

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

UNSTARRED QUESTION NO:2416  
ANSWERED ON:13.03.2006  
LOSSES TO FCI  
Gadhavi Shri Pushpdan Shambhudan

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

- (a) whether the Food Corporation of India has suffered heavy losses during the last three years;
- (b) if so, the details and the reasons therefor;
- (c) the action taken against persons responsible for the said losses; and
- (d) the efforts made by the Government to improve the performance of FCI and overcome the losses?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION ( DR. AKHILESH PRASAD SINGH )

(a)&(b): Losses in the Food Corporation of India (FCI) occur on account of storage, transportation, pilferage, etc. Storage losses occur, inter-alia, due to loss of moisture, multiple handling, prolonged storage and spillage. Transit losses take place due to moisture loss, different modes of weighing, trans-shipment, spillage, etc. The details of transit, storage losses and losses occurred on account of damage of foodgrains are as under:-

Transit Losses

(Qty. in lakh MT/Value in Rs.crore )  
Year Qty. Value Qty. Moved %age of loss on Qty. moved

2001-02	1.42	123.12	234.28	0.61
2002-03	1.70	148.52	297.46	0.57
2003-04	1.70	150.48	341.74	0.50

Storage Losses

Year Qty. Value Qty. issued %age of loss on Qty. issued

2001-02	1.44	143.02	578.98	0.25
2002-03	3.17	309.39	831.34	0.38
2003-04	2.32	244.59	819.18	0.28

(Figures of storage & transit losses for the year 2004-05 are yet to be audited, hence not given)  
Damage to Foodgrains

Details of accrual of damage to foodgrains vis-a-vis value realized on its sale in the last three years are as under:-

Qty. in Lakh MTs

Value in Rs.crores

Year	Quantity	Value
2002-03	1.35	83.55
2003-04	0.76	51.01
2004-05	0.97	63.00
Total	3.08	197.56

The percentage of damaged foodgrains is only 0.23 % of the foodgrains sold by the FCI during the last three years.

(c): The details of the action taken against the persons responsible for the losses including other irregularities during the last three years are given in the statement at Annex-I.

(d): The details of the steps taken by the Government to minimize the losses and to improve the performance of the FCI are given in the statement at Annex-II.

#### Annex - I

ANNEXURE REFERRED TO IN REPLY TO PART (c) OF THE UNSTARRED QUESTION NO.2416 DUE FOR ANSWER ON 13.03.2006 IN THE LOK SABHA.

The details of the action taken against the persons responsible for the losses including other irregularities during the last three years

Nature of Penalty Imposed    2003   2004   2005

Dismissal/Removal/Compulsorily Retired	56	37	44
Reduction in rank	66	39	30
Reduction in time scale of pay	420	361	313
Withholding of increment	146	168	118
Recovery from pay of the loss caused to FCI	964	1346	886
Withholding of promotion	12	6	5
Censure	427	489	307
Total	2091	2446	1703

#### Annex-II.

ANNEXURE REFERRED TO IN REPLY TO PART (d) OF THE UNSTARRED QUESTION NO.2416 DUE FOR ANSWER ON 13.03.2006 IN THE LOK SABHA.

Steps taken by the Government to minimize the losses and to improve the performance of the FCI

- a) Adoption of 50 kg. packing in a phased manner to avoid use of hooks.
- b) Administrative measures, such as, tightening of security at depots, intensifying surprise checks, ensuring regular stock verification etc.
- c) Encouraging double line machine stitching of bags.
- d) Periodical prophylactic and curative treatment of stocks as prescribed.
- e) To streamline procedure and documentation for transparency and accountability in operations at each level.
- f) Special squad checking at selected railhead, transshipment and destination / dispatch centers.
- g) Identification of vulnerable points.
- h) Speed up of write-off cases and fixation of responsibility after undertaking investigation and recover the losses wherever called for after following the prescribed procedures as per Staff Regulations.
- i) Inspection of depots by Sr. Officers of Headquarters, Executive Directors (Zones) / General Managers(Regions) / Area Managers.
- j) Inspection and calibration of weighbridges
- k) Improvement in size and quality of gunnies.
- l) Two- tier system of audit i.e. Internal and CAG.
- m) Maintaining priority list for issue of stocks observing the FIFO principle.
- n) Proper weighment and accounting at the time of receipt and issue.
- o) Undertaking pre-monsoon fumigation.
- p) Improvement in dunnage material.
- q) Movement of foodgrains from one place to another by safe means, i.e. covered wagons etc.
- r) Ensuring proper quality checking of foodgrains at the time of procurement.

s) Ensuring that all FCI own godowns are constructed and maintained on scientific lines for storage of foodgrains.

t) Transit Insurance Agreement with M/s Oriental Insurance Company effective from 20.9.2005 (for a period of one year) for the losses arising out of transportation of foodgrains ex-North to other Zones.