on the provisions of the Marketing Discipline Guidelines/Dealership Agreement. The action taken includes termination of dealerships, imposition of fines, suspension of supplies, warning, etc.

(h) Details of action taken by some of the State Governments, against the erring FPS owners under the PDS (Control) Order, after January 2004, are given in the Annexure.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (h) OF THE STARRED QUESTION NO.123 DUE FOR ANSWER ON 27.02.2006 IN THE LOK SABHA.

STATUS PAPER ON HALF YEARLY REPORT ON THE ACTION TAKEN UNDER CLAUSE 9 OF PDS (CONTROL) ORDER, 2001 BY THE STATE GOVERNMENTS/UT ADMINISTRATIONS

S. No. State/UT Period from Jan.,04 to June,04 Period from July,04 to Dec.,04

1. Assam	No. of raids conducted- 84	No. of raids conducted-143
	No. of persons arrested- NIL	No. of persons arrested-NIL
	No. of persons prosecuted-19	No of persons prosecuted-28
	No. of persons convicted-2	No. of persons convicted-NIL
	Value of goods confiscated	Value of goods confiscated
	(Rs.-35,81,500)	(Rs.-1,104.00)

2. Chattisgarh No. of Cases-527 No. of Cases-290
Action taken-187 Action taken-87
Balance cases-340 Balance cases-203

3. Delhi No. of cases reported:44 No. of cases reported:211
Action taken-44 Action taken-211
Penalty Imposed-Rs.92,300 Penalty Imposed-Rs.2,86,100

4. Gujarat No. of raids-8179 No. of raids-13496
No. of persons arrested-22 No. of persons arrested-37 (Police Case)
No. of persons against whom No. of persons against whom prosecution
prosecution started-6 started-33
No. of persons punished under No. of persons punished under PDS
PDS (Control) orders,2001-Nil (Control) orders,2001-Nil
Amount of confiscation Amount of confiscation (Rs. in lakh)
(Rs. in lakh)-6.78 -14.68

5. Haryana FPS Licence cancelled-66 FPS Licence cancelled-66
Forfeited - Rs.2,27,250/- Forfeited - Rs.3,54,100/-

6. Karnataka No. of raids - 461 No. of licenses who have violated the
No. of persons arrested -41 orders-207
No. of persons prosecuted-Nil No. issue pending for enquiry-27
No. of persons convicted-Nil No. of suspended licenses-31
Value of confiscated essential No. of licenses cancelled-02
commodities(Rs.in lakh)-2.40 Total penalty against the issues closed
after levying penal try-Rs.1,02,891/-

7. Kerala No. of raids-2977 No. of raids-7872
No. of persons arrested-NIL No. of persons arrested-NIL
No. of persons prosecuted-NIL No. of persons prosecuted-NIL
No. of persons convicted-Nil No. of persons convicted-Nil
Value of confiscated-Rs28788.50 Value of confiscated-Rs.54938.80

8. Mizoram No. of raids conducted -6 No. of raids conducted - 3
No. of persons arrested-NIL No. of persons arrested - NIL
No. of persons prosecuted-NIL No. of persons prosecuted-NIL
No. of persons convicted-NIL No. of persons convicted-NIL
Value of goods confiscated Value of goods confiscated
(Rs. in lakh) - NIL (Rs. in lakh) - NIL

9. Orissa No. of raids conducted-287 No. of raids conducted-645
No. of persons arrested-2 No. of persons arrested-6
No. of persons prosecuted-13 No. of persons prosecuted-58
No. of persons convicted-NIL No. of persons convicted-NIL
Value of goods confiscated Value of goods confiscated-
- Rs.2,10,585.00 -Rs.32,76,537.94

10. Punjab Depots checked - 16550 Depots checked-16024
Show cause notices issued-606 Show cause notices issued-628
Depots suspended-284 Depots suspended-215
Cancelled - 34 Cancelled-35
Depots fined-151 Depots fined-145

11. Rajasthan No. of raids-80 No. of raids-12
No. of persons arrested-3 No. of persons arrested-NIL
No. of persons prosecuted-18 No. of persons prosecuted-25
No. of persons convicted-Nil No. of persons convicted-1
Value of confiscated essential Value of confiscated essential
commodities (Rs.)-838681 commodities (Rs.) -1450664

12. Tamil Nadu PDS (Control) Order, 2001 has not been Implemented in the
State since this Govt. is not following APL/BPL classification
for pricing commodities under PDS. Hence the question of

furnishing Half yearly reports on the action taken under clause 9 of the PDS (Control) Order, 2001 does not arise

13. Uttar Pradesh No. of raids-4322 #
No. of persons arrested-59
No. of persons prosecuted-Nil
No. of persons convicted-Nil
Value of confiscated essential commodities (Rs.) -6419413
No. of inspection-146950
No. of FIR register-137
Security deposit-Rs.-3612541
No. of FPS suspended-2711
No. of FPS cancelled-1029
14. West Bengal No. of raids conducted-400 No. of raids conducted-173
No. of persons arrested-149 No. of persons arrested-66
No. of persons prosecuted-39 No. of persons prosecuted-53
No. of persons convicted-Nil No. of persons convicted-4
Value of goods seized Value of goods seized
=Rs.29,16,016.00 =Rs.76,45,218.00
15. A&N Islands No. of raids conducted-1 #
No. of surprise inspection-205
No. of persons arrested-1
Penalty charges-2
No. of cases initiated-1
Value of goods confiscated-NIL
Irregularities Noticed-32
16. D&N Haveli NIL No. of raids-1
No. of persons arrested-1
No. of persons prosecuted-Nil
No. of persons convicted-Nil
Value of goods confiscated (Rs.)-3971
Remarks-complaint lodged with the police for further investigation.
17. Pondicherry No. of raids-380 No. of raids-1072
No. of persons arrested-5 No. of persons arrested-17
No. of persons prosecuted-5 No. of persons prosecuted-17
No. of persons convicted-2 No. of persons convicted-4 under Trial
Under investigator & 1 under Trial

No information has been received from these States/UTs.

STATUS PAPER ON HALF YEARLY REPORT ON THE ACTION TAKEN UNDER CLAUSE 9 OF PDS (CONTROL) ORDER, 2001 BY THE STATE GOVERNMENTS/UT ADMINISTRATIONS

S. No. State/UT Period from Jan., 05 to June, 05 Period from July,05 to Dec., 05

1. Assam No. of raids conducted-991
No. of persons arrested-NIL
No. of persons prosecuted-24
No. of persons convicted-2
Value of goods confiscated (Rs. in lakh) -56,797/-
2. Delhi No. of cases reported-785
Action taken-702
Penalty Imposed-Rs.11,09,900
3. Gujarat No. of Inspection of FPS-16163
Seizure - Rs. 1339014
Confiscation - Rs. 377938
Deposit Confiscated - Rs. 2648189
Licence cancelled -68

Licence suspended-186
Prosecution No. of cases-28

4. Haryana FPS licences cancelled-73
Forfeited-Rs.7,74,920/-

5. Kerala No. of raids-3386
No. of persons arrested-9
No. of persons prosecuted-NIL
No. of persons convicted-Nil
Value of confiscated-Rs.22009.72

6. Mizoram No. of raids made-10
No. of persons arrested-NIL
No. of persons prosecuted-NIL
No. of persons convicted-NIL
Value of goods confiscated
(Rs. in lakh)-NIL

7. Punjab Depots checked-16145
Show cause Notices issued-881
Depot suspended-204
Depot cancelled-45
Depot fined-295

8. Tamil Nadu PDS (Control) Order, 2001 has not been Implemented in the State since this Govt. is not following APL/BPL classification for pricing commodities under PDS. Hence the question of furnishing Half yearly reports on the action taken under clause 9 of the PDS(Control) Order, 2001 does not arise.

9. A&N Islands No. of Inspection-56 No. of Inspection-43
No. of raids conducted-NIL No. of raids conducted-NIL
No. of persons arrested/ No. of persons arrested/prosecuted/
prosecuted/convicted-NIL convicted-NIL
No. of FPS licenses suspended No. of FPS licenses suspended/cancelled
/cancelled show cause notice show cause notice issued-5
issued-1 Value of goods Value of goods seized-NIL
seized-NIL

10. Chandigarh No. of case registerd-1

11. Pondicherry No. of raids-2673
No. of persons arrested-18
No. of persons prosecuted-18
No. of persons convicted- Under investigation

No information has been received from these States/UTs.