

# FOURTEENTH REPORT

## STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (1995-96)

(TENTH LOK SABHA)

*(Action Taken by Government on the Recommendations contained in the  
Tenth Report of the Standing Committee on Food, Civil Supplies  
and Public Distribution on Demands for Grants (1995-96)  
of Ministry of Civil Supplies, Consumer Affairs and  
Public Distribution)*

Presented to Lok Sabha on 27 FEB 1996  
Laid in Rajya Sabha on ~~28 FEB 1996~~



LOK SABHA SECRETARIAT  
NEW DELHI

*December, 1995/Agrahayana, 1917 (Saka)*

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LC

328.3657R

N5.14j8

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Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha and Printed by Jainco Art India, 1/21, Sarvapriya Vihar, New Delhi-110016.

CORRIGENDA TO THE 14TH REPORT (TENTH  
STANDING COMMITTEE ON FOOD, CIVIL  
DISTRIBUTION (1995-96))

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Page	Para	Line	For	Read
(iii)	-	1	LIST OF THE MEMBERS OF THE DEPARTMENTALLY RELATED	COMPOSITION OF
(IV)	-	5 (from bottom)	Member	Members
1.	1.3	5 (from bottom)	are	is
1.	1.3	6 (from bottom)	replies	reply
4.	1.11	20	accounts	account of
4.	1.12	1 (from bottom)	purchases	purchase
5.	-	1	Department	Departments
5.	1.13	9	Department	Departments
5	1.14	21	Organisation	Organisations
17	-	10 (from bottom)	State	States
18.	-	16	areas	areas on
19	-	9	Deptt. Ministry	Departments/ Ministries
24	-	9	2.35	2.36
24	-	5 (from bottom)	which final	which

## CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE .....	(iii)
INTRODUCTION .....	(v)
CHAPTER I Report .....	1
CHAPTER II Recommendations/observations which have been accepted by the Government .....	7
CHAPTER III Recommendations/observations which the Committee do not desire to pursue in view of Government replies .....	14
CHAPTER IV Recommendations/observations in respect of which replies of Government have not been accepted by the Committee .....	17
CHAPTER V Recommendations/observations in respect of which replies of Government are still awaited .....	21

### APPENDICES

APPENDIX I. Minutes of the sitting of the Standing Committee on Food, Civil Supplies & Public Distribution (1995-96) held on 18.12.95 .....	22
APPENDIX II. Analysis of Action Taken by Government on the recommendations contained in the Tenth Report of Standing Committee on Food, Civil Supplies & Public Distribution (10th Lok Sabha) .....	24

LIST OF THE MEMBERS OF THE DEPARTMENTALLY RELATED STANDING  
COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION  
(1995-96)

CHAIRMAN

Shri Shyam Bihari Misra

MEMBERS

*Lok Sabha*

2. Shri B.M. Mujahid
3. Shri G. Devaraya Naik
4. Shri N. J. Rathva
5. Shri Avtar Singh Bhadana
6. Dr. (Smt.) Padma
7. Shri A. Jayamohan
8. Shri Anandagajapati Raju Poosapati
9. Shri Pawan Diwan
10. Shri V. Krishna Rao
11. Shri Bijoy Krishna Handique
12. Shri Gopi Nath Gajapathi
13. Shri Lakshman Singh
14. Shri K. J. S. P. Reddy
15. Shri Naresh Kumar Baliyan
16. Shri D.J. Tandel
17. Dr. Ramkrishna Kusmaria
- \*18. Shri Chhotey Lal
19. Shri Pankaj Chaudhari
20. Shri Kabindra Purkayastha
21. Prof. Ram Kapse
22. Shri Lal Babu Rai
23. Shri Shashi Prakash
24. Shri Ram Awadh
25. Shri Chhote Singh Yadav
26. Shri Syed Masudal Hossain

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\* Ceased to be Member of the Committee w.e.f. 15-11-95.

27. Shri Ramchandra Marotrao Ghangare
28. Shri Manoranjan Sur
29. Dr. (Smt.) K.S. Soundaram
30. Shri Birsingh Mahato

*Rajya Sabha*

31. Shri Sunder Singh Bhandari
32. Shri Nagmani
33. Shri B.V. Abdulla Koya
34. Shri Sudhir Ranjan Majumdar
35. Shri Tara Charan Majumdar
36. Shri Moolchand Meena
- \*37. Shri Venod Sharma
- \*38. Shri G.Y. Krishnan
39. Shri Ghufran Azam
40. Shri Jagannath Singh
- \*41. Shri Tindivanam C. Venkatraman
42. Shri Ramendra Kumar Yadav 'Ravi'
43. Shri Kanaksinh Mohansinh Mangrola
44. Smt. Chandra Kala Pandey
- \*45. Shri O.S. Manian

SECRETARIAL

1. Shri S.N. Mishra — *Additional Secretary*
2. Smt. Roli Srivastava — *Joint Secretary*
3. Shri Krishan Lal — *Deputy Secretary*
4. Shri A.S. Chera — *Under Secretary*
5. Shri P.K. Sharma — *Editor*

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\* Ceased to be Member of the Committee w.e.f. 13-9-95 consequent upon their induction into Council of Ministers.

\*\* Ceased to be Member of the Committee w.e.f. 24.7.95 consequent upon expiry of the term as Member of Rajya Sabha.

† Nominated to the Committee w.e.f. 7-8-95.

## INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (1995-96) having been authorised by the Committee to submit the Report on their behalf, present this Fourteenth Report on Action Taken by Government on the Recommendations contained in the Tenth Report of Committee (Tenth Lok Sabha) on Demands for Grants (1995-96) of Ministry of Civil Supplies, Consumer Affairs and Public Distribution.

2. The Tenth Report was presented to Lok Sabha/laid in Rajya Sabha on 9th May, 1995. The Government furnished their replies indicating action taken on the recommendations contained in the Report on 10th November, 1995. The Draft Action Taken Report was considered and adopted by the Standing Committee on Food, Civil Supplies and Public Distribution (1995-96) at their sitting held on 18th December, 1995.

3. An Analysis of action taken by Government on the recommendations contained in the Tenth Report of the Standing Committee on Food, Civil Supplies and Public Distribution (Tenth Lok Sabha) is given in Appendix II.

NEW DELHI;  
21 December, 1995  

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30 Agra-hayana, 1917 (Saka)

SHYAM BIHARI MISRA,  
*Chairman,*  
*Standing Committee on Food,*  
*Civil Supplies and Public Distribution*

## CHAPTER I

### REPORT

1.1 This Report of the Standing Committee on Food, Civil Supplies and Public Distribution deals with the Action Taken by Government on the recommendations contained in their Tenth Report (Tenth Lok Sabha) on Demands for Grants (1995-96) of Ministry of Civil Supplies, Consumer Affairs and Public Distribution.

1.2 The Report was presented to Lok Sabha/Laid on the Table of Rajya Sabha on 9 May, 1995. It contained 13 observations/recommendations.

1.3 Action Taken Notes in respect of 12 observations/recommendations contained in the Report have been received. Reply to one observation/Recommendation is awaited. These have been categorised as follows:—

- (i) Recommendations/Observations which have been accepted by the Government :

Para Nos. 2.17, 2.18, 2.25, 2.26, 2.36, 2.52  
(Total 6, Chapter II)

- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government reply:

Para Nos. 2.7, 2.8, 2.40  
(Total 3, Chapter III)

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

Para Nos. 2.16, 2.51, 2.53  
(Total 3, Chapter IV)

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

Para No. 2.56  
(Total 1, Chapter V)

**1.4 The Committee need hardly emphasise that utmost importance should be given to the implementation of recommendations accepted**



by the Government. In cases where it is not possible for the Government to implement the recommendations in their letter and spirit for any reasons, the matter should be reported to the Committee in time with reasons for non-implementation.

1.5 The Committee desire that final reply in respect of the recommendation contained in Chapter V of the report should be furnished to the Committee expeditiously.

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

#### **Financial Assistance to States/UTs for construction of Godowns:**

##### **Recommendation (Para No. 2.16)**

1.7 Keeping in view the slow pace of construction of godowns for storage of PDS commodities in the areas covered under RPDS and expressing their concern over the non-fixation of targets for construction of such godowns the Committee recommended as follows :—

“The Committee note that no physical targets in terms of storage capacity that would be created during any financial year, are being fixed and funds are released to States/UTs for construction of godowns for the proposals approved by the Standing Committee of the Ministry. The Committee further note that the stress of the States/UTs is on hiring storage capacity instead of creating storage capacity. The Committee recommend that targets should be fixed in terms of storage capacity to be created in a financial year and also achieved. The Committee further recommend that 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.”

1.8 The Ministry in their Action Taken reply have stated :—

“The basic purpose of the Scheme is to augment the PDS infrastructure in States/UTs, especially in RPDS areas. Implementation of the PDS is the joint responsibility of States/UTs and the Centre. States/UT Governments are responsible for all operational aspects of distribution of commodities to the consumers through the PDS. The State Governments/UT Administrations hire/construct godowns according to their requirement where their own storage capacity is inadequate.

Under the RPDS, State and UTs had identified requirement of about 4.13 lakh MTs of additional storage capacity. As against the targets,

the State Governments/UT Administrations have reported as on 30.6.1995 that about 5.31 lakh MTs of additional storage capacity has become available of which about 69,000 MTs is the additional capacity that has been created. The State Governments/UT Administrations have been asked to review their requirements and send proposals for construction of godowns based on felt needs.

No specific physical targets in terms of storage capacity that would be created can be fixed (have been laid down) because the average cost of construction per tonne of storage capacity differs from State to State (e.g. Rs. 1250 per tonne in Bihar to Rs. 5000 per tonne in J&K and North Eastern States); and also within the State itself. However it is ensured that the entire budget provision is disbursed to the States during the financial year."

**1.9 The Committee are not satisfied with the reply of the Ministry that no specific target in terms of storage capacity that would be created in a year can be fixed because the average cost of construction per tonne of storage capacity differs from State to State. The purpose of the Committee in making this recommendation was to ensure that the States who do not have adequate storage capacity may create additional storage capacity commensurate with their requirements within a specified time-frame. The Ministry should allocate funds on the basis of additional capacity required to be created and sanction orders should specify this after taking into consideration the average cost of construction per tonne of storage capacity in that particular State.**

**Opening of more branches of Super Bazar in remote areas/J.J. colonies**

**Recommendation (Para No. 2.51)**

1.10 Emphasising the need for opening more branches of Super Bazar in remote areas/JJ colonies, the Committee recommended as follows :—

"The Committee note that during 1993-94 and 1994-95, no new branches of Super Bazar were opened in remote/JJ colonies as branches having a monthly turnover of less than Rs. 3 lakhs were considered not viable since the purchasing power of the people living in those areas is very low and their demands are met by 22 mobile vans of Super Bazar which visit such areas on weekly basis. During 1993-94, Super Bazar earned a profit of Rs. 41.65 lakhs. The Committee are of the opinion that the mandate of the

Super Bazar is to provide facility to the consumers and not to earn profit. The Committee, therefore, strongly recommend that decision about closure/opening of branches of Super Bazar should not always be taken on the basis of economic viability of the branches and population of the area and more branches should be opened in remote/J.J. colonies."

1.11 The Ministry in their Action Taken reply have stated:—

"As has been rightly observed by the Standing Committee, Super Bazar is not meant for profit but to give services to consumers. In furtherance to this objective and also on the basis of continuous demand that is being coming from various housing colonies, the management of Super Bazar has a policy to open new branches. Since finding suitable accommodation is a big problem, as per the past practice, request was made to Ministry of Urban Development to allot suitable land/building at pre-determined rates. As many as 60 proposals for opening new branches are pending. The Ministry of Consumer Affairs and Public Distribution is also pursuing the Ministry of Urban Development to consider the request of Super Bazar. However, favourable reply/decision is awaited. On accounts these facts, Super Bazar, Delhi has not been able to open new branches during the last few years. However, to cater to the demand of the housing colonies where there are no branches of Super Bazar, the mobile vans of Super Bazar have been pressed into service on a weekly/bi-weekly basis."

**1.12 The Committee note that as many as 60 proposals for opening new branches of Super Bazar are pending. The reasons given by the Ministry for not opening new branches i.e., non-availability of suitable accommodation in these areas, is not convincing as the entire responsibility has been shifted to the Ministry of Urban Development for allotment of land/building at predetermined rates. The Ministry could also discuss the availability of suitable space with the local inhabitants who have sent the proposal and a solution could be worked out. The Committee reiterate their earlier recommendation and urge the Ministry to take up this matter with the concerned authorities and open new branches of Super Bazar in remote/ J. J. colonies without further delay as in the opinion of the Committee, mobile vans which are available in these areas are only on a weekly/bi-weekly basis would not be able to cater to the needs of the people living in these areas who are generally casual labourers and purchases their items of daily needs everyday.**

## Credit sale to Government Department and Recovery of Amounts from Sundry Debtors

### Recommendation (Para No. 2.53)

1.13 Expressing their concern over the mounting outstanding dues of Super Bazar against the various Government Departments, Ministries etc. and stressing on the need of charging interest on such outstanding amounts, the Committee recommended as follows :—

“The Committee note that Super Bazar is extending credit facilities to various Government Department/Ministries, Hospitals etc. and makes available to them items indented by them on 15 to 30 days credit basis. As on 31.3.1994, the total value of such outstanding amount was Rs. 1019.86 lakhs which now stands at Rs. 945.00 lakhs as on 28.2.95. The Committee fail to understand as to why no interest is being charged by Super Bazar on this amount when Super Bazar has to pay interest on the loan it gets from Bank. The Committee, therefore, recommend that interest should be charged on such outstanding amounts. However in case Hospitals and other social service institutions such interest can be waived off.”

1.14 The Ministry in their Action Taken reply have stated :—

“Super Bazar has been providing credit facilities to Government Ministries/Departments/Organisation and Hospitals. The credit sales & recovery during the last 3 years are as follows:—

(Rs. in lakhs)		
Year	Credit sale	Credit recovery
1992-93	2688.20	2532.80
1993-94	3647.20	3524.59
1994-95	3797.13	3827.87

The credit sale outstanding as on 31.8.95 amounts to Rs. 897.70 lakhs as against Rs. 945 lakhs as on 28.2.95 and Rs. 1019.86 lakhs as on 31.3.94. This shows marked improvement in recovery.

About charging of interest on delayed payment of credit sales, Super Bazar has reported that since they purchase on credit and do not pay interest on delayed payment and borrowing which is only additional cushion is nominal, charging of interest may not be reasonable. It may also create problems unless the Government Department agree to pay interest recoverable from credit sale. Charging of interest may also lead to audit objection, fictitious

profit and payment of income tax on unearned profit. However Super Bazar has been asked to ensure timely recovery in all such credit sales."

**1.15 The Committee note that over the last 2 years, there has been an improvement in the credit recovery. However, the outstanding amount on credit sales as on 31.8.1995 is still quite high being Rs. 897.70 lakhs. The Committee expect that the Super Bazar will make persistent efforts to bring this down substantially. Simultaneously, Super Bazar may also examine the possibility of charging interest on outstanding amounts pending for long periods.**

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Para No. 2.17)**

The Committee would also like to know whether the hired godowns belong to cooperative sector or private owners. The Committee recommend that godowns belonging to cooperatives should be hired invariably where such godowns are available. The Committee note that at present godowns are hired for short term period and the period is extended. The Committee recommend that godowns should be hired on long term basis, so as to avoid escalation of rent rates.

#### **Reply of the Government**

The information whether the hired godowns belong to cooperative sector or private owners is not maintained by the Ministry. However, the States/UTs are being advised to hire godowns in the cooperative sector where available on a long term basis as recommended by the Committee.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution,  
OM No. G-11027/B/95-PAC dt. 10 November, 1995]

#### **Comments of the Committee**

**The Ministry should take steps to monitor the hiring of godowns and apprise the Committee about the progress made in this regard.**

#### **Recommendation (Para No. 2.18)**

The Committee also note that this scheme has not been reviewed/evaluated by Planning Commission or by any other outside agency so far. The Committee observe that such a review/evaluation is essential for making necessary improvements in the scheme which has assumed vital importance in view of the possibility of including more blocks under RPDS.

#### **Reply of the Government**

The Statement showing financial assistance given to States/UTs for construction of godowns is enclosed. It may be observed from the statement that upto the year 1991-92 very small amounts were given

to the States and UTs for this purpose. However, from 1992-93 onwards substantial amounts are being given to the States/UTs. Upto 1994-95 a sum of Rs. 1924.67 lakhs have been sanctioned for the construction of 270 godowns.

The Programme Evaluation Organisation (PEO) of the Planning Commission had conducted a study on Revamped PDS which included the Programme of storage/construction of godowns in RPDS areas. Evaluation of the working of RPDS was taken up by the PEO at the behest of the Prime Minister's Office. The reference period of the study was 1991-92, 1992-93 and 1993-94. The study covered 15 States namely Arunachal Pradesh, Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. The study has revealed the importance of the scheme as in some States such as Arunachal Pradesh, Assam, Haryana and Orissa. No godowns that could be hired are available. The study has also noticed in some States the dependency on hired godowns was increasing instead of creating/constructing owned godowns in Government sector inspite of liberalising financial assistance by increasing the subsidy component from 25% to 50% in 1992-93. The finding of the report have been circulated to all the States/UTs for further necessary action and to provide a feed back to this Ministry on the Scheme.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution,  
OM No. G-11027/13/95-PAC dt. 10 November, 1995]

#### **Comments of the Committee**

**The Committee may be apprised of the impact of the findings of Programme Evaluation Organisation (PEO) of the Planning Commission.**

## Financial Assistance to States-UTs for construction of godowns

05.04.95

(Rs. in lakhs) Cap'ty in Mts

Sl. No.	Name of State/UT	1983-84		1985-86		1987-88		1988-89		1989-90		1990-91	
		Asst.	Cap'ty	Asst.	Cap'ty	Asst.	Cap'ty	Asst.	Cap'ty	Asst.	Cap'ty	Asst.	Cap'ty
1.	Himachal Pradesh	8.00	1700(9)	4.00		13.00		Nil		Nil		Nil	
2.	Meghalaya	Nil		Nil		Nil		6.00		400(2)		Nil	
3.	Nagaland	Nil		Nil		Nil		5.36		400(8)		2.46	200(1)
4.	Assam	Nil		Nil		Nil		Nil		Nil		Nil	20.00
5.	Lakshdeep	Nil		Nil		Nil		Nil		Nil		Nil	2000(1)
6.	Andaman & Nicobar	Nil		Nil		Nil		Nil		Nil		Nil	
7.	Sikkim	Nil		Nil		Nil		Nil		Nil		Nil	
8.	Mizoram	Nil		Nil		Nil		Nil		Nil		Nil	
9.	Tripura	Nil		Nil		Nil		Nil		Nil		Nil	
10.	Karnataka	Nil		Nil		Nil		Nil		Nil		Nil	
11.	Orissa	Nil		Nil		Nil		Nil		Nil		Nil	
12.	Arunachal Pradesh	Nil		Nil		Nil		Nil		Nil		Nil	
13.	Bihar	Nil		Nil		Nil		Nil		Nil		Nil	
14.	West Bengal	Nil		Nil		Nil		Nil		Nil		Nil	
15.	Madhya Pradesh	Nil		Nil		Nil		Nil		Nil		Nil	
16.	Rajasthan	Nil		Nil		Nil		Nil		Nil		Nil	
17.	Manipur	Nil		Nil		Nil		Nil		Nil		Nil	
18.	Gujarat	Nil		Nil		Nil		Nil		Nil		Nil	
19.	J & K	Nil		Nil		Nil		Nil		Nil		Nil	
20.	Kerala	Nil		Nil		Nil		Nil		Nil		Nil	
21.	Total	8.00	1700(9)	4.00		13.00		11.36		800(10)		2.46	200(1)
												20.00	2000(1)



05.04.95 (Rs. in lakhs)

Sl. No.	Name of States/UT	1991-92		1992-93		1993-94		1994-95		Total	Total Cap'ty No. of godowns
		Asst.	Cap'ty	Asst.	Cap'ty	Asst.	Cap'ty	Asst.	Cap'ty		
1.	Himachal Pradesh	Nil	Nil	Nil						25.00	1700 (9)*
2.	Meghalaya	Nil	Nil	Nil						46.00	2400 (3)
3.	Nagaland	25.00	600 (11)	25.00	600 (11)			40.00	2000 (1)	32.82	1200 (20)
4.	Assam	Nil	Nil	Nil						20.00	2000 (1)
5.	Lakshdweep	7.50	500 (1)	Nil						7.50	500 (1)
6.	Andaman & Nicobar	31.00	1000 (1)	10.00						41.00	1000 (2)**
7.	Sikkim			5.00	850 (2)	55.75	1750 (5)	3.75		64.50	2600 (7)***
8.	Mizoram	61.35	2400 (8)	61.35	2400 (8)	22.20	800 (4)	37.63	1600 (6)	121.18	4800 (18)
9.	Tripura	30.00	1250 (5)	30.00	1250 (5)					30.00	1250 (5)
10.	Karnataka	132.00	8200 (31)	132.00	8200 (31)					132.00	8200 (31)
11.	Orissa	208.00	13000 (52)	208.00	13000 (52)					208.00	13000 (52)
12.	Arunachal Pradesh	4.00	200 (2)	4.00	200 (2)	23.70	600 (3)			27.70	800 (5)
13.	Bihar	48.00	4000 (4)	48.00	4000 (4)	35.04	3000 (3)	23.36	2000 (2)	106.40	9000 (9)
14.	West Bengal	96.46	6000 (12)	96.46	6000 (12)					96.46	6000 (12)
15.	Maharashtra	77.50	4000 (9)	77.50	4000 (9)	19.98	1000 (2)	67.58	3000 (6)	165.06	8000 (17)
16.	Madhya Pradesh	98.04	6000 (6)	98.04	6000 (6)	98.04	6000 (6)	98.04	6000 (6)	294.12	18000 (18)
17.	Rajasthan	20.70	2000 (2)	20.70	2000 (2)	20.70	2000 (2)	41.20	3600 (2)	61.90	5600 (4)
18.	Manipur	18.00	600 (3)	18.00	600 (3)	40.00	2200 (11)	40.00	2200 (11)	58.00	2800 (14)
19.	Gujarat	64.64	4000 (4)	64.64	4000 (4)	40.30	1500 (5)	40.30	1500 (5)	104.94	5500 (9)
20.	J & K	82.45	2100 (10)	82.45	2100 (10)	158.14	5200 (22)	158.14	5200 (22)	240.59	7300 (32)
21.	Kerala	41.50	2000 (1)	41.50	2000 (1)	41.50	2000 (1)	41.50	2000 (1)	41.50	2000 (1)
	Total	38.50	1500 (2)	79.35	46500 (143)	482.00	23850 (43)	550.00	27100 (61)	1924.67	103650 (270)

No assistance was released during the years 1984-85 and 1986-87.

\* Construction is spread over the period 1983-84 to 1987-88.

Number of Godowns.

\*\* During 1992-93, a further Rs. ten lakhs were sanctioned for alterations to the project originally sanctioned in 1991-92. Two Godowns of 500

MTs capacity each sanctioned in 1992-93 in 2 different locations in lieu of a single godown at Kamorta.

\*\*\* Only subsidy portion has been released, as proposed by the Govt.

### **Recommendation (Para No. 2.25)**

The Committee note that in the years 1993-94 and 1994-95 the demands of the North Eastern States for purchase of Mobile Vans were met only to the extent of 32% and 55% respectively. The Committee also note that budgetary constraints is one of the factor responsible for this. The Committee are of the opinion that the money allocated for such a vital scheme is inadequate in view of the coverage of more blocks under RPDS. The Committee therefore, recommend that more funds should be allotted for this purpose.

### **Reply of the Government**

The main guiding principle in extending financial assistance to the States/UTs is that at least one van should be provided per RPDS block. This has been evolved because these blocks were identified as the most backward areas in the country where more attention is required. The proposals received from the States/UTs for financial assistance are considered keeping this objective in view. While deciding allocation of assistance to a State other factors like the number of RPDS blocks in the State, its performance in utilisation of assistance provided earlier, total demand received from other States, and lastly the availability of budgetary allocations are also considered. With the liberalisation of the Scheme in 1992-93 the number of States/UTs seeking assistance under this Scheme have been increasing. In view of this, it is not always possible to meet all the demands of the States/UTs.

However, the guidelines provide for giving priority to North Eastern and hilly States as these have several remote, inaccessible and tribal areas. So the interests of the North Eastern States are kept in view while extending financial assistance within the budgetary allocation available.

The observations of the Committee have been noted for future guidance, more funds would be sought under the Scheme while preparing the Revised Estimates for 1995-96 and Budget Estimates for 1996-97.

[Ministry of Civil Supplies, Consumer Affairs Public Distribution, OM No. G-11027/13/95-PAC dt. 10 November, 1995]

### **Recommendation (Para No. 2.26)**

The Committee also recommend that a proper monitoring mechanism should be evolved to ascertain as to whether the vans provided to the States/UTs are actually in operation.

### **Reply of the Government**

The Programme Evaluation Organisation (PEO) of the Planning Commission had conducted a study on Revamped PDS which included the programme of mobile vans also. The evaluation of the working of RPDS was taken up by PEO at the behest of the Prime Minister's Office. The study covered 15 States namely, Arunachal Pradesh, Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Kerala, Karnataka, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. The study has revealed that out of total 551 available mobile vans in the above 15 States 446 vans were functioning as on 31st March, 1994. However, number of vans used for door step delivery and mobile fair price shops were found to be inadequate. About 20% vans were not in functioning condition and required major repairs.

However, this Ministry has also written to all States, UTs for furnishing information in a standard Proforma for regular monitoring of the Scheme. A clause has also been added in the sanction letter itself that the State Govt. should furnish the quarterly progress report on the functioning of the vans including the expenditure incurred by the State Governments on the Scheme. Efforts are being made to collect feed back information from the State Governments/UT Administrations on a regular basis.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution,  
OM No.-G-11027/13/95-PAC dt. 10 November, 1995]

### **Recommendation (Para No. 2.36)**

The Committee note that during 1992-93 for the R & D Programme for Development of Vegetable Oils, a meagre amount of Rs. 0.48 lakhs was spent out of an outlay of Rs. 10 lakhs. The shortfall in expenditure has been attributed to not holding the meeting of the Science and Technology Advisory Committee (STAC) of the Ministry. The Committee also note that the periodicity of holding of the meeting of STAC has so far been generally once a year. The Committee fail to understand as to why the meeting of the STAC could not be held during 1992-93 as a result of which the funds allocated for R & D programme for Development of Vegetable Oils could not be fully utilised. The Committee hope that in future periodicity of the meeting of STAC will be increased and due care would be taken in this regard in view of the continuing gap between the demand and domestic availability of edible oils.

### Reply of the Government

Science and Technology Advisory Committee (STAC) of the Ministry of Civil Supplies, Consumer Affairs & Public Distribution decided to set up a Screening Committee in order to have more effective screening of R&D Schemes in its last meeting held on 2nd December, 1994. The recommendations of Screening Committee are placed before STAC for its consideration for releasing funds.

In order to monitor the performance of the scheme, a Project Implementation Committee has been set up. STAC has also decided that the project Implementation Committee Meeting will be held biannually and will review the performance of R&D Schemes and on its satisfaction, the funds will be released.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution,  
OM No.-G-11027/13/95-PAC dt. 10 November, 1995]

#### Recommendation (Para No. 2.52)

The Committee also note that the allocation to cooperatives includes a segment of subsidy also. The Committee feel that the Government should take a fresh look in the matter. The requirement of cooperative should be kept in view before determining the nature of funds to be given *viz.* grant, loan or subsidy.

### Reply of the Government

Keeping in view the services rendered by Super Bazar, Government of India has been providing financial assistance to Super Bazar.

The details of assistance provided to Super Bazar during the last two years are as under:

(Rs. in lakhs)				
Year	Share Capital	Loan	Subsidy	Total
1993-94	8.00	8.00	4.00	20.00
1994-95	8.00	8.00	4.00	20.00
1995-96	16.00	16.00	8.00	40.00
(Budgeted)"				

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution,  
OM No. G-11027/13/95-PAC dt. 10 November, 1995]

## CHAPTER III

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

#### **Recommendation (Para No. 2.7)**

The Committee note with concern that during 1994-95, against the budgetary allocation of Rs. 20 lakhs for the scheme an expenditure of Rs. 7.75 lakhs was incurred upto 18.1.1995 and Rs. 19.92 lakhs have been spent during the entire financial year 1994-95. The Committee, therefore, are of the view that this tendency leads to inefficient utilisation of funds. The Committee strongly recommend that funds for such a scheme of vital importance should be spread over evenly so as to ensure proper utilisation of funds.

#### **Reply of the Government**

The training courses/programmes under the Scheme of Intelligence, Enforcement and Manpower Training Scheme are conducted by the Civil Supplies Departments of the States/UTs and or by their authorised/sponsored Institutions. Central Government releases financial assistance to a maximum of Rs. 25000/- per course for atleast 5 days duration on the Public Distribution System on the requests and/or recommendations of the States/UTs. The release of funds largely depends on the proposals received from the States/UTs. Central Government makes vigorous efforts to obtain the proposals from the State Governments/UT Administrations. Although this Scheme is in vogue for quite some time and all States/UTs are well aware of the Scheme, Central Government, in the beginning of each financial year, usually invites proposals from all States/UTs. This is also followed by periodical reminders. A few States/UTs send their proposals in time and others either send their proposals very late or do not send at all. The proposals received from the States/UTs are cleared immediately after observing the requisite formalities. In view of delay on the part of the State Governments/UT Administrations in sending the proposals and at times due to delay in sending the utilisation certificates/details in respect of the course sanctioned in the previous financial years, it has not been possible to ensure even spread of the expenditure in all four quarters of a year. For 1995-96, the Central Government had invited the proposals in the month of February, 1995 with a view to give sufficient time to the States/UTs to send their proposals. However, upto May, 1995 proposals for only 12 courses from two States have

been received and funds have been sanctioned. The recommendation of the Committee has been noted for strict compliance and other States/UTs are being addressed to expedite proposals.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM No. G-11027/13/95-PAC dt. 10 November, 1995]

### **Recommendation (Para No. 2.8)**

The Committee also recommend that in respect of research/evaluation studies conducted should be expedited so as to ensure early and speedy implementation of the findings arrived at therein.

### **Reply of the Government**

Central Government makes every effort to ensure timely submission of the Reports in respect of research/evaluation studies sanctioned. All reports in respect of studies sanctioned prior to 1994-95 have been received and the necessary action has been taken. The recommendations have been sent to the concerned States for necessary action. However, the recommendations of the Committee has been noted for future compliance.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM No.-G-11027/13/95-PAC dt. 10 November, 1995]

### **Recommendation (Para No. 2.40)**

The Committee note that the State Trading Corporation has been incurring losses in its trading operation on account of import of edible oils on Government account since 1990-91. These losses are reimbursed to STC. The loss being incurred by STC has been attributed to the fact that the issue price fixed by the Central Govt. is lower than the actual cost. The Committee are of the opinion that in order to mitigate the losses being incurred by STC and to ensure that the imported edible oil is made available to the poor at a cheap rate, the import of edible oils for PDS should be made duty free.

### **Reply of the Government**

The existing rate of 20% duty on import of edible oil (Palmolein) by STC for the Public Distribution System (PDS) was approved by the Cabinet Committee on Prices (CCP) while deciding authorisation of import of 1.5 lakh tonnes of palmolein for import by STC for PDS during the year 1995-96.

The suggestion of the Standing Committee in regard to duty free import of edible oils for PDS has been noted and will be incorporated

in this Ministry's note to Government seeking authorisation for import of palmolein in favour of STC for the Public Distribution System for the year 1996-97.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution,  
OM No.-G-11027/13/95-PAC dt. 10 November, 1995]

## CHAPTER IV

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

#### **Recommendation (Para No. 2.16)**

The Committee note that no physical targets in terms of storage capacity that would be created during any financial year, are being fixed and funds are released to the States and UTs for construction of godowns for the proposals approved by the Standing Committee of the Ministry. The Committee further note that the stress of the States/UTs is on hiring storage capacity instead of creating storage capacity. The Committee recommend that targets should be fixed in terms of storage capacity to be created in a financial year and also achieved. The Committee further recommend that 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.

#### **Reply of the Government**

The basic purpose of the Scheme is to augment the PDS infrastructure in States/UTs, especially in RPDS areas. Implementation of the PDS is the joint responsibility of States/UTs and the Centre. States/UT Governments are responsible for all operational aspects of distribution of commodities to the consumers through the PDS. The State Governments/UT Administrations hire/construct godowns according to their requirement where their own storage capacity is inadequate.

Under the RPDS, State and UTs had identified requirement of about 4.13 lakhs MTs of additional storage capacity. As against the targets, the State Governments/UT Administrations have reported as on 30.6.1995 that about 5.31 lakh MTs of additional storage capacity has become available of which about 69,000 MTs is the additional capacity that has been created. The State Governments/UT Administrations have been asked to review their requirements and send proposals for construction of godowns based on felt needs.

No specific physical targets in terms of storage capacity that would be created can be fixed (have been laid down) because the average



cost of construction per tonne of storage capacity differs from State to State (e.g. Rs. 1250 per tonne in Bihar to Rs. 5000 per tonne in J&K and North Eastern States); and also within the State itself. However it is ensured that the entire budget provision is disbursed to the States during the financial year.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution, OM No. -G-11027/13/95-PAC dt. 10 November, 1995]

### **Comments of the Committee**

[Please see Paragraph No. 1.9 of Chapter I of the Report.]

### **Recommendation (Para No. 2.51)**

The Committee note that during 1993-94 and 1994-95, no new branches of Super Bazar were opened in remote/J.J. colonies as branches having a monthly turnover of less than Rs. 3 lakhs were considered not viable since the purchasing power of the people living in those areas is very low and their demands are met by 22 mobile vans of Super Bazar which visit such areas weekly basis. During 1993-94, Super Bazar earned a profit of Rs. 41.65 lakhs. The Committee are of the opinion that the mandate of the Super Bazar is to provide facility to the consumers and not to earn profit. The Committee, therefore, strongly recommend that decision about closure/opening of branches of Super Bazar should not always be taken on the basis of economic viability of the branches and population of the area and more branches should be opened in remote/J.J. colonies.

### **Reply of the Government**

As has been rightly observed by the Standing Committee, Super Bazar is not meant for profit but to give services to consumers. In furtherance to this objective and also on the basis of continuous demand that is being coming from various housing colonies, the management of Super Bazar has a policy to open new branches. Since finding suitable accommodation is a big problem, as per the past practice, request was made to Ministry of Urban Development to allot suitable land/building at pre-determined rates. As many as 60 proposals for opening new branches are pending. The Ministry of Consumer Affairs and Public Distribution is also pursuing the Ministry of Urban Development to consider the request of Super Bazar. However, favourable reply/decision is awaited. On account of these facts, Super Bazar, Delhi has not been able to open new branches during the last few years. However, to cater to the demand of the housing colonies

where there are no branches of Super Bazar, the mobile vans of Super Bazar have been pressed into service on a weekly/bi-weekly basis.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution,  
OM No.-G-11027/13/95-PAC dt. 10 November, 1995]

### Comments of the Committee

(Please see Paragraph 1.12 of Chapter I of the Report.)

### Recommendation (Para No. 2.53)

The Committee note that Super Bazar is extending credit facilities to various Govt. Deptt. Ministry, Hospital etc., and makes available to them items indented by them on 15 to 30 days credit basis. As on 31.3.1994, the total value of such outstanding amount was Rs. 1019.86 lakhs which now stands at Rs. 945.00 lakhs as on 28.2.95. The Committee fail to understand as to why no interest is being charged by Super Bazar on this amount when Super Bazar has to pay interest on the loan it gets from Bank. The Committee, therefore, recommend that interest should be charged on such outstanding amounts. However in case of Hospitals and other social service institutions such interest can be waived off.

### Reply of the Government

Super Bazar has been providing credit facilities to Govt. Ministries/ Depts./Organisations and Hospitals. The credit sales & recovery during the last 3 years are as follows:

(Rs. in lakhs)

Year	Credit sale	Credit recovery
1992-93	2688.20	2532.80
1993-94	3647.20	3524.59
1994-95	3797.13	3827.87

The credit sale outstanding as on 31.8.95 amounts to Rs. 897.70 lakhs as against Rs. 945 lakhs as on 28.2.95 and Rs. 1019.86 lakhs as on 31.3.94. This shows marked improvement in recovery.

About charging of interest on delayed payment of credit sales, Super Bazar has reported that since they purchase on credit and do

not pay interest on delayed payment and borrowing which is only additional cushion is nominal, charging of interest may not be reasonable. It may also create problems unless the Govt. Deptt. agree to pay interest recoverable from credit sale. Charging of interest may also lead to audit objection, fictitious profit and payment of income tax on unearned profit. However, Super Bazar has been asked to ensure timely recovery in all such credit sales.

[Ministry of Civil Supplies, Consumer Affairs and Public Distribution,  
OM No.-G-11027/13/95-PAC dt. 10 November, 1995]

### **Comments of the Committee**

(Please see Paragraph 1.15 of Chapter 1 of the Report.)

## CHAPTER V

### RECOMMENDATION/OBSERVATION IN RESPECT OF WHICH REPLY OF GOVERNMENT IS STILL AWAITED

#### **Recommendation (Para No. 2.56)**

The Committee are concerned to note that the recommendation contained in their Sixth Report (*vide* para 2.42) on Demands for Grants (1994-95) has not been implemented in letter and spirit. The Committee reiterate their earlier recommendation and urge that Ministry should give utmost importance to the implementation of recommendations of the Committee and ensure that the expenditure should be evenly spread over in all the quarters of the financial year so that this could be utilised properly.

#### **Reply of the Government**

Still awaited.

NEW DELHI;  
21 December, 1995  

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30) *Agrahayana, 1917 (Saka)*

SHYAM BIHARI MISRA,  
*Chairman,*  
*Standing Committee on Food,*  
*Civil Supplies and Public Distribution.*

## APPENDIX I

### STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION

#### Minutes of the sitting of the Committee Held on 18th December, 1995

The Committee sat from 15.30 Hours to 17.30 Hours on 18.12.1995.

#### PRESENT

Shri Sunder Singh Bhandari — *In the Chair*

#### *Lok Sabha*

2. Dr. (Smt.) Padma
3. Shri V. Krishna Rao
4. Shri Bijoy Krishna Handique
5. Shri Lakshman Singh
6. Dr. Ramkrishna Kusmaria
7. Shri Kabindra Purkayastha
8. Prof. Ram Kapse
9. Shri Ram Awadh
10. Shri Manoranjan Sur
11. Shri Birsingh Mahato
12. Shri Naresh Kumar Baliyan

#### *Rajya Sabha*

13. Smt. Chandra Kala Pandey
14. Shri O.S. Manian

#### SECRETARIAT

1. Smt. Roli Srivastava— *Joint Secretary*
2. Shri Krishan Lal — *Deputy Secretary*
3. Shri A.S. Chera — *Under Secretary*
4. Shri R.S. Kambo — *Assistant Director*
5. Shri P.K. Sharma — *Editor*

2. The Committee, in the absence of the Chairman of the Committee chose Shri Sunder Singh Bhandari, MP to act as Chairman for the sitting in terms of Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

(i) Consideration and adoption of Draft Thirteenth Report.

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(ii) Consideration and adoption of Draft Fourteenth Report.

3. The Committee then considered draft Fourteenth Report on Action Taken by the Government on the recommendations contained in the Tenth Report of the Committee on Demands for Grants (1995-96) Ministry of Civil Supplies, Consumer Affairs and Public Distribution. The Committee adopted the report without any amendment.

4. Consideration and adoption of Draft Fifteenth Report.

## APPENDIX II

(Vide Introduction of the report)

Analysis of Action Taken by the Government on the recommendation contained in the Tenth Report of Standing Committee on Food, Civil Supplies & Public Distribution (Tenth Lok Sabha).

I	Total Number of Recommendations	13
II	Recommendations/Observations which have been accepted by Government Sl. Nos. 2.17, 2.18, 2.25, 2.26, 2.35, 2.52	
	Total	6
	Percentage	46
III	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies Sl. Nos. 2.7, 2.8, 2.40	
	Total	3
	Percentage	23
IV	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee Sl. Nos. 2.16, 2.51, 2.53	
	Total	3
	Percentage	23
V	Recommendation/Observation in respect of which final reply of Government is still awaited. Sl. No. 2.56	
	Total	1
	Percentage	8