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STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1996-97)

ELEVENTH LOK SABHA

MINISTRY OF CIVIL SUPPLIES, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

DEMANDS FOR GRANTS
(1996-97)

SECOND REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

August, 1996/Bhadra, 1918 (Saka)

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Presented to Lok Sabha on...9th......September, 1996
Laid in Rajya Sabha on 9th.....September, 1996

LOK SABHA SECRETARIAT
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2. Smt. Roli Srivastava — *Joint Secretary*
3. Shri Krishan Lal — *Deputy Secretary*
4. Shri R.S. Kambo — *Assistant Director*

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (1996-97) having been authorised by the Committee to submit the Report on their behalf, present this Second Report on Demands for Grants (1996-97) relating to the Ministry of Civil Supplies, Consumer Affairs and Public Distribution.

2. The Committee examined/scrutinised the Detailed Demands for Grants (1996-97) of the Ministry which were laid on the Table of the House on 1st August, 1996.

3. The Committee took evidence of the representatives of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution on 12th August, 1996.

4. The Committee wish to express their thanks to the officers of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution for placing before them the detailed written notes on the subject and for furnishing the information to the Committee desired in connection with the examination of the subject.

5. The Report was considered and adopted by the Committee at their sitting held on 21st August, 1996.

6. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

NEW DELHI;
August 26, 1996
Bhadra 4, 1918 (Saka)

R.L. BHATIA,
Chairman,
Standing Committee on Food, Civil Supplies and Public Distribution.

PART I

CHAPTER I

INTRODUCTORY

1.1 The Demand for Grants of the Ministry of Civil Supplies, Consumer Affairs and Public Distribution were laid on the table of Lok Sabha on 1st August, 1996. Demand No. 9 of the Ministry contains the figures of Revenue as well as Capital Expenditure which are as follows :

(In crores of Rupees)

	Revenue	Capital	Total
Charged		7.01	7.01
Voted	108.80	0.92	109.72

1.2. The details of Revenue and Capital Expenditure, Budget Estimate and Revised Estimate for 1995-96 and Budget Estimate for 1996-97 of the Ministry are as under :

Revenue Section

	Major Head	Plan	1995-96 Non-Plan	Budget Total	Plan	1995-96 Non-Plan	Revised Total	Plan	1996-97 Non-Plan	Budget Total
1. Secretariat-Economic Services	3451	...	250	250	...	321	321	...	321	321
2. Food, Storage and Warehousing	2408	020	067	087	020	070	090	0.20	0.70	0.90
3. Industries	2852	260	002	2.62	260	002	2.62	2.60	0.02	2.62
4. Civil Supplies	3456	201	10422	1.43	3401	110.46	144.47	301	90.52	90.53
5. Other General Economic Services	3475	010	1.16	1.26	0.10	1.30	1.40	0.10	1.43	1.53
6. Grants-in Aid to State Governments	3601	...	701	701	...	701	701	...	701	
Total-Revenue Section		11.92	14.77	26.69	42.92	115.69	159.61	12.92	95.88	108.80

Capital Section

S. No.	Item	Major Head	BE 1995-96		RE 1995-96		BE 1996-97	
1.	Capital Outlay on Other General Economic Services	5475	076	076	076	076	076	076
2.	Loans for Other General Economic Services	7475	0.16	0.16	0.16	0.16	0.16	0.16
3.	Loans and Advances to State Governments	7601	701	701	701	701	701	701
	Total—Capital Section		7.93	7.93	7.93	7.93	7.93	7.93

CHAPTER II

PUBLIC DISTRIBUTION SYSTEM (PDS)

2.1 The Public Distribution System (PDS) has, over the years, become an important instrument of Government policy for regulating the open market prices of essential commodities and for ensuring food security at the household level. Under the PDS the Central Government has assumed responsibility for procurement and supply of six essential commodities *viz.* wheat, rice, levy sugar, imported edible oils, kerosene and soft coke to the State Governments and the Union Territories for distribution at almost uniform and affordable prices to the public. These commodities are made available at fixed Central Issue Price (CIP) which were determined by the Central Government. Some States/UTs also distribute additional items of daily use through the PDS outlets.

2.2 The Implementation of the PDS is the joint responsibility of the Central Government and State Governments and UT Administrations. While the responsibility of the Central Government is to procure, store and transport the PDS items upto the Central godowns, the responsibility for actual distribution to consumers and administration of PDS is that of the State Governments and UTs Administrations. They lift these commodities form the Central Godowns/Mills and distribute them to the consumers through a network of Fair Price Shops (FPS).

2.3 With a view to strengthen and streamline PDS and to improve its reach to far-flung, hilly, remote and inaccessible areas where a substantial section of the poor live, the Programme of Revamped PDS was launched on 1st January, 1992 in about 1700 blocks covered by area specific programmes such as Drought Prone Area Programme (DPAP), Integrated Tribal Development Projects (ITDP), Desert Development Programme (DDP) and certain Designated Hill Areas (DHA) identified in consultation with State Governments for special focus for improvement of the PDS infrastructure. In order to improve the functioning of PDS in backward areas of country, in October 1995—RPDS coverage was extended in principle to 2446 blocks covered under Employment Assurance Scheme.

2.4 Under Plan schemes, the Ministry continued to provide financial assistance to State and UTs in the form of loan/subsidy for purchase of mobile vans and construction of godowns. Financial assistance was also provided for training of officials of Central/State Government/UT administrations/their agencies engaged in the field of PDS.

2.5 During evidence, when the Committee asked about implementation of PDS and reported diversion of foodgrains from fair price shops to open market, the Secretary, Consumer Affairs and Public Distribution deposed as under :—

"As far as PDS is concerned, I would like to mention that both the Centre and the States are responsible for that. There is a joint responsibility. The Central Government is responsible to make things available, for the quality of the supply and also for the affordability. As a parameter, availability, acceptability and affordability are coming under the responsibility of the Central Government. Accessibility to see that it is accessible to the people, is the responsibility of the State Government. Since we have got a very subsidised pricing for the PDS commodities, there is a considerable difference between the open market price and PDS price. This is also one of the reasons for the diversion. Then the existence of bogus cards almost in every States is a phenomenon. We get frequent reports about elimination of the bogus cards but at the same time we also get reports of new cards being introduced in various States. This is almost an in-built constraint in running the PDS. I do not deny there is diversion, but we do not have the details of such cases from the State Governments because the State Government is entirely responsible to run the PDS at the fair price shop level. We do not have a machinery to check it up."

He further added,

"The State Governments have got powers under the Essential Commodities Act and they are the people who nominate the fair price shop dealers. They are the people who allocate commodities to the individual shops. They have got Civil Supply Inspectors. In certain State Governments, Civil Supply CIDS are also there. So the State Government have to see where the commodity from the shop goes. We ensure commodities reach the State Government. It is available at the FCI. It is available at the STC. If the commodities do not reach the fair price shop, it is the responsibility of the State Government to see that. We do not have the details about the individual cases of diversion."

2.6 When asked whether there is any coordination between the Central Government and the State Governments for dealing with the complaints regarding diversion of foodgrains from fair price shops to open market and non-opening of fair price shops etc. the Secretary deposed as under:—

"We are periodically writing to them. We have also got a Central PDS Advisory Council chaired by the Minister of Food and Civil Supplies. In this Council, all the Food Ministers of States are Members.

Its meetings are normally held twice a year. All the problems are thrashed out in the meetings. During our tour to the States also, we actually discuss these problems with the State Secretaries as well as the Ministers and bring it to their notice. Recently our Minister has written to the Chief Ministers, particularly, on the question of diversion of kerosene. After the price rise, because of the difference in the price of diesel and kerosene, there is a possibility of diversion. So we have specifically written to the Chief Ministers that this is a problem and requested them to check up their own various control orders whether they are deterrent enough to prevent the diversion. As per existing orders the punishment is either of forefeiture of deposits or cancellation of the licences. Punishment is not quite commensurate with the offence. The deposit amount is only Rs. 500 or Rs. 1000. The Petroleum Ministry has to appoint an agent. These things are brought to the notice of the Chief Minister and we have requested them particularly to pay attention to this. Also we are discussing these issues in the PDS Advisory Council. In addition to it, regional Conference of Food Ministers are also being held. In fact, they are proposed to be held between now and December. In this Conference also, we bring it to their notice."

2.7 **The Committee note with concern that diversion of foodgrains from fair price shops to open market and the nexus between fair price shop dealers and blackmarketeers is rampant in various parts of the country. Though the matters like illegal hoarding and diversion of foodgrains from fair price shops into black market is essentially a matter pertaining to the State Government, nevertheless, the role of Central Government cannot be over looked. The Central PDS Advisory Council constituted for the purpose of close coordination between Centre and State Governments for proper implementation of PDS at present meets only twice a year. The Committee, recommend that meetings of Central PDS Advisory Council should be held more frequently for discussing all the problems that arise out of non-availability of foodgrains and the diversion to black market etc. and effective measures be taken to prevent such a menace.**

2.8 **The Committee are of the view that a comprehensive study should be carried out to know the extent of diversion of PDS commodities from FPS to the open market throughout the country and recommends that a Statutory Vigilance Agency be constituted at the Central level for detecting and preventing cases of diversion, illegal hoarding and black marketing of PDS commodities, and to take stringent and deterrent steps to punish the guilty. The Committee also recommend that Central Government should issue directions to the**

State Governments for effective implementation of various Acts like Essential Commodities Act, 1955 etc. and also to monitor the progress made by the States thereunder.

2.9 The Committee note with satisfaction that all States/UTs reportedly set up Vigilence Committees comprising local people at the fair price shops and other levels. The Committee also recommend that Government should also take suitable steps for associating Panchayats and Nagar Palikas at village/block level and Municipalities for effective monitoring of implementation of PDS schemes.

PLAN SCHEMES UNDER PDS

A. Major Head 3601 & 7601

A. Financial Assistance to States/UTs for construction of Godowns

2.10 Financial assistance for construction of godowns, is essentially meant to help State/UTs to improve the arrangements for distribution of PDS commodities in the areas covered under RPDS. The basic purpose of the scheme is to augment the PDS infrastructure in States' UTs, especially in RPDS areas. Since 1983-84, this scheme is being implemented to supplement the resources of States/UT Governments to augment the storage capacity in remote, hilly and inaccessible areas. Till 1991-92 the scheme was restricted to North Eastern States and Sikkim, Himachal Pradesh, Jammu and Kashmir, Lakshadweep and Andaman & Nicobar Islands and with the launching of RPDS in January, 1992, this scheme was extended to all the areas identified under the RPDS. Funds under the scheme are released for small godowns upto maximum capacity of 20000 MTs where Central agencies like CWC/FCI etc. do not operate. Till July, 1992 the States were extended financial assistance of 75% loan and 25% subsidy. Thereafter, the financial assistance is provided in the shape of 50% loan and 50% subsidy. However, in case of UTs the entire assistance is in the form of subsidy only as one time assistance.

2.11 The Committee have been informed that no specific physical targets could be fixed for the construction/hiring of godowns as the funds under the scheme are released on project basis and as per the demands made by States/UTs. The overall cost of construction differ from area to area and State to State ranging from Rs. 1250 PMT of storage capacity in Bihar to as much as Rs. 5000/- PMT of storage capacity in J & K, North-Eastern States and other hilly areas. However, under the RPDS, States and UTs have identified requirement of about 413400 MTs of additional storage capacity.

2.12 When asked about the targets achieved, the Ministry in a written note funished to the committee stated that as against the target of 413400

MTs the achievement upto 31.7.1996 is 125422 MTs, which works out to 30.34%.

2.13 For the year 1996-97 the Planning Commission has not increased the financial outlay for construction of godowns in States/UTs.

2.14 When asked about the reasons for not increasing outlay and its effect on the on-going schemes, the Ministry in a written note stated that they have formulated a Plan outlay of Rs. 12.55 crores for the year 1996-97 but due to Budget freeze the outlay for the year 1996-97 was kept at the level of 1995-96, which will definitely affect the progress of the scheme as they have backlog of proposals received from States and UTs amounting to Rs. 31.06 crores. The proposals worth Rs. 321.36 lakhs were duly approved by the Screening Committee during the year 1995-96 but could not be sanctioned during 1995-96 due to non-availability of funds.

2.15 Proposals received from the States/UTs and sanctions granted for construction of godowns during 1995-96 are as follows :—

(Rs. in lakhs)

No.	States/UTs	Proposals Received			Sanctioned/Issued		
		No.	Capacity	Amount	No.	Capacity	Amount
1.	Andhra Pradesh	29.	9400	228.60	—	—	—
2.	Gujarat	20	9250	291.05	8	4000	53.74
3.	J & K	58	19230	1071.11	20	6650	439.57
4.	Madhya Pradesh	14	14000	228.70	14	14000	228.76
5.	Maharashtra	1	500	8.60	4	2442	41.10
6.	Manipur	11	2200	89.45	11	2200	136.80
7.	Mizoram	14	3300	82.63	11	2400	62.63
8.	Orissa	77	19250	334.75	—	—	—
9.	Rajasthan	10	18000	261.90	4	8800	113.76
10.	Uttar Pradesh	63	19550	1510.49	—	—	—
	Total	305	116130	4183.28	72	40992	1076.36

** Funds to the extent of Rs. 321.36 lakhs approved by S.F.C. have to be released during 1996-97.

2.16 The Programme Evaluation Organisation of Planning Commission which conducted a study on the storage facility at block level have recommended/concluded as follows :—

"The storage facilities at block level were found to be inadequate. Dependency on hired godowns was increasing instead of creating/constructing own godowns in Government Sector inspite of liberalising financial assistance by increasing subsidy component from 25-50%".

2.17 The Committee have been informed that above observations/ recommendations of the PEO were communicated to the State Governments/UTs for necessary action.

2.18 The Committee note with serious concern that no physical targets in terms of storage capacity has been fixed and funds released to the States and UTs for construction of godowns. Though the Committee in their Tenth Report (10th) had already recommended that targets should be fixed in terms of storage capacity to be created in a financial year and also achieved, which was again reiterated by the Committee in their Fourteenth Report (10thLS), no action has been taken by the Government. The Committee again reiterates their earlier recommendation that targets should be fixed in terms of storage capacity to be created in a financial year and also achieved. The Ministry should also identify areas which are in the utmost need of storage capacity and direct the States/UTs to undertake construction of godowns in those areas on priority basis.

2.19 The Committee observe that proposals from the various States/ UTs for creation of additional storage facilities are pending with the Central Government for want of adequate funds, which is reflected in the poor achievement of 125422 MTs of storage capacity against the total requirement of 413400 MTs. The Programme Evaluation Organisation (PEO) of Planning Commission which has conducted a study on RPDS including the programme of storage/construction of godowns had also felt that storage facilities at block level are inadequate and dependency on hired godowns was increasing instead of constructing own godowns in Government Sector etc. The Committee are therefore of the view that the Government should construct their own godowns and if need be godowns may be hired on long term basis and more funds should be made available for construction of godowns within the stipulated period by removing budgetary constraints.

Major Head 3601 & 7601

B. Financial Assistance to States/UTs for Retail Outlets in remote/tribal areas for purchase of vans

2.20 Central Financial Assistance is being provided to States/UTs since 1984-85 for purchase of vans/trucks to be used as mobile fair price shops as carrier of foodgrains to fair price shops at their doorstep in RPDS areas. The assistance is in the form of 50% loan and 50% subsidy. The approved VIIIth Plan outlay for the scheme was Rs. 15 crores.

2.21 The number of vans sanctioned from 1992-93 to 1995-96 is given as below :—

Achievement	No. of Vans sanctioned
1992-93	149
1993-94	151
1994-95	166
1995-96	127

2.22 The Budget Estimate, Revised Estimate and Actual Expenditure incurred from 1992-93 to 1995-96 is as under :—

(Rs. in crores)

	BE	RE	Actual Expenditure
1992-93	3.00	6.00	5.96
1993-94	5.98	5.98	5.97
1994-95	6.60	6.60	6.52
1995-96	6.60	6.60	6.56
1996-97	6.60	—	—

2.23 As at present a total of 1775 Blocks are covered under Revamped Public Distribution System (RPDS). Another 671 Employment Assurance Scheme (EAS) Blocks are to the covered as soon as the formal decision is taken by the Government. Besides, yet another 760 Blocks have been added to the list of EAS Blocks and in due course they also will have to be covered under the scheme.

2.24 When the Committee desired to know as to how many requests were received form the States and Union Territories for purchase of mobile vans, the Secretary, Consumer Affairs and Public Distribution stated:—

"Most of the States are using this scheme, except Haryana, Gujarat, Daman and Diu and Dadra and Nagar Haveli, from where we have not received any proposal. Excepting these four States and Union Territories, we have received requests from most of the States and we have also sanctioned loans. Earlier, the scheme was on 25:75 basis, i.e. the loan is 75 per cent and the subsidy is 25 per cent. Now it has been increased. Now the loan is 50 per cent and the subsidy is also 50 per cent. The per unit cost has also been raised from Rs. 2.5 lakh to rupees five lakhs".

2.25 The number of proposals for vehicles received and the number of vehicles sanctioned from 1993-94, 1994-95 and 1995-96 are as under :

(Rs. in lakhs)

Financial Years	Proposals Received		Sanctioned	
	No.	Amount	No.	Amount
1993-94	458	2297.00	151	597.00
1994-95	332	1360.31	166	660.00
1995-96	427	2760.06	127	655.70
Total	1217		444	

2.26 The Committee was informed that Programme Evaluation Organisation unit of Planning Commission who had evaluated the scheme had noted that the vans used for doorstep delivery and Mobile Fair Price Shops were found to be inadequate. About 20% vans were not in functioning conditions required major repairs.

2.27 Asked as to how the monitoring and control is being exercised over the scheme, the Ministry in a note stated, "no further amount is sanctioned till utilisation certificates are received from States/UTs for the amount already sanctioned."

2.28 The Committee understand that the mobile vans are pressed into service to cater to the needs of RPDS blocks. At present there are 1775 RPDS blocks and another 1431 blocks are to be added in the near future. However, the number of vans sanctioned is dwindling fast. The evaluation of scheme has revealed that mobile fair price shops are inadequate and 20% of vans were reported to be non-functional. The Committee, therefore, recommend that more vans should be made available to the States/UTs by removing budgetary constraint.

Major Head 3456

Sub-Head : 01

C. Scheme Relating to Intelligence, Enforcement and Man-Power Training for Public Distribution System (PDS).

2.29 The Plan Scheme is mainly intended for providing training to officials of State Governments/Civil Supplies Corporation to improve the management of Supplies of Essential Commodities under Public Distribution System.

2.30 This Scheme is being continued in the Eighth Plan period and extends financial assistance to States/UTs for training programmes, Seminars and research/evaluation studies on various aspects of Public Distribution system (PDS).

2.31.The Total outlay in the Eighth Five Year Plan is Rs. 1.05 crores. The Progress during the plan period, the number of courses conducted and the expenditure incurred is as follows :

(Rs. in lakhs)

Year	Number of courses	Total expenditure
1992-93	19	18.82
1993-94	28	19.42
1994-95	52	19.93
1995-96	27	3.64

2.32 A sum of Rs. 20 lakhs has been provided in the Budget Estimates for 1995-96 for this purpose. An expenditure of Rs. 3.64 lakhs was actually spent during the entire financial year 1995-96.

2.33 When asked about the reasons for low utilisation of funds earmarked for the year 1995-96, the Ministry in a written note have stated the following reasons :

(a) Receipt of less proposals.

(b) Balance payment to be made for study conducted by IIM, Banglore.

(c) Non-release of balance payment for training courses conducted in previous years.

2.34 The Committee have been informed that out of total provision of Rs. 20 lakhs, the following could not be spent during the year:—

(i) Provision for IIM study	Rs. 4.55 lakhs
(ii) Balanace payment due for 1994-95 & 1995-96 courses	Rs. 4.50 lakhs
(iii) Provision for Proposals of training courses not utilised	Rs. 7.31 lakhs
	Rs. 16.36 lakhs

2.35 The Committee note that as much as Rs. 20 lakhs were provided for the Plan Scheme relating to Intelligence, Enforcement and Man-Power Training for Public Distribution System but the actual utilisation of funds were just Rs. 3.64 lakhs. The Committee were of the opinion that funds for such an important scheme should have been fully utilised.

D. Allocation of Kerosene under PDS

2.36 During evidence when the committee desired to know the basis of allocation of kerosene to the benficiaries and the inter-State disparity in the allocation thereof, the Secretary, Consumer Affairs and Public Distribution deposed as under :

"PDS was started after the Second World War. The Metropolitan Cities like Bombay, Calcutta and Madras were covered originally. It has got an inbuilt urban bias. Over a period of time certain States have been taking more in certain commodities. Except for Sugar for which the basis of 425 grams per capita, per month is fixed, other commodities are given on an historical basis. Thus, certain States are taking more in certain commodities. If it is Rice, it is Andhra Pradesh, Tamil Nadu and Kerala. For wheat, it is Maharashtra, Rajasthan and West Bengal. Over the last so many years this has happend. In respect of Kerosene, those States where per capita consumption is less than the National Average, are being brought to National Average Level. Hilly States like Tripura, Nagaland and Mizoram are given more kerosene in 1996-97 to bring them to the National Average Level. Karnataka which was less than the National Average has also been brought up to the National Average level since."

2.37 When asked what is the National Average and the maximum and minimum percentage of allocation of kerosene to various States/ UTs, the Secretary stated that National Average is 10.75 kg per annum. Chandigarh gets the maximum allocation at 32 kg per annum and UP below the National Average.

2.38 The Committee are of the view that there has been wide disparities in respect of quantum of allocation of kerosene amongst various State Governments/UTs. The Committee is aghast to find that some States/UTs which are smaller are getting large quantum of kerosene disproportionate to their population level, whereas, certain bigger States are getting very less quantum of kerosene far below the national average. The Committee feel that the present allocation which is made on historical basis, is unrealistic and therefore, does not reflect the changing needs/demands of the States/UTs. The Committee, therefore, recommend that suitable guidelines should be formulated for rational and equitable allocation of kerosene among States/UTs and to review the allocation periodically keeping in view the change in population levels and other factors.

Major Head: 2408

Sub-Head: 03

E. Allocation/Lifting of Imported Edible Oils by States/UTs for PDS

2.39 Edible oils and fats are essential requirement for a balanced diet. In order to ensure the price stability of edible oils it is essential that its supply is maintaind at affordable price and any possibility of shortage is avoided without delay. Towards this end increased production of edible oilseeds and oils as well as their rational distribution in all parts of the country is the essential pre-requisite.

2.40. The production of oilseeds and edible oils realised therefrom including the oils obtained from secondary sources as well as demand of edible oils in the country from the year 1989-90 onwards is as follows :

(Qty. in lakh MTs)

Oil Year (Nov.—Oct.)	Production of Oilseeds	Production of Edible Oils	Demand of Edible Oils
1989-90	169.2	47.22	57.72
1990-91	184.6	54.00	60.26
1991-92	183.4	52.40	62.85
1992-93	203.4	61.00	65.59
1993-94	217.5	61.70	67.20
1994-95	220.0	64.00	69.80

*estimated
**likely

Reasons for import of Edible oil

2.41 The import of edible oil is being resorted to by the Government to bridge the gap between demand and supply of edible oil thereby keeping the prices of edible oils under check. Imports of edible oils help to augment indigenous availability, prevent malpractice like hoarding and blackmarketing during the lean season, make available edible oil at reasonable prices to the consumers and to meet enhanced requirement during the festival season.

Supply of imported edible oil through PDS is supplemental in nature and not intended to meet the entire requirement of any State/UT. Allocation of imported edible oil is made to States/UTs on the basis of demand received from them and also depends on factors like availability of stocks in the Central Pool, past offtake etc. and prices of edible oils in the open market. Imported edible oil is made available to State Governments/UT Administrations from delivery points of STC located all over the country. Further movement of the stock and its supply to consumer through fair price shops/co-operative outlets is the responsibility of the respective States/UTs.

2.42 The allocation and offtake of imported edible oil by States/UTs under PDS during the last 3 years has been as under :

(Quantity in MTs)

Financial Year	Allocation	Lifting	%Lifting
1992-93	73,855	58,474	79.14
1993-94	44,910	23,894	53.20
1994-95	1,37,929	1,18,364	85.81
1995-96	2,22,006	1,48,255	66.78

2.43 The Committee note that off-take of imported edible oil by States and UTs is not met fully. The Committee recommend that causes of less off-take be found out and a review of the actual need of the States/UTs be made out of the data and performance of the previous year figures. Only after microscopic study of the need of States/UTs, the quantity of import of edible oils be fixed so that at one hand the need of the vulnerable section of the society be met and at the same time valuable foreign exchange be saved.

CHAPTER III

Major Head : 3456

HINDUSTAN VEGETABLE OILS CORPORATION (HVOC)

3.1 The Hindustan Vegetable Oils Corporation Ltd. (HVOC) is a Public Sector Undertaking under the administrative control of the Department of Civil Supplies. This was set up by taking over management of two undertakings, namely, M/s Ganesh Flour Mills Ltd. and M/s Amritsar Oils Works.

At present, HVOC is engaged in the manufacture of Vanaspati, Breakfast food items, refining and packing of edible oils for distribution under the Public Distribution System. It has eight units spread all over the country *viz.* Delhi, Amritsar, Kanpur, Bombay, Calcutta, Madras and Bangalore.

3.2 The Budget Estimate & Revised Estimates for 1995-96 and Budget Estimate for 1996-97 is as under :

(In crores)

BE 1995-96		RE 1995-96		BE 1996-97	
Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
—	—	2.00	—	1.00	

3.3. HVOC has been continuously incurring cash losses since the financial year 1991-92. The major factors leading to the losses could be attributed to :

(a) Reduction in Import of Edible Oils

HVOC had created large capacity for refining and packing of imported oils under PDS. The direct result of decrease in quantum of imports has been low utilisation of its capacities and a steep fall in profits of the Corporation.

(b) Non-Availability of Sales Tax Exemption

Delicensing of vanaspati industry and exemption from sales tax to units set up in backward areas has resulted in many vanaspati factories coming with cheaper products cutting sharply into the market share of the company. This has led to the older units like HVOC becoming out of priced.

(c) Obsolete Technology

The plants and equipments installed at the various units of HVOC are obsolete affecting the efficiency and quality product and higher cost of production.

(d) Excess Manpower

A very large work force has become redundant due to greatly reduced activity under the PDS.

Measures taken to Reduce Losses

3.4 Since 1994-95, HVOC has been able to bring down its cash losses. The HVOC has turned around the Calcutta and Bombay units dealing with the packaging of oils, to profit making units since 1994-95. Also, Breakfast Food unit, Delhi has started making profits since 1993-94. At the same time, HVOC has also brought down its expenditure by taking recource to certain austerity measures. The corporation has reduced its surplus manpower at all levels from workers to managers by 26 per cent under Voluntary Retirement Scheme and Administrative expenses by 28 per cent as compared to 1992-93.

Revival Plan of HVOC

3.5 Various proposals for revamping HVOC like merger, leasing out, privatisation, budgetary support etc. were considered. NDDB did not agree with the merger proposal. Attempts of merger with MMTC/STC etc. also failed. Ministry of Finance did not agree to extend budgetary support to reimburse its cash losses and advised privatisation or leasing out the company.

HVOC was then asked to prepare a modernisation plan. HVOC submitted a modernisation plan seeking one time assistance of Rs. 24.20 crores. The Department examined and the HVOC was asked to rework or the plan on the basis of the following issues : (a) to identity surplus posts and to determine staff requirement after moderniation; (b) to identify and dispose of the machinery not likely to be utilised after modernisation; (c) to explore the possibility of obtaining bridge loan from organisations like ICICI; (d) to evaluate surplus land at their present market value; (e) to work out various sensitivity analysis.

3.6 The total accumulated loss of the company upto 31.3.1995 has exceeded 50% of peak net worth of the company and it is being referred to BIFR as per advice of Ministry of Finance.

The targeted production during the year 1995-96 and the estimated during 1995-96 as also the production during the two years are as follows :

Product	Installed Capacities (MT/annum)	Targets 1995-96 (M.T.)	Actual Prod. (MT) 1995-96 (Estimated)	1994-95	1993-94
Vanaspati	1,05,000	10,000	3.767	8,472	16,681
Refined Oil (including bulk packing)	3,45,000	18,000	22,517	17,645	3,903
Small Packs (in pouches)	1,20,000	21,900	23,037	17,509	7,286
Breakfast Food Products	2,100	1,200	754	961	1,171

The profit and loss account of HVOC during last three years is as under :

(Rs. in crores)

Year	Profit/loss Target	Actual
1993-94	(13.68)	(10.25)
1994-95	(12.37)	(8.46)
1995-96	(8.00)	(6.00)

3.7 Having asked how it is that vegetable oil and vanaspati units are losing while the private companies are making profit, the Secretary, Civil Supplies stated :

"So far as Hindustan Vegetable Oil Corporation is concerned, as you are aware, the percentage of value addition in the vegetable oil industry is very low. It is supposed to be somewhere around 4-5 per cent. The overall condition of the vegetable oil industry in the country today cannot be considered to be very rosy. More than 50 percent of the total installed capacity in the country today is idle. In a situation where the value addition is around 4-5 per cent, the extent of sales tax that is imposed by the respective State Governments in which the various units are located plays a very major factor. The sales tax imposed by the State Governments range between 2 and 8.8 per cent and that will go to a large extent in determining the health of a particular industry. This is only in so far as it relates to the older units because in almost all the States, if any new unit is set up in the notified backward areas, there is a scheme for grant of exemption from the payment of sales tax. So, where the units are new and located in the notified backward areas, they are in a position to avail of the facilities granted by the State Governments. I am not saying that this is the only reason for the HVOC units not doing well. In Delhi particularly, there is no sales tax disadvantage at all, whereas in Punjab and UP, there is quite a substantial amount of sales tax. UP has reduced but again have gone back to 8.8 per cent.

The other reasons for the Hindustan Vegetable Oil Corporation not doing well are as follows. Now, I would like to make a distinction between the vegetable oil units and other units. They have got in all eight units under their charge; three units pertain to vegetable oil industry and they are in Kanpur, Delhi and Amritsar. The other four units relate to packaging of imported oil for the purpose of being supplied under the PDS. I would like to submit to you that last year's financial results have not been audited and finalised but as per the provisional results the losses are expected to be about Rs. 6 crore. The losses suffered only on account of vegetable oil in the units is somewhere about Rs. 7 crore and the other five units together are running in profit. The five units have accounted for a net profit of Rs. 1 crore. When we talk of the Corporation not being able to grow, we are specifically talking of the vegetable oil units only because these are units which are making losses.

Apart from the reason of sales tax, as I had mentioned earlier, there are two other reasons for it. The first is that the machinery and the technology in those units are rather old and cannot complete with the kind of odour they have got in the edible oil. They cannot compete in the open market. The other reason is the excess labour that all these three units have with them. Even if the units run to the full capacity, almost 40 per cent of the labour employed there would in any case remain excess. So, these three are the major reasons as to why I should say that vegetable oil units of the HVOC are under loss".

3.8. On being asked what efforts have been made by Industry keeping in view to earn profit, the Secretary opined:

"More than one attempt has been made to modernise the vegetable oil units of HVOC. We had in fact gone to the Cabinet Committee on Economic Affairs in 1994 with a proposal to modernise the units. The views of the CCEA then was that vegetable oil industry was not a part of the core group of industry. They said that we should try and find out if it can be merged with either NDDB or STC and MMTC. This is precisely for the reason that these units are importing oil and the major function of HVOC is packaging and repackaging of those smaller outits. If nothing else works, they said that it can be privatised. This was the view of the CCEA at that time. We then went to the Finance Ministry last year. There also, the Finance Ministry repeated their point of view that no budgetary support would be made available for this particular case as HVOC went with a proposal running to about Rs. 24 crores or so. We have now tried with ICICI to have a look at the modernisation proposal.

We went to it on a very small scale rather than attempting diversification and modernisation. We are trying only on modernisation *per se* and after the ICICI give their point of view, we intend to tell the Government that we have got very valuable assets with the Corporation like the surplus land which the Corporation has and which has been assessed by the income tax authorities. We would request the Government to give us the money for the time being to implement the modernisation programme since the State Government has to give approval for the sale of the surplus land and then we would be able to refund the money from the State Government.

So far as Delhi unit is concerned, we will have to take a second view in the light of the order of the Supreme Court which has ordered that the Delhi unit must shift out of Delhi".

3.9 On raising objection by the Committee regarding sale of excess land, the Secretary, deposed :

"I agree with the hon. Member that the Calcutta unit of HVOC has done remarkably well and I must say that to a large extent the credit also go to the hon. Member. It is not correct, perhaps, to say that we have not made any attempt to modernise or revive the units. As I have submitted earlier, it had gone to the Cabinet Committee on Economic Affairs in 1994. There was a proposal of modernisation, costing about Rs. 33 crore and the Cabinet Committee had decided, which I had submitted to you earlier and I can repeat again, that it is not a core industry. We should first try if this particular unit can be merged either with the STC, MMTC or NDDB. They are in the business of importing oil. Failing which, they said, it can be privatised.

Second time we had gone to the Finance Ministry in 1995 with a proposal of Rs. 24 crore. The Finance Ministry reiterated the directions of CCEA. We are now approaching the ICICI to have a clear view about whether a small modernisation programme, which concentrates only on technical improvement and not on diversification can be viable in the present day cirumstances of the oil industry.

The question of sale of land is not something public. We are proposing to the Government that in case the Government does not give us fund—it should give us about Rs. 20-25 crore required by HVOC for modernisation—and if need be, this money could be returned to the Government by the sale of assets, we will go in for it. It is not that we are first trying to sell the land. The question would arise only if the Govenment agrees to give us advance of fund for the purpose of modernisation—that money would be given by way of loan—and that loan would be repaid to the Government from the sale proceeds of the land.

You are also aware of the Supreme Court orders about the Delhi unit. It has said that about 42 per cent of the land—which is presently available—would be available to the industrial units shifting from the existing location and that land obviously has to be disposed of on a ommercial basis. We need not sell the entire surplus land. We have only made an estimate with the help of the Income Tax Authorities as to the value of the surplus land so that we can assess whether we can fund a modernisation plan and target on own".

3.10 When the Committee enquired whether the HVOC had approached financial institutions after refusal of grants/loan of 24 crores by Government, CMD, HVOC stated :

"Sir, we had talked to the ICICI. First of all, I would like to say that we had sought grant for the modernisation programme".

I have suggested that the equity capital should be raised to amounting to Rs. 15 crores and that the Government should give an interest-free loan.

"No inerest was added to it. Even then, I met the Chairman, ICICI. He said that we do not grant loans to the Oil Industry since it has excess capacity. When such a major financial institution is not ready to loan it then no other financial institution will come forward to finance it. It will not be viable if we try to revive it by paying an interest @ 24 percent."

3.11 When the Committee asked whether there was no solution to the problems, the CMD, HVOC said:

"I would like to submit that if ICICI appraises the programme of modernisation drawn up by us and if it is financially and economically viable, then it should be possible to get about Rs. 15 crore loan from the Govenment on the condition that the money will be repaid within a period of three to four years after the commissioning of the modernised plant."

3.12. The Committee are concerned to note that HVOC is continuously incurring cash losses since 1991-92. Only Calcutta and Bombay units have started earning profits vey recently. The major reason for loss in HVOC *inter-alia* includes non-availability of Sales Tax exemption, use of obsolete technology and excess manpower. The various proposals for revival and revamping could not be materialised. The Ministry of Finance has suggested privatisation or winding up and advised the Ministry of Civil Supplies for referring the organistion to BIFR. However, HVOC approached ICICI for bridge loan whose decision is still awaited. The Committee strongly recommend that the Department of Civil Supplies should vigorously pursue the matter for modernisation of HVOC in a fixed time frame, failing which the recommendation of the Finance Ministry with regard to privatisation or winding up of the Organisation be accepted.

CHAPTER IV

Major Head 3456

Sub-Head- 0I

NATIONAL COOPERATIVE CONSUMERS FEDERATION (NCCF)

4.1 The National Cooperative Consumer Federation of India Limited (NCCF) was registered in the year 1965 as an apex body of consumer cooperatives in the country. Its main objectives are to provide supply support to the members in particular and other consumer cooperatives in general for distribution of consumer goods besides rendering technical and promotional guidance and assistance for improving and increasing their operation and managerial efficiency. The Commercial operations of the NCCF are operated through its headquarter at New Delhi and 19 branches located in different parts of the country.

4.2. The Government of India has been providing budgetary support to NCCF. However, for the year 1994-95 and 1996-97 no budgetary provision has been made for commercial activities exept grant-in-aid provision for C & P Cell only earmarked. The quantum of funds released and proposed outlay for C & P Cell of NCCF is as under :

(Rs. in lakhs)

	BE/REs	BE/RE	Proposed outlay
	1994-95	1995-96	1996-97
Grant-in-aid as subsidy for C & P Cell	10.00	10.00	10.00

The NCCF was running in profit from its inception 1965-66 to 1982-83. Thereafter, it sustained losses upto 1994-95 and the total accumulated losses as per their audited statements of accounts was Rs. 38.47 crores as on 31.3.1995. However, as per the tentative statements of accounts, the NCCF has reported a net profit amounting to Rs. 0.54 crore during the year 1995-96 with a sales turnover of Rs. 243.58 crores.

4.3 The profit and loss earned by the NCCF during the last five years are as under :

(Rs. in crores)

Year	Profit	Loss
1991-92		4.85
1992-93		5.02
1993-94		4.20
1994-95		4.88
1995-96	0.54	...

4.4 When asked during evidence as to what has been the progress to reduce losses and what has been the profitability of National Cooperative Consumers Federation (NCCF), the Secretary Stated :

"NCCF has no motive of making profits. Its sales turnover during 1995-96 was Rs. 243 crore. Actually they started diversifying their activities in addition to just selling. They are acting as an agent for the Delhi Administration in picking up sugar meant for Public Distribution System (PDS). They are also entering into supply of pulses to Maharashtra Government, rice to Tamil Nadu and Assam and they are also selling other items to various Government Departments.

During the year 1995-96, the turnover has been increased from the previous year figure of Rs. 77 crore to Rs. 243 crore. If they continue this method of taking some more items, certainly they will be to do well."

He added :

"Even though they are diversifying their job, they are failing in discharging their main task of helping the State Consumer Federations and the Consumer Cooperative Societies. They can certainly take up other items but they should concentrate on their primary objective. They have increased the turnover, but not necessarily sales through cooperatives. But this should not be the main focus."

4.5 When asked what measures are being taken to improve its performance and make the organisation economically viable, the Ministry in their note have stated :

"NCCF has taken the following steps :

(a) Reducing the staff strength from 1089 to 654 by implementing the Voluntay Retirement Scheme (VRS) and by not filling up the vacancies caused due to death, retirement and resignation etc. of some employees.

(b) Closing down the loss making branches at Varanasi, Kanpur, Hingna, Unjha, Patna and Cochin and the depots at Siliguri, Kota, Kolhapur, Ranchi & Madurai.

(c) Mobilizing funds by disposing off surplus immovable properties at Bombay, Udaipur and Hingna about Rs. 2.00 crores.

(d) Taking concerted efforts to improve sales."

4.6 When the Committee desired to know as to what extent, the employees of NCCF have opted (VRS), the Ministry in a note stated that the VRS was introduced by the NCCF during the year 1991-92 to relieve its surplus staff. The yearwise details of the staff relieved by NCCF are as under :

Year	No. of Employees
1991-92	61
1992-93	72
1993-94	141
1994-95	51
1995-96	9
	335

Through the introduction of this Scheme, and other factors, staff strength of NCCF has come down from 1089 to 654.

4.7 The National Cooperative Consumer Federation of India Ltd. (NCCF) was set up in 1965 primarily to provide supply, support to the members in particular and other consumer cooperatives in general for distribution of consumer goods. Since 1994-95 when the Central Budgetary Support was withdrawn, the Organisation started incurring losses. The accumulated loss stood at Rs. 38.47 crores at the end of March, 1995. The Committee was informed that necessary steps have been taken in this direction, which has resulted in increased turn-over but sales are yet to be picked up. The Secretary, Civil Supplies was candid in his admission before the Committee that the Organisation has deviated from discharging their main task of helping the State

Consumer Federation and Consumer Cooperative Societies. The Committee takes strong objection of it and recommend that the Organisation while discharging their main task should also explore the possibilities of increasing sales turn-over and diversify their activities. The Committee also recommend that Central Government should provide budgetary support to NCCF as was being done prior to 1994-95.

CHAPTER V

CONSUMER PROTECTION

5.1 Consumer Movement is a socio-economic movement which seeks to protect the rights of the consumer in relation to the seller. The Consumer Welfare Fund is created with the objective to provide financial assistance to promote and protect the Welfare of the consumers, develop consumer awareness and strengthen the consumer movement in the country particularly in the rural areas. The expenditure on consumer protection and consumer consciousness is charged out of the Consumer Welfare Fund.

5.2 The Budget Etimates (BE), Revised Estimates (RE) and Actual Expenditure (AE) for the last three years is as follows :

(Rs. in lakhs)

Plan	B.E.		R.E.		Actual expenditure	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
1992-93						
1993-94	100	8.00	—	—	71.56	5.98
1994-95	100	6.50	—	—	99.13	6.42
1995-96	150	8.50	3150.00	—	2946.87	9.80
1996-97	3620 (Demand)	11.00				

5.3 The Budget Estimate for 1993-94 & 1994-95 had been maintaind constant. However, the Budget Estimate for 1995-96 had been increased by 50%. When asked about the reasons for this increase and how the Ministry has utilised the amount sanctioned to them, the Ministry in a note have sated :

> "During the year 1995-96 the budget estimate was increased as the Ministry proposed to give more thrust to promotional activities including wide publicity under the consumer protection programme. These measures were necessary to enhance awareness among the consumers about their rights particularly those living in rural areas. The allocation was utilised for large scale consumer awareness

programmes which included use of audio-visual and print media programmes, prepartion of video/film documentaries/quickies. AIR programmes printing of booklets, brochures posters and publication of quarterly magazine "Upabhokta Jagaran" etc. Part of this allocation was also utilised for giving financial assistance to voluntary consumer organisations and State Governments for their consumer awareness programmes."

5.4 When the Ministry was asked to explain how they propose to utilise the enhanced allocation of Rs. 3620 lakhs during 1996-97, the Ministry in their note have stated :

"The Ministry proposes to utilise the enhanced allocation of Rs. 3620 lakhs for giving two instalments of the one-time-grant to the States/ UTs for strengthening the infrastructure of the consumer courts and for taking up consumer awareness programme training programmes publicity programmes etc. on a large scale. In view of the increasing importance of the magazine "Upbhokta Jagaran" published by the Ministry it is thought necessary to publish it on monthly basis instead of the present quarterly basis."

5.5 The Ministry also stated that during the year 1995-96 an amount of Rs. 99.92 lakhs had been sanctioned to Directorate of Audio & Visual Publicity (DAVP) for different publicity programmes, Over and above this DAVP has asked for payment of Rs. 23 lakhs approximately for the works done by them.

Major Head 3456 Civil Supplies

Sub-Head 03 Consumer Disputes Redressal Commission

5.6 The Country has a three tier Consumer redressal mechanism *viz* on National Commission, state Commissions and District fora. The National Commission has started functioning w.e.f. 27.12.1988.

The Planning Commission has agreed to provide one time assistance of Rs. 61 crores to the State Governments Rs. 50 lakh per State Commission and Rs. 10 lakh per district Forum to strengthn infrastructure of the Consumer Courts set up under the Consumer Protection Act, 1986. This assistance is over and above the annual budget of the State Governments/ UTs. The scheme will be implemented within 2 years. The Central Government has released Rs. 29.98 crores under this scheme during 1995-96.

5.7 When asked about the utilisation of the funds sanctioned to them and how they are proposing to utilise the amount sanctioned during the year 1996-97, the Ministry in a note have stated :

"The Ministry has utilised the amount during the last two years and is proposing to utilise the amount sanctioned in the year 1996-97 on meeting the expenses on salary and wages of the officer and staff of the National Consumer Disputes Redressal Commission, stationery items, contingencies, travelling and tour expenses, having sittings of the Commission at Bangalore in 1995-96 and also on supplying the copies of the judgements free of cost to those who ask for it."

5.8 Regarding the pendency position of cases in Consumer Disputes Redresal Commission and the efforts being taken by the Ministry to reduce the pendeny of cases, the Committee have been informed in the written note that :

"As of now, nearly 2600 cases are pending in the National Consumer Disputes Redressal Commission (NCDRC) for disposal as its jurisdiction is throughout India. The number of cases filed in the NCDRC have increased due to increased awareness among the consumers, commencing of the functioning of a large number of District Fora and State Commissions from where appeals and revision petitions are filed and with the judgement of the Supreme Court regarding medical, doctor etc. a large number of medical cases relating to medical negligencies are being filed in the NCDRC. With regard to reducing pendency of the cases in the courts regional sittings are being planned to dispose of the cases of the regions in large number. A need is also being felt for increasing the benches of the National Consumer Disputes Redressal Commission".

5.9 The Committee appreciate that one time enhanced allocation of Rs. 61 crores over and above, the budgetary support for consumer movement has been agreed to by the Plnning Commission for undertaking consumer protection activities. Though funds were made available to them, DAVP could not utilise the funds for publicity work. The Committee are of the view that funds allotted to them for publicity measures should have been fully utilised and a proper monitoring mechanism be evolved to ensure optimum utilisation. The Committee are of the view that consumer movement in the country has not picked up in the right direction.

5.10 As consumer protection is a promotional and continuous programme and the success of the programme of consumer protection hinges mainly on consumer awareness, the Committee strongly feel

that the main thrust should be on consumer awareness programmes and to intensify the publicity programmes to spread the awareness among all and especially for the rural poor, tribal and illiterate people.

5.11 Due to increased awareness among the Consumers, the number of cases filed in the National Consumer Disputes Redressal Commission (NCDRC) have increased and as now 2600 cases are pending for disposal. The Committee fully agree that there is a need to increase the benches of the National Consumer Disputes Redressal Commission (NCDRC). To reduce the pendency of the cases in the courts, more regional sittings should be planned to dispose of the cases of the regions. The Committee also appreciate the measures being taken in this connection. However, if possible some more measures may also be taken in this regard.

5.12 Similarly, the pendency problem in consumer courts has acted as an impediment in the implementation of the programme. The Committee hope and trust that with the increased allocation, the consumer movement will be given further momentum and the rights of consumers would be protected.

CHAPTER VI

EXPENDITURE IN THE LAST QUARTER OF THE FINANCIAL YEAR

6.1 The percentage of amount spent in the last quarter of the financial year for the various schemes run by the Ministry during the years 1994-95 is as under :

Expenditure in last Quarter of the Financial Year 1994-95

(Rs. in lakhs)

S.No.	Name of the Scheme	R.E. 1994-95	Amount spent during the last quarter of 1994-95	%age spending in last quarter
1.	**Public Distribution Systems**			
	Ass. For Godowns	555	127.39	22.95
	Ass. For Vans	660	393.00	59.55
	Intelligence, Enforcement and Man Power Training	20	10.57	52.85
	Total PDS	1235	530.96	42.99
2.	**Consumer Cooperatives**			
	Super Bazar	20	—	----
	National Cooperative Consumer Federation (N.C.C.F.)	50	10	20
	Total Cons. Coop.	70	10	14.29
3.	**Industrial and Minerals**			
	Consumer Protection Cell	100	36.24	36.24
	Bureau of Indian Standards (BIS)	230	170	73.91
	Dte. of Vanaspati, Veg. oils and fats	20	17.91	89.55
	Weights and Measures	90	5.03	5.59
	Total Ind. & Min.	440	229.18	52.09
	Grand Total	1745	770.14	44.13

6.2. Expenditure in last quarter of the Financial Year 1995-96

(Rs. in lakhs)

Name of the scheme	RE 1995-96	Amount spent during the last quarter of 95-96	Percentge spending in last quarter
Public Distribution System			
Asstt. for godowns	7.55	4.75	62.91%
Asstt. for vans	6.47	1.64	25.34%
Intelligence, Enforcement & Manpower training	·20	·07	35%
Total PDS	14.22	6.46	45.43%
Consumer Cooperatives			
Urban Areas	00.13	00	00
Super Bazar	00.40	00.40	100%
NCCF	00.10	00.10	100%
Total Cons. Coop.	00.63	00.50	79.36%
Industries & Minerals			
Consumer protection cell	31.50	28.60	90.79%
Bureau of Indian Standards	02.60	01.32	50.77%
Directorate of Vanaspati	00.20	00.15	75%
Weights & Measures	00.70	00	00
Total Ind. & Minerals	35.00	30.07	85.91%
Grand Total	49.85	37.03	74.28%

6.3. The Committee note that a major portion of budgeted amount are utilised in the last quarter of a financial year. For instance, the percentage utilisation in the last quarter was 44 and 74 in the years 1994-95 and 1995-96, respctively. The Commitee in their Sixth and Tenth reports (10th LS) had recomended evenly spreading over of expenditure in all the quarters of a financial year. The Government in their action taken note had assured the Committee that efforts would be made to

spread expenditure throughout the year and position would be monitored quarterly. Inspite of solemn assurance given to the Committee, they are concerned to note that the situation has rather deteriorated. This is an indication of highly lackadaisical attitude of the Ministry in implementing the recommendation of the Committee. The Commitee also take strong view that Ministry did not take adequate steps to monitor the position closely which resulted in non-utilisation of funds as high as 74% till the end of third quarter of the year. The Committee while reiterating their earlier recommendation would now like the Ministry to take firm steps so that similar situation does not recur in future.

NEW DELHI;
August 26, 1996
Bhadra 4, 1918 *(Saka)*

R.L. BHATIA,
Chairman,
Standing Committee on Food, Civil Supplies and Public Distribution.

PART II

FIRST SITTING

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 12 AUGUST, 1996

The Committee sat from 11.00 hrs. to 13.00 hrs. and 14.30 hrs. to 18.30 hrs. on 12 August, 1996.

PRESENT

Shri R.L. Bhatia — *Chairman*

MEMBERS

Lok Sabha

2. Shri Shyam Bihari Misra
3. Shri Gangaram Koli
4. Shri Raj Kesar Singh
5. Shri Nakli Singh
6. Dr. Amrit Lal Bharati
7. Shri Manharan Lal Pandey
8. Shri Vidya Sagar Sonkar
9. Shri Chitubhai D. Gamit
10. Shri Madhaba Sardar
11. Shri Syed Masudal Hossain
12. Smt. Sandhya Bouri
13. Shri V. Kandasamy
14. Shri D.S.A. Shiva Prakasam
15. Smt. T. Sharda
16. Shri Shivaji Kambli
17. Shri Ramashray Prasad Singh
18. Shri Brahmanand Mandal

Rajya Sabha

19. Shri Venod Sharma
20. Shri Dawa Lama
21. Shri P. Soundararajan

22. Dr. Ramendra Kumar Yadav 'Ravi'
23. Shri Joyanta Roy
24. Shri Tara Charan Majumdar

Secretariat

1. Smt. Roli Srivastava — *Joint Secretary*
2. Shri Krishan Lal — *Deputy Secretary*
3. Shri R.S. Kambo — *Assistant Director*

** ** ** **

WITNESSES

Department of Civil Supplies

1. Shri C.K. Modi, Secretary (CS)
2. Shri M. Shankar, JS & FA
3. Shri Rajiv Srivastava, JS
4. Shri Ashok Kapoor, JS
5. Shri P.A. Krishnamoorthy, Dir.
6. Shri S.C. Kapur, Chairman Cum Managing Director
7. Shri P.S. Das, Addl. DG (BIS)
8. Shri R.T. Pandey, Director (Coordinating Officer)
9. Ms. Bharati Mandal, Director
10. Shri R.N. Tripathy, US, (Coordinating Officer)

Department of Consumer Affairs and Public Distribution System

1. Shri A.K. Vankat Subramanian, Secretary (CA & PDS)
2. Shri Balbir Singh, JS
3. Shri Kamal Kishore, EA
4. Shri S.C. Misra, Director (Coop.)
5. Shri T.T. Adhikari, MD, NCCF
6. Shri N.C. Ray, M.D. Super Bazar
7. Dr. M.K. Kundu, CD

At the outset, the Chairman welcomed the Members of the Committee and explained in detail the historic background, scope and functions of the Standing Committee.

** ** ** ** **

2. ** ** ** **

Thereafter, the Committee discussed with the representatives of the Ministry of Civil Supplies (Department of Civil Supplies) and (Department of Consumer Affairs & Public Distribution) on the points mentioned in the List of Points. The querries of Members were resolved by the representatives.

A verbatim record of the proceedings was kept.

The Committee then adjourned.

** Not related to this Report.

SECOND SITTING

MINUTES OF THE SITTING OF THE COMMITTEE HELD ON 21ST AUGUST, 1996

The Committee sat from 11.30 hrs. to 12.30 hrs. on 21st August, 1996.

PRESENT

Shri R.L. Bhatia — *Chairman*

MEMBERS

Lok Sabha

2. Shri Shyam Bihari Misra
3. Shri Gangaram Koli
4. Shri Raj Kesar Singh
5. Shri Nakli Singh
6. Dr. Amrit Lal Bharati
7. Shri Manharan Lal Pandey
8. Shri Vidya Sagar Sonkar
9. Smt. Chhabila Netam
10. Shri V. Kandasamy
11. Smt. Phoolan Devi
12. Shri D.S.A. Shiva Prakasam
13. Shri Rajkumar Wanglcha
14. Shri Brahmanand Mandal
15. Shri Ramashray Prasad Singh

Rajya Sabha

16. Prof. Vijay Kumar Malhotra
17. Dr. Rmendra Kumar Yadav 'Ravi'
18. Shri Tara Charan Majumdar

SECRETARIAT

1. Smt. Roli Srivastava — *Joint Secretary*
2. Shri Krishan Lal — *Deputy Secretary*
3. Shri R.S. Kambo —*Assistant Director*

I. Consideration and adoption of Draft 1st Report

** ** ** ** ** **

II. Consideration and adopting of Draft Second Report.

The Committee then considered the Draft Second Report on Demands for Grants (1996-97) relating to Ministry of Civil Supplies, Consumer Affairs & Public Distribution. The Committee adopted the report without any amendment.

The Committee authorised the Chairman to make consequential changes arising out of the factual verification of the reports by the concerned Ministries and present/lay the same in both the Houses of Parliament during the current session.

The Committee then adjourned.

** Not related to this Report.