

6

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

(1998-99)

TWELFTH LOK SABHA

**MINISTRY OF FOOD AND CONSUMER AFFAIRS
(DEPARTMENT OF FOOD AND CIVIL SUPPLIES)**

*[Action Taken Report on Third Report of the Committee on Demands for
Grants (1998-99) of the Ministry of Food and Consumer Affairs
(Department of Food and Civil Supplies)]*

SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1998/Agrahayana, 1920 (Saka)

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CORRIGENDA TO THE SIXTH REPORT (TWELFTH LOK SABHA) OF THE
STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC
DISTRIBUTION (1998-99).

Page	Para	Line	For	Read
—	—	1	FCS&PD No.12	FCS&PD No. 07
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1	1.1	4	Demand	Demands
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(TWELFTH LOK SABHA)

MINISTRY OF FOOD AND CONSUMER AFFAIRS
(DEPARTMENT OF FOOD AND CIVIL SUPPLIES)

*[Action Taken by the Government on the Recommendation contained in
the Third Report of the Committee on Food, Civil Supplies and Public
Distribution on Demands for Grants (1998-99) of the Ministry of
Food and Consumer Affairs (Department of Food and Civil Supplies)]*

*Presented to Lok Sabha on 21 December, 1998
Laid in Rajya Sabha on 21 December, 1998*



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON
FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION
(1998-99)

Shri Raghuvansh Prasad Singh — *Chairman*

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2. Shri Kariya Munda
3. Shri Prabhas Chandra Tiwari
4. Shri Ramchandra Veerappa
5. Shri Gangaram Koli
6. Shri Shyam Bihari Mishra
7. Shri Aditya Nath
8. Shri Bhanu Pratap Singh Verma
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20. Shri Daroga Prasad Saroj
21. Shri R. Muthiah
22. Shri Akbar Ahmad Dumpy
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25. Shri Bhim Prasad Dahal
26. Shri Satnam Singh Kainth
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28. Shri Syed Hussain

Rajya Sabha

29. Smt. Urmilaben Chimanbhai Patel
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31. Shri Manohar Kant Dhyani
32. Shri Lajpat Rai
33. Shri Khagen Das
34. Shri Yerra Narayanaswamy
35. Shri Kushok Thiksey
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37. Shri D.P. Yadav
38. Shri Sukhdev Singh Libra

SECRETARIAT

1. Shri G.C. Malhotra — *Additional Secretary*
2. Shri John Joseph — *Joint Secretary*
3. Shri Krishan Lal — *Deputy Secretary*
4. Shri P.D. Malvalia — *Under Secretary*
5. Smt. Manju Chaudhry — *Committee Officer*

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Civil Supplies and Public Distribution (1998-99) having been authorised by the Committee to submit the Report on their behalf, present this Sixth Report on Action Taken by the Government on the recommendations/ observations contained in the Third Report of the Committee (Twelfth Lok Sabha) on "Demands for Grants" (1998-99) of the Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies).

2. The Third Report was presented to Lok Sabha on 10th July, 1998. The Government furnished their replies indicating action taken on the recommendations contained in the Report on 10th November, 1998. The Draft Action Taken Report was considered and adopted by the Standing Committee on Food, Civil Supplies and Public Distribution (1998-99) at their sitting held on 17th December, 1998.

3. An analysis of the action taken by the Government on recommendations contained in the Third Report of the Standing Committee (Twelfth Lok Sabha) on "Demands for Grants" (1998-99) is given in Appendix II.

NEW DELHI;
18 December, 1998
27 Agrahayana, 1920 (Saka)

RAGHUVANSH PRASAD SINGH,
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 the Government on the recommendations contained in the Third Report (Twelfth Lok Sabha) on Demand for Grants (1998-99).

1.2 The Report was presented to Lok Sabha/laid on the Table of Rajya Sabha on July 10, 1998. It contained 26 observations/recommendations.

1.3 Action Taken Notes in respect of all the 26 observations/recommendations contained in the Report have been received and categorised as follows:—

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

Para Nos. 2.16, 2.31, 2.39, 2.43, 2.74 and 4.20

(Chapter II, Total = 6)

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

Para Nos. 2.40, 2.41, 2.49, 2.50, 2.59, 2.60, 3.05, 3.06 and 4.33

(Chapter III, Total = 9)

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

Para Nos. 2.21, 2.32, 2.34 and 3.8

(Chapter IV, Total = 4)

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

Para Nos. 2.22, 2.33, 2.35, 2.42, 2.69, 2.76 and 3.7

(Chapter V, Total = 7)

1.4 The Committee desire that the final reply in respect of the recommendation for which only interim reply has been given by the Govt., should be furnished to the Committee expeditiously.

1.5 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 reason, the matter should be reported to the Committee in time with reasons for non-implementation.

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

1.7 Expressing their concern over the storage shortages of wheat, rice and paddy in FCI godowns, the Committee have observed:—

That storage shortages of wheat, rice and paddy in FCI godowns in 1995-96 were 2.68 lakh MTs amounting to a loss of Rs. 172.87 crores. In all probability there will be further increase in storage shortages during 1997-98 and 1998-99. The Committee note that serious efforts are needed to reduce losses occurred on account of storage shortages. Similarly, due to mismanagement in storage of sugar, a lot of sugar is perishing. The Committee, therefore, recommend that concerted efforts should be made by FCI to reduce storage losses. FCI should strengthen its vigilance machinery too. The Committee also recommend that the responsibility for the losses should be fixed and suitable action against the concerned authorities be taken.

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

FCI is taking necessary steps to control the operational losses and has been emphasising transparency in operations and accountability on the officials. As a result, storage losses are being confined within reasonable limits and during 1996-97 these have come down from 0.53% to 0.45%.

1.9 The Committee are not satisfied with the casual reply of the Government in regard to the storage shortages. The Committee are constrained to note that no effective steps have been taken/proposed to be taken by the Government to curb the storage losses of foodgrains and sugar etc. The Government are required to target its machinery optimally and efficiently. Government have also not taken

any step to strengthen the vigilance machinery as recommended by the Committee. The Committee reiterate that Government should take every effort to decrease the storage shortages to the barest minimum and Research and Development Training activities in this regard should be intensified.

1.10 Realising the dependency of FCI on hired and CAP godown. The Committee had recommended:—

“That the dependence of FCI for hired godowns has come down from 103.83 lakh tonnes as on 13.3.1995 to 64.46 lakh tonnes as on 28.2.1998. However, even now the dependence is of the order of 34.15% of the requirement. The godowns were mostly hired from CWC, SWCs and State Governments too. The share of private godowns build under Agricultural Refinance Development Corporation (ARDC) and other agencies is still to the tune of 26.33 lakh tonnes. Similarly, the Government has owned storage capacity to the extent of 12.41 million tonnes (covered) and 1.60 million tonnes (CAP). The hired capacity is to the tune of 8.26 million tonnes (covered) and 4.41 million tonnes CAP, mostly hired from private parties. The Committee note that the storage capacity utilization was 80% in 1994-95 and that it came down to 61% in 1995-96. Similarly, CAP storage capacity utilization also came down from 61% to 47% from 1994-95 to 1995-96. Because of lower capacity utilisation and because foodgrains are prone to be badly affected in adverse weather condition, a lot of grains is damaged every year. In this regard the Committee recommend that steps should be taken to enhance scientific storage capacity like silos/flat bulk warehouses which together have at a present capacity 4.85 lakh tonnes only. Simultaneously, the Committee recommend that CAP storage should be discouraged and all efforts be made to avoid hired storage capacity in a phased manner.”

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

“FCI is considering to increase the scientific storage capacity like silos/bulk warehouses. FCI is also considering for temporary storage and transportation of bulk foodgrains through container services for expeditious transportation and to minimise the handling/storage losses. CAP storage by FCI is undertaken in exigent situation. FCI's owned CAP capacity (convertible plinths) is being converted into covered godowns in a phased manner.”

1.12 The Committee are concerned to note that Government have not gone through the full recommendation of the Committee. No effort has been taken to fully utilise the owned storage capacity and thus discouraging the hired storage capacity in a phased manner. Because of lower capacity utilisation a lot of foodgrains is damaged and this results in a heavy burden on the exchequer. The Committee reiterate their earlier recommendation and strongly feel that all efforts should be made for full utilisation of owned covered capacity and construction of more godowns at block level.

1.13 The Committee were concerned about the in-adequacy of cold storages which made the essential commodities like onions and potatoes in the country beyond the reach of common man and recommended that:—

“Today, the farmers in different parts of the country are not enthused to produce potato, onion and other perishable items. This is mostly due to lack of storage facility available nearby the areas of production. Recently, tonnes of onion became unuseable due to excess rain and pest infestation in the country, particularly in Maharashtra. The Committee, therefore, recommend that the Central Warehousing Corporation (CWC) should construct cold storages in areas having the potential to grow potatoes, onions and other perishable items so that these commodities can be preserved for a long time. This can help in keeping to prices of these commodities within a range that is remunerative to the producer and affordable to the consumer.”

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

“CWC is having cold storages at Agartala (Tripura), Nimak Mahal (Calcutta), Nampalli (Hyderabad) and Turbhe (Navi Mumbai) CWC has plan to construct temperature controlled warehouses instead of cold storages; as these are more viable, at some more places where there is sufficient potential. These temperature controlled warehouses will be useful for storing potato, onion, other perishable vegetables and many other commodities. The CWC is conducting survey in such places in the country which have potential for temperature controlled warehouses.”

1.15 Though the Central Warehousing Corporation (CWC) is having cold storages at Tripura, Calcutta, Hyderabad and Mumbai and it is conducting surveys in such places in the country which

have potential for temperature controlled warehouses, still a lot remains to be done by CWC on this front. The average production of potatoes is 220 lakh tonnes and the cold storage facility is available only for approximately 93 lakh tonnes. The farmers are reluctant to produce essential commodities like potatoes, onions, etc. as there is acute shortage of cold storage facility. This makes a cycle of glut and scarcity in the market which takes the toll of farmers and consumers accordingly. At present there is no coordination among the different agencies like CWC, NCDC, Department of Rural Areas and Development and NAFED and the concerned State Governments involved in construction of cold storage in the country. The Government should evolve a coordinating agency alongwith CWC as nodal agency for various agencies involved in the construction of cold storages, Temperature Controlled Storages, pre-cooling facilities, etc. The Committee recommend that Government should identify the areas where utmost attention needs to be given for the provision of cold storage facility so as to ensure round the year supply of perishable items and essential commodities to the people. The Committee also recommend that more emphasis should be given to scientific structure modifications to suit special requirements of commodities to cope with the production and demand in the country. CWC should use recent technology of installing cooling coil-system and air cooling units in cold storages which improves the viability of cold storages.

1.16 Pointing out the non-clearance of about 745034 MTs of Rice, Paddy and Wheat which have been lying for more than five years and has a bearing on storage and Government exchequer, the Committee had recommended:—

“About 745034 MTs of Rice, Paddy and Wheat are lying in storage godowns of FCI for more than three years. In this regard the Committee strongly recommend that this stock be cleared with priority within six months. For future, the Committee recommend that-first-in first-out principle must strictly be adhered to so that old stock will never be allowed to accumulate.”

Reply of the Government

1.17 The Ministry in their action taken reply have stated:—

“The direction given by the Standing Committee is noted for the future guidance and necessary action.”

1.18 The Committee are constrained to note that there is no mention about action taken regarding clearance of stocks of foodgrains and paddy lying for more than three years. About 745034 MTs of Rice, Paddy and Wheat are lying in the storage godowns of FCI. Continuing the same in the storage godowns further, will make these foodgrains not fit for human consumption. Paddy becomes of no use just after one year. This will also have a bearing on Government exchequer. Besides, this also creates reduction in storage capacity as is being envisaged in the current paddy procurement season in Punjab. The Committee, therefore, reiterate their earlier recommendation and desire that all steps be taken to clear the old stocks without further delay.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 2.16)

Wheat and Paddy is procured by the FCI in collaboration with State Governments and their procuring agencies under price support scheme to maintain food security and remunerative price to the farmers. The Minimum Support Price of Wheat is announced in the news bulletin of TV and Radio and are also published in the national and local news papers. However the farmers in remote areas still remain unaware of it. This causes the distress sale of their foodgrains. Traders purchase the grains at a rate lower than MSP and sell it on higher prices by creating artificial scarcity which frustrates the objective of food security. It has also been observed that sufficient procurement centres are not opened in some of the States and a sizeable number of procurement centres are inoperative and remain only on papers. The Committee take a serious note of this situation as this compels distress sale by farmers. Since the procurement, in the States of Punjab, Haryana and Eastern U.P. has reached its peak, it is imperative to shift the emphasis now to new emerging areas of Eastern U.P., Bihar and Orissa. The Committee therefore strongly recommend that decentralised procurement of foodgrains should be undertaken by the Government. Mass publicity of Minimum Support Price should also be arranged to involve the farmers living in remote areas. Procurement activity in non-traditional areas *i.e.* Orissa, Bihar, West Bengal and Eastern U.P. may be initiated as procurement has reached its peak in Punjab, Haryana and Western U.P.

Reply of the Government

FCI and State Governments establish a large number of temporary purchase centres at various mandals and key points. The number of centres and their locations are decided by the State Government. The FCI/State Agencies endeavour to open centres within a radius of 10 kms. from the farmers' village. BICP conducted a study of FCI in 1991 and recommended that procurement centres should not be opened at places where procurement in a season is less than 1000 MTs.

However, this could not be strictly followed in view of the policy regarding price support operations and its social objectives. However, with its limited resources and manpower, it is not feasible for the FCI to open its own purchase centres at all places. The State Governments have been informed that they should open centre wherever there are reports of distress sale, and FCI would subsequently take over the stocks procured by the State Agencies in these centres. Wide publicity through electronic and print media and posters regarding MSPs of foodgrains are given. Control Rooms are set up in this Ministry, FCI Hqs and the State Capitals to monitor the procurement operations and for remedial action with outermost expediency.

The Government have already considered the proposal of decentralised procurement of foodgrains in non-traditional areas and marginally surplus States. State Govt. of West Bengal undertook procurement of paddy/rice under decentralised procurement scheme in the Kharif Marketing Season 1997-98. It is proposed to examine the feasibility of starting the system of decentralised procurement in the States of Madhya Pradesh, U.P., Rajasthan, and Bihar from the Rabi Marketing Season 1999-2000 and Kharif Marketing Season 1998-99.

[Ministry of Food & Consumer Affairs, Deptt. of Food & Civil Supplies O.M. No. 156(7)/198-PYI]

Recommendation (Para No. 2.31)

The Committee are astonished to see that when there is an acute shortage of storage throughout the country, the allocation under this head has not been enhanced in BE for the year 1998-99. The Committee recommend that the provision to construct more godowns should be made and proposals received from remote/Hill/Non-traditional foodgrowing States should be promptly attended to.

Reply of the Government

Godown construction programme by FCI is formulated on the Five Year Plan allocations and special emphasis is laid on increase in storage capacity in the remote/hilly/non-traditional food growing States by keeping a separate provision in the Annual Plans. Care is also taken to ensure that at least 10% of the annual Budget is spent for construction programmes in the North-East.

[Ministry of Food & Consumer Affairs, Deptt. of Food & Civil Supplies O.M. No. 1-1/98-SG (Vol. II)]

Recommendation (Para No. 2.39)

The Government of India is committed to make foodgrains available to the States to meet the requirement of foodgrains at the rate of 10 kg. per month per family at specially subsidized prices. This facility is meant to cover the entire population falling below the poverty line (BPL). However, in many States the required quantity is not reaching the targeted beneficiaries. Even in the States where distribution is done, the quality of foodgrains is not upto the mark and sometimes not even fit for human consumption. In this context, the Committee recommend that vigilance Committees comprising of representatives of Ration Card holders, social workers, journalists and representatives of public representatives from fair price shop level and upto the State level should be constituted by State Governments for monitoring the scheme of TPDS. The Committee also recommend that a Central Team of high level officials should periodically be sent to States to ensure that the benefit of the scheme really reaches the intended beneficiaries of the TPDS.

Reply of the Government

In order to ensure that foodgrains reach the intended beneficiaries guidelines for the implementation of TPDS emphasize the constitution of Vigilance Committees at fair price shop, Taluka, District and State level. As laid down in the guidelines fair price shop committee can include a few card holders attached to the shop (some of whom should be women), elected President of the Panchayat or Municipal Councillor, consumer activists and other social workers of repute. Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Gujarat, Haryana, H.P., J&K, Karnataka, Kerala, M.P., Maharashtra, Manipur, Meghalaya, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, UP, West Bengal, A&N Islands and Pondicherry have reported constitution of Vigilance Committees. Senior officials of this Ministry have been visiting States/UTs from time to time since the launching of Targeted Public Distribution System (TPDS) to assess its implementation.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 9(7)/98-PYI]

Recommendation (Para No. 2.43)

Although the guidelines for implementation of TPDS provide that the issue of the Ration card creates an entitlement for the cardholder

to obtain commodities at prescribed scales and prices at specified outlets throughout the month and in as many instalments as the card holder may be in a position to afford during the month, these guidelines are often violated. The Committee recommend that since the poor has no cash balances and prefers to buy smaller quantity of foodgrains at more frequent intervals, instructions should be issued for strict compliance of these guidelines.

Reply of the Government

Instructions have been issued to State Governments/UT Administrations for ensuring effective implementation of the provisions in the guidelines for the implementation of TPDS for issue of smaller quantity of foodgrains in as many instalments as the card holder can afford.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 9(7)/98-PYI]

Recommendation (Para No. 2.74)

17.5 and 10.18 lakh tonnes of wheat was imported during 1996-97 and 1997-98, respectively from Australia, Canada and Argentina. Earlier, there was much mismanagement in importing wheat. During 1997-98, there was an estimated fall of wheat production by 2.1 million tonnes. This led to a decision of importing wheat. The Committee, therefore, recommend that the import of wheat should be discouraged and the farmers should be given maximum incentives and facilities so that the country may gain self-sufficiency in production and thus save valuable foreign exchange. The area under wheat cultivation can also be increased. The Committee also recommend that the MSP should be declared well before the sowing season and the farmers should be apprised through wide publicity. The Committee are concerned about the presence of exotic weeds in imported wheat. The Committee also recommend that strict monitoring should be adopted to check the quality of imported wheat to avoid any health hazards.

Reply of the Government

Government constantly reviews the stock position of foodgrains in the Central Pool *vis-a-vis* the prescribed minimum buffer norms, production of foodgrains in the country, trend of procurement, requirement for the Public Distribution System/Other Welfare Schemes,

Open market prices etc. and decision to import foodgrains is taken depending on the overall situation.

Weedseeds remain an integral part during the harvest of any crop produced. Therefore, it is not unusual to detect some weedseeds in bulk import of foodgrains from any origin. In order to ensure that even by remote chance weedseeds do not escape and get established in our soil, instructions have been issued to the FCI and the State Governments that the imported wheat should be distributed only in the non-wheat growing areas and that such wheat should not be moved to any wheat growing areas in the country. Restricting movement of imported wheat to only non-wheat growing areas is in the nature of abundant precaution to avoid any possibility of weedseeds reaching out to wheat growing areas and also because of economic/logistic considerations of markets being closer to the ports.

However the State Trading Corporation of India has taken up the matter regarding minimising the presence of exotic weeds. In wheat being imported from Australia with the Australian wheat Board.

In order to assure strict quality monitoring of imported wheat to avoid any health hazards, joint inspection of the wheat being imported from Australia, on its arrival at Indian ports is being carried out by Quality Control Officers of Department of Food & Civil Supplies & Food Corporation of India in association with Plant Protection Officers of Ministry of Agriculture & Port Health Officers of the State Health Department. The wheat cargo is issued for onward distribution for TPDSs and other Welfare Schemes of the Government after obtaining necessary clearance by the Food Corporation of India from the concerned authorities.

The recommendations of the Committee regarding increase in the area under wheat cultivation and declaration of MSP before the sowing season have been referred to the Ministry of Agriculture for necessary action.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 10-7/98-Impex]

Recommendation (Para No. 4.20)

The Committee's note that under the Save Grain Campaign (SGC) Scheme, the funds were not fully utilised and an amount of Rs. 97 lakh was diverted to other projects. The Committee strongly recommend

that funds allotted for SGC Scheme should be fully utilised to enable farmers to minimise storage losses. The Committee also recommend that training, demonstration and publicity campaigns should be made for the benefit of farmers, especially in remote areas.

Reply of the Government

The funds allocated for Save Grain Campaign (SGC) Scheme for 1997-98 could not be utilised fully due to the reason that the activities of SGC remained suspended for a major part of the year 1997-98 due to instructions from the Ministry of Finance regarding weeding out of the scheme. However, on persuasion by this Department, subsequently, the Ministry of Finance has allowed the activities of SGC to continue at the existing level till a final decision is taken on the transfer of the scheme to the State Govts.

Since the SGC activities have now been allowed to continue at the existing level, the funds allocated for 1998-99 shall be fully utilised. The recommendations of the Committee regarding conduct of training, demonstration and publicity campaign for the benefit of the farmers, specially, in remote areas shall be implemented.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 3-5/98-SGC]

CHAPTER III

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

Recommendation (Para No. 2.40)

There were different estimates of the population Below Poverty Line (BPL). The Committee constituted by the Planning Commission under the Chairmanship of Prof. Lakdawala worked out the number and percentage of BPL population for 1993-94 as 14.98 crores and 16.82% respectively. As per the Expert Group methodology, this works out to be 32.03 crores and 35.97%. There have been instances where a sizeable number of population below poverty line could not be included in the list. The Committee strongly recommend that while preparing list for BPL population, all precautionary measures should be taken so that none of the eligible persons are deprived of the benefit of the scheme.

Reply of the Government

The estimation of families below poverty line adopted for allocation of foodgrains under TPDS are based on the methodology of the "Expert group on estimation of proportion and number of poor" constituted by the Planning Commission under the Chairmanship of Late Prof. Lakdawala (Expert Group). The poverty ratios of certain States have been revised upward by the Planning Commission exclusively for the purpose of allocation of foodgrains under the TPDS. The poverty ratio in respect of Andhra Pradesh has been increased from 22.19 to 25.68. The poverty ratios in respect of Assam (*i.e.* 40.86) has been taken to revise the poverty ratio of Arunachal Pradesh, Himachal Pradesh, J&K, Manipur, Meghalaya, Mizoram, Nagaland and Tripura and the allocation of foodgrains for BPL families is being made as per the revised poverty ratios.

Government of India make allotment of foodgrains to States/UTs on the basis of the State-wise poverty ratios and past lifting of foodgrains by them. Identification of families below the poverty line and the distribution of foodgrains within the State is, however, the responsibility of the concerned State Government. State Governments

have been asked to take all precautionary measures to ensure that none of the eligible persons are deprived of the benefit of the scheme.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 9(7)/98-PD-I]

Recommendation (Para No. 2.41)

The Committee also recommend that the quality of foodgrains under TPDS should be maintained. Sealed samples of the foodgrains supplied by the FCI to State Governments should be displayed at Fair Price Shops and strict method of monitoring be adopted till the foodgrains is supplied to the consumers.

Reply of the Government

Sound foodgrains stock, free from insect infestation and conforming to PFA standards, are issued by the PCI under TPDS and other Welfare schemes. The representatives of the State Governments are allowed pre-inspection of the stocks before taking delivery of the same. The representatives of the State Govts. are also supplied with a type sealed sample of the stocks issued to them for display at the Fair Price Shops.

The officers from Quality Control Cells of this Department also undertake surprise inspection of FCI Depots, Foodgrains Storage Depots of State Govts. and FPSs, to monitor the quality of foodgrains supplied under TPDS and other welfare schemes of the Govts.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 39-22/98-S&I]

Recommendation (Para No. 2.49)

Food subsidy which was Rs. 2850 crores in 1991-92, has increased to the tune of Rs. 900 crores in BE (1998-99). The Committee is not convinced with the reasons given by the Ministry for the substantial increase in the food subsidy. The Committee therefore, strongly recommend that all efforts should be made to minimise the storage and transit shortages which is the main reason for increase in food subsidy.

Reply of the Government

Food subsidy is payable to the FCI on the difference between the
(i) Economic Cost (comprising of pooled cost of foodgrains,

procurement incidentals *i.e.* statutory charges, Gunny cost, labour, transportation, storage, interest etc., and distribution cost *i.e.* freight, handling charges, storage, interest etc.) incurred by the FCI and average sales realisation and (ii) Carrying cost of Buffer Stock. Subsidy paid to the FCI in 1991-92 was Rs. 2850 crores which has inflated to a sum of Rs. 9000 crores in 1998-99 mainly due to the non-neutralisation of M.S.P. increase w.e.f 1.2.94. It has also been brought to the notice of the Committee that the issue prices have to be neutralised to the extent of Rs. 2.25 per kg. in case of wheat and rice if the method originally adopted by the Govt. is to be considered.

As regard to the concern of the Committee about the Transit & Storage shortages, it may be noted that FCI is making every effort to contain the shortages in and around 1% which is normal in day to day transaction. The following table shows the position in detail:

Year(s)	Quantity (in Lakh Tonnes)	Value (Rs./crores)	Percentage on purchase & sales
1991-92	5.90	220.26	1.49
1992-93	5.02	224.25	1.28
1993-94	4.17	214.20	0.95
1994-95	3.85	211.71	0.93
1995-96	5.59	334.81	1.20
1996-97	5.96	383.72	1.11
1997-98 (RE)	2.56	185.00	0.58
1998-99 (RE)	2.63	198.00	0.58

The Corporation has taken the following measures with a view to control and reduce the shortages:

- (a) Filling up of posts of District Managers on priority basis in areas where high losses have been reported;

- (b) Maintenance of depot records on day to day basis;
- (c) Immediate follow-up action on squad reports;
- (d) Special Squad checking at selected railhead transshipment and destination points;
- (e) Escorts on foodgrain rakes;
- (f) Impart training to staff on depot procedure and maintenance of records;
- (g) Identification of vulnerable points;
- (h) Posting of C.I.S.F.;
- (i) Speed up of write-off cases and fixation of responsibility wherever called for;
- (j) Decision not to place the godown under the charges of officials whose antecedents are doubtful;
- (k) Inspection of depots and records by S.R.M./D.M.;
- (l) Inspection of weigh-bridges by Joint Manager (Mechanical) and District Managers;
- (m) Double line machine stitching of bags;
- (n) Installation of weight-bridges;
- (o) Augmentation of covered storage capacity which are rodent and damp-proof;
- (p) Reduction in open wagon movement to the extent possible;
- (q) Ensuring strict quality control measures during procurement;
- (r) Improvement in size and quality of gunnies; and
- (s) Reducing CAP storage.

In addition to the above, the incurrence of shortages is being monitored in the monthly performance review meeting of the regions with the Zonal Managers and S.R.M., so as to chalk out further programmes to reduce the level of shortages.

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies) O.M. No. 197(6)/98FC-A/Cs]

Recommendation (Para No. 2.50)

The Hill Transport subsidy represents transport charges to cover the expenditure incurred by the State Governments for moving the stocks from the base depotes of FCI upto the approved principal distribution centres. These charges are regularised by the FCI on actual transportation basis as certified by the State Government. The Hill Transport subsidy is paid subject to the following conditions: (i) Full benefit of transport subsidy should be passed on to the consumers by the State Governments/Union Territory Administrations. (ii) Wherever State Governments are already giving the same subsidy they should consider passing on the same quantum of subsidy by opening distribution centres in more interior areas. The Committee recommend that the scheme of Reimbursement of Hill Transport Subsidy should be extended to all hilly areas.

Reply of the Government

Hill Transport Subsidy scheme is applicable to predominantly hilly States as the number of rail heads in these States is limited and the cost of moving grains by road to the interior is heavy. It was not considered appropriate to extend the scheme to hilly areas of all other States having large non-hilly areas where transportation cost is not enough to compensate for the extra cost incurred in hilly areas so that average cost would work out to be at reasonable level. The scheme covers all the predominantly hilly States namely, Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. As regards Andaman & Nicobar Islands, Lakshdweep Islands, transportation costs from the mainland to their headquarters is reimbursed by the FCI.

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies) O.M. No. 156(7)/98-PY-IP]

Recommendation (Para No. 2.59)

The Committee note that the off-take of the welfare schemes during the year 1992-93 onwards is less and this causes an unnecessary extra burden on food subsidy. In this regard, the Committee strongly recommend that while allocating foodgrains under welfare schemes maximum lifting should be ensured.

Reply of the Government

The lifting of foodgrains allotted under various welfare schemes depends on the pattern of implementation adopted/to be adopted by the respective nodal Ministries/Departments. The role of D/o Food and Civil Supplies is limited to making available the required quantity of rice and wheat for each of the welfare schemes. These schemes are drawn up and implemented by different Ministries/Departments. Till the end of the financial year 1996-97, foodgrains were supplied by FCI to States/UTs etc. for various welfare schemes at subsidised rates and the subsidy involved was absorbed in the food subsidy budget of the Deptt. of F & C S. However, from the 1997-98 financial year the foodgrains are now issued by FCI for the welfare schemes at economic cost, in accordance with the decision taken by the M/o Finance with the approval of the Finance Minister. This decision coupled with other factors has brought down the off take under the various welfare schemes. The only exception is the Mid-day Meals Scheme in which the States/UTs get the foodgrains free of cost. Under Mid-day Meal Schemes, FCI supplies foodgrains to the States/UTs Free of cost and the economic cost is reimbursed to FCI by the M/o HRD (D/o Education).

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies) O.M. No. 13(6)/98-BP-II]

Recommendation (Para No. 2.60)

The Committee also recommend that standardized quality of foodgrains should be allocated under these schemes, so that the purpose of nutrition support is not defeated.

Reply of the Government

The FCI supply foodgrains under various welfare schemes conforming to the prescribed quality specifications.

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies) O.M. No. 13(6)/98-BP-II]

Recommendation (Para No. 3.5)

There is a provision of rebate/concession of 30% of rent for farmers in utilising the storage capacity. However, there is not much awareness

about the scheme among farmers. The Committee, therefore, recommend that apart from granting 30% rebate to farmers a publicity scheme should be launched so that the farmers may become aware of the facilities available to them.

Reply of the Government

Awareness about the provision of rebate/concession of 30% of rent for farmers in utilising the storage capacity is being created through the schemes of Farmers Extension Service Scheme (FESS) and Disinfestation Extension Service Scheme (DESS). Since inception of FESS in 1978-79, more than 77,000 villages have been visited by technical staff posted in the warehouses to educate the farmers on post-harvest technology and more than 14.5 lakh farmers have been educated through this Scheme. Here, the farmers are also informed about the scheme of rebate of 30% which is being allowed on the storage charges for the deposits being made by the farmers in the warehouses.

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies, O.M. No. I-1/98-SG(Vol. II) dated 24.9.98)]

Recommendation (Para No. 3.6)

The Corporation anticipates an outlay of Rs. 48.00 crore for 1997-98 for its own programme and for matching equity contribution to be given to the State Warehousing Corporations. For 1998-99, the outlay proposed is Rs. 78.30 crores. The outlay during 1997-98 and 1998-99 would be met by the Corporation out of its own internal resources only. The Committee appreciate CWC for not availing any budgetary support and implementing its plans/projects from its internal resources.

Reply of the Government

The Committee's appreciation of CWC for not availing any budgetary support and implementing its plans/projects from its internal resources, has been communicated to CWC.

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies) O.M. No. I-1/98-SG(Vol. II) dated 24.9.1998]

Recommendation (Para No. 4.33)

Financial Assistance for purchase of mobile vans for use in Hilly/remote/tribal/rural areas is provided to States/UTs (50% subsidy and

50% loan). In 1995-96, 1996-97 and 1997-98, the number of vans/trucks sanctioned were 127, 104 and 157 accounting for to Rs. 655.70 crore, 660.00 crore and 949.99 crore respectively. Though the Government has increased the allocation and number of vans/trucks under this head, the achievement has not been satisfactory as there are places like Kalahandi in Orissa, where people are still dying due to starvation. In addition to this in some of the target areas there are no roads available. The Committee recommend that besides increasing allocation under this head, the Ministry should also give loans to State Governments to construct roads in the hilly/remote areas so that the purpose of giving loan for mobile vans is served well. The Committee also recommend that close monitoring of the implementation of the scheme should be done and while getting utilisation certificates, the number of the vehicles should also be incorporated in the certificate. There should also be provision for assistance to be given to cover replacement of obsolete vehicles.

Reply of the Government

The purpose of the scheme is to provide financial assistance for purchase of mobile vans for delivery of PDS commodities in such areas where static Fair Price Shops are not viable. Existence of road communication is implicit in the scheme. The details of requirement of road communication are not dealt with and the expertise needed to assess proposals for construction of roads are not available in this Ministry. Construction of roads would require a much larger quantum of funds than what is available under the scheme. The need for building roads is based on several considerations and the PDS requirement may be just one of them. In view of these considerations, this Department is of the view that the recommendation of the Committee to give loans for construction of roads may be taken up for consideration by the Ministry of Surface Transport. The recommendation has been referred to that Ministry, accordingly.

The guidelines for financial assistance for purchase of mobile vans have been modified to cover replacement of obsolete vehicles. Copy of the guidelines issued to the States/UTs of the subject may be seen at Annexure-I.

The implementation of the scheme of purchase of vans is monitored by the Department. As per the terms and conditions of the assistance the State Govt./UT Administrations concerned have to furnish

utilisation certificate within one year of the sanction of assistance. In the Utilisation Certificates the Registration No., Chasis No., make/model and total amount utilised in purchase of the vehicles is required to be indicated. Copy of the Utilisation certificate format is given in the Appendix to the guidelines.

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies) O.M. No. 9(7)/98-PD-I]

CHAPTER IV

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

Recommendation (Para No. 2.21)

The Committee has observed that storage shortages of wheat, rice and paddy in FCI godowns in 1995-96 were 2.68 lakh MTs amounting to a loss of Rs. 172.87 crores. In all probability there will be further increase in storage shortages during 1997-98 and 1998-99. The Committee note that serious efforts are needed to reduce losses occurred on account of storage shortages. Similarly, due to mismanagement in storage of sugar, a lot of sugar is perishing. The Committee, therefore, recommend that concerted efforts should be made by FCI to reduce storage losses. FCI should strengthen its vigilance machinery too. The Committee also recommend that the responsibility for the losses should be fixed and suitable action against the concerned authorities be taken.

Reply of the Government

FCI is taking necessary steps to control the operational losses and has been emphasising transparency in operations and accountability on the officials. As a result, storage losses are being confined within reasonable limits and during 1996-97 these have come down from 0.53% to 0.45%.

[Ministry of Food & Consumer Affairs, (Dep'tt. of Food & Civil
Supplies O.M. No. 1-1/98-SG(Vol. II)]

Comments of the Committee

(Please *see* para 1.9 of Chapter I)

Recommendation (Para No. 2.32)

About 745034 MTs of Rice, Paddy and Wheat are lying in storage godowns of FCI for more than three years. In this regard, the Committee strongly recommend that this stock be cleared with priority

within six months. For future the Committee recommend that first-in firsts-out principle must strictly be adhered to so that old stock will never be allowed to accumulate.

Reply of the Government

The direction given by the Standing Committee is noted for the future guidance and necessary action.

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies) O.M. No. 24-2/98--FC-II]

Comments of the Committee

(Please see para 1.18 of Chapter I)

Recommendation (Para No. 2.34)

The dependence of FCI for hired godowns has come down from 103.83 lakh tonnes as on 13.3.1995 to 64.46 lakh tonnes as on 28.2.1998. However, even now the dependence is of the order of 34.15% of the requirement. The godowns were mostly hired from CWC, SWCs and State Governments too. The share of private godowns build under Agricultural Refinance Development Corporation (ARDC) and other agencies is still to the tune of 26.33 lakh tonnes. Similarly, the Government has owned storage capacity to the extent of 12.41 million tonnes (covered) and 1.60 million tonnes (CAP). The hired capacity is to the tune of 8.26 million tonnes (covered) and 4.41 million tonnes CAP, mostly hired from private parties. The Committee note that the storage capacity utilization was 80% in 1994-95 and that it came down to 61% in 1995-96. Similarly, CAP storage capacity utilization also came down from 61% to 47% from 1994-95 to 1995-96. Because of lower capacity utilisation and because foodgrains are prone to be badly affected in adverse weather condition, a lot of grains is damaged every year. In this regard the Committee recommend that steps should be taken to enhance scientific storage capacity like silos/flat bulk warehouses which together have at a present capacity 4.85 lakh tonnes only. Simultaneously, the Committee recommend that CAP storage should be discouraged and all efforts be made to avoid hired storage capacity in a phased manner.

Reply of the Government

FCI is considering to increase the scientific storage capacity like silos/bulk warehouses. FCI is also considering for temporary storage

and transportation of bulk foodgrains through container services for expeditious transportation and to minimise. The handling/storage losses. CAP storage by FCI is undertaken in exigent situation. FCI's owned CAP capacity (convertible plinths) is being converted into covered godowns in a phased manner.

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies, O.M. No. 1-1/98--SG (Vol.-II)]

Comments of the Committee

(Please *see* para 1.12 of Chapter I)

Recommendation (Para No. 3.8)

Today, the farmers in different parts of the country are not enthused to produce potato, onion and other perishable items. This is mostly due to lack of storage facility available nearby the areas of production. Recently, tonnes of onion became unusable due to excess rain and pest infestation in the country, particularly in Maharashtra. The Committee, therefore, recommend that the Central Warehousing Corporation (CWC) should construct cold storages in areas having the potential to grow potatoes, onions and other perishable items so that these commodities can be preserved for a long time. This can help in keeping to prices of these commodities within a range that is remunerative to the producer and affordable to the consumer.

Reply of the Government

CWC is having cold storages at Agartala (Tripura), Nimak Mahal (Calcutta), Nampalli (Hyderabad) and Turbhe (Navi Mumbai). CWC has plan to construct temperature controlled warehouses instead of cold storages; as these are more viable, at some more places where there is sufficient potential. These temperature controlled warehouses will be useful for storing potato, onion, other perishable vegetables and many other commodities. The CWC is conducting survey in such places in the country which have potential for temperature controlled warehouses.

[Ministry of Food & Consumer Affairs, (Deptt. of Food & Civil Supplies) O.M. No. 1-1/98--SG (Vol.-II) dt. 24.9.1998]

Comments of the Committee

(Please *see* para 1.15 of Chapter I)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Para No. 2.22)

Today FCI is a highly centralised agency having just 5 zones *i.e.* North Zone, West Zone, North-east Zone and East Zone. The Committee in its 5th Report (Eleventh Lok Sabha) had recommended the constitution of State Food Corporations to impart competition, efficiency and decentralisation but this has not materialized because of the resources crunch. The Committee note that in addition to the administrative delay in decision making due to having only five Zones the business of FCI is not transacted smoothly. Tonnes of Sugar and food grains are perishing and they become unfit for human consumption. Similarly it has come to the notice of the Committee that foodgrains worth about Rs. 700 crore were damaged due to non-sprinkling/mixing the requisite medicine/pesticide in the storage godowns. Though some administrative measures have been taken by FCI. Still the desired result has not been achieved. The Committee, therefore, recommend that decentralized restructuring of FCI should be done with a view to imparting greater efficiency. The Committee also desire that the number of zones be increased. The higher level posts which are lying vacant for long periods should be filled up without delay so that the work of the organisation does not suffer.

Reply of the Government

A proposal regarding restructuring of the Food Corporation of India is under preparation by FCI, which will be considered by the Government.

Government has already approved filling up of 156 category-I posts of the Food Corporation of India by direct recruitment.

[Ministry of Food & Consumer Affairs, (Deptt. of Food &
Civil Supplies) O.M. No. 24-2/98-FC-II]

Recommendation (Para No. 2.33)

The Committee are concerned about stock of foodgrains lying in godowns for more than two/three years. Though the principle of first-in-first-out has been established for the disposal of foodgrains: this principle is not being adhered to and the amount of old stock of foodgrains is increasing day-by-day. Even while disposing off the old stock by tender/auction the minimum buying unit of foodgrains is fixed very high and many parties do not turn up to avail of this facility. Many small traders and consumers remain deprived of the opportunity. The Committee, therefore, recommend that while fixing the quantities for tender, the buying capacity of traders and consumers must not be overlooked. This will make it easier to dispose off the old stock promptly.

Reply of the Government

The direction given by the Standing Committee is noted for future guidance and necessary action.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 24-2/98-FC-II]

Recommendation (Para No. 2.35)

Today, there is no coordination at the national level among FCI, CWC, SWCs and State Civil Supplies Corporations in creating storage capacity in different States. Some places have excess storage capacity. Some are deficit in storage capacity. At some places, there is duplication of godowns held by these organisations. Once these four agencies work in tandem with one-another, these organisation will be able to create enough storage capacity in accordance with their suitability in a very economic manner and this will meet their national storage capacity requirements with a view to improving food security. The Committee, therefore, recommend the Central Government should create a coordinating agency consisting of representatives of FCI, CWC, SWCs and State Civil Supplies Corporations to identify the areas where storage capacity is to be created and to distribute the work amongst themselves. Such a step will lead to scientific planning in creation of storage capacity, reduce capacity-variation and ensure full utilisation of storage capacity. While identifying such areas within a State, consultation with the respective State Governments should also be done.

Reply of the Government

There is a Central Storage Committee which coordinates at Central-level with FCI and CWC for construction of storage capacities in the country. At State-level, the coordination for construction of storage capacity, among various agencies is done by the State-level Coordination Committee. CWC also coordinates with SWCs for creation of additional storage capacity.

The Steering Committee on 'Introduction of Modern Technology in Handling, Storage & Transportation of Foodgrains' has also recommended that CWC may be designated as a nodal agency for assessing storage requirements and generating additional capacity for storage in the entire country. This is being examined by the Government.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 1-1/98-SG(Vol. II)]

Recommendation (Para No. 2.42)

The nutritional norms of cereals required per capita per annum is 168 kg. Therefore, the Committee recommend that the monthly allocation under TPDS should be increased from the present level of 10 kg. per BPL family to a minimum of 15 kg. if 20 kg. per family allocation is not possible at this juncture.

Reply of the Government

In the present form of PDS/TPDS in which non-BPL population is also extended the benefit of subsidised foodgrains, if the quantum of foodgrains for families below poverty line (BPL) is increased from 10 kg. to 15 kg. per family per month the additional requirement of foodgrains will be about 36 lakh metric tonnes. The additional subsidy required is estimated to be about Rs. 2,150 crores per annum. The year to year stock position of foodgrains in the Central Pool as well as the budgetary constraints at present do not permit-increase of entitlement for BPL population from 10 kg. to 15 kg. per family per month till such time there is a consensus among States/UTs regarding the continuance in its present form or otherwise of the scheme to non-BPL families also. However, the recommendation of the Standing Committee has been taken note of in the context of any decision that the Govt. of India may take in this regard.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 9(7)/98-PD-I]

Recommendation (Para No. 2.69)

The Committee recommended that while undertaking open market sale of wheat, FCI should sell the wheat and rice through NCCF, Co-operative Stores and Super Bazar to avoid any irregularity. It has come to notice that the monitoring mechanism of FCI is not tight enough. Therefore, the Committee recommend that strict method of monitoring should be adopted and accountability in respect of conducting business by Management/office be fixed to avoid any irregularities. There are six cases pending investigation by CBI in regard to irregularities in the open market sale of wheat by FCI in Haryana. The Committee desire that when the Report of CBI is received, accountability should be fixed to recover the losses. The Committee also recommend that the open market sale of foodgrains to traders should not be resorted to.

Reply of the Government

Presently open market sale scheme of wheat and rice is not in vogue. As soon as sale of wheat and rice in open market is undertaken by the Government through Food Corporation of India, the recommendations made by the Standing Committee to sell wheat and rice through NCCF, Co-operative Stores and Super Bazar etc. will be taken into account to avoid any irregularity in the sales.

Recommendation (Para No. 2.76)

FCI itself is running under much liability, Food Subsidy bill is mounting and there is all the possibility that this may go up still higher. The purpose of undertaking business by FCI is to supplement foodgrains through PDS/TPDS and other welfare schemes and on the other hand maintaining food security in the country. The present rate of interest for the amount guaranteed by Central Government for foodgrains transactions is at the level of 13% to 17%. This further increase the financial burden of FCI and the institution is going towards higher subsidy. In this regard, the Committee recommended that Banks and other Financial Institutions should consider soft loan terms for this purpose and the rate of interest charged by the Banks/Financial Institutions should be very reasonable.

Reply of the Government

Food Corporation of India was set up in 1965 under the Food Corporations Act. 1964. Its primary functions are purchase, storage movement, transport, distribution and sale of foodgrains on behalf of the Central Govt. in conformity with the Govt. policies.

To enable the Corporation to discharge its functions, the Government extends financial assistance in the form of loans, subsidy, equity and guarantee on Food Corporation of India's Bank borrowings.

At present, there is an outstanding loan of Rs. 900 crore out of the Rs. 1200 crore. loans given on soft terms by the Government in 1986-87.

The Corporation also avails of cash credit facilities extended by a Consortium of Banks for its day to day operations. The Government gives guarantee of 25% of the value of stocks to meet the margin money requirement to enable Food Corporation of India to draw 100% value of stocks from the bank.

Recommendation (Para No. 3.7)

The Committee recommend that CWC should coordinate with FCI and its State counterparts like State Warehousing Corporations and Civil Supplies Corporations to meet the infrastructure in areas lacking basic storage infrastructure. The CWC should also provide technical and consultancy assistance to the States in this regard.

Reply of the Government

There is Central Storage Committee which coordinates at Central-level with FCI and CWC for construction of storage capacities in the country. At State-level, the coordination for construction of storage capacity, among various agencies is done by the State-level Coordination Committee. CWC is also coordinating with State Warehousing Corporations (SWCs) to meet the infrastructure in areas lacking basic storage infrastructure and is also providing technical and consultancy assistance.

The Steering Committee on 'Introduction of Modern Technology in Handling, Storage & Transportation of Foodgrains' has also recommended that CWC may be designated as a nodal agency for assessing storage requirements and generating additional capacity for storage in the entire country. This being examined by the Government.

[Ministry of Food & Consumer Affairs (Deptt. of Food & Civil Supplies) O.M. No. 1-1/98-SG(Vol. II) dt. 24.9.1998]

NEW DELHI;
18 December, 1998
 27 Agrahayana 1920 (Saka)

RAGHUVANSH PRASAD SINGH,
Chairman,
Standing Committee on Food, Civil
Supplies and Public Distribution.

APPENDIX I

MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION HELD ON THURSDAY THE 17TH DECEMBER, 1998

The Committee sat from 15.15 to 16.15 hours.

Shri Raghuvansh Prasad Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Kariya Munda
3. Shri Prabhas Chandra Tiwari
4. Shri Ramchandra Veerappa
5. Shri Gangaram Koli
6. Shri Shyam Bihari Mishra
7. Shri Ramesh Chandra Dwivedi
8. Shri Sadashivrao Dadoba Mandlik
9. Shri Ram Raghunath Chaudhary
10. Shri Madhab Rajbangshi
11. Shri C.P. Mudala Giryappa
12. Shri R. Muthaiah
13. Shri Akbar Ahmad Dumpy
14. Shri Prakash Yashwant Ambedkar

Rajya Sabha

15. Smt. Urmilaben Chimanbhai Patel
16. Shri Monohar Kant Dhyani
17. Shri Lajpat Rai
18. Shri Khagen Das
19. Shri Yerra Narayanaswamy
20. Shri Kushok Thiksey
21. Shri Sukhdev Singh Libra

SECRETARIAT

1. Shri John Joseph — *Joint Secretary*
2. Shri Krishan Lal — *Deputy Secretary*
3. Shri P.D. Malvalia — *Under Secretary*

I. Consideration and adoption of Draft Fifth Report

2. ** ** **

II. Consideration and adoption of Draft Sixth Report

3. The Committee considered the Draft Sixth Report on Action Taken by the Government on the recommendations contained in their Third Report on Demands for Grants (1998-99) relating to Ministry of Food and Consumer Affairs (Department of Food and Civil Supplies) and adopted the report without any amendment.

III. Consideration and adoption of Draft Seventh Report

4 ** ** **

5. The Committee then authorised the Chairman to make grammatical and 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.

6. ** ** **

The Committee then adjourned

**Not related to this report.

APPENDIX II

(Vide Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SIXTH REPORT OF STANDING COMMITTEE ON FOOD, CIVIL SUPPLIES AND PUBLIC DISTRIBUTION (TWELFTH LOK SABHA)

(i) Total Number of Recommendations	26
(ii) Recommendations/Observations which have been accepted by the Government. Para Nos. 2.16, 2.31, 2.39, 2.43, 2.74 and 4.20	
Total	6
Percentage	23.07
(iii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's reply. Para Nos. 2.40, 2.41, 2.49, 2.50, 2.59, 2.60, 3.05, 3.06 and 4.33	
Total	9
Percentage	24.61
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee. Para Nos. 2.21, 2.32, 2.34 and 3.8	
Total	4
Percentage	15.38
(v) Recommendations/Observations in respect of which final reply of the Government is still awaited. Para Nos. 2.22, 2.33, 2.35, 2.42, 2.69, 2.76 and 3.7	
Total	7
Percentage	26.92

GUIDELINES FOR AVAILING ASSISTANCE FOR PURCHASE
OF VANS/TRUCKS UNDER CENTRALLY SPONSORED
SCHEME IN BACKWARD AREAS

1. The scheme is to provide financial assistance for purchase/replacement of vans/trucks to be used for PDS operations in remote, hilly, rural, tribal areas in all States/UTs.

2. The vehicle sanctioned under the scheme shall be used and operated as mobile fair price shop in the areas mentioned above. In these Backward areas, vans/trucks can also be used as carrier of foodgrains to Fair Price shops for door delivery.

3. The assistance will be based on the actual cost of the vehicle including the cost of fabrication.

(a) For mobile vans of capacity 4 tonnes or below, the financial assistance for each vehicle will be restricted to Rs. 4 lakhs or actual cost, whichever is less; and

(b) For mobile trucks of capacity 8 tonnes or above/below the financial assistance for each vehicle will be restricted to Rs. 8 lakhs or actual cost, whichever is less.

(c) Assistance for replacement of obsolete vans/trucks sanctioned earlier will also be provided subject to the condition that the vehicles sought to be replaced are condemned as per the laid down procedure of the concerned State Govt./UT Admn. A Certificate to this effect should accompany the proposals for replacement of vans/trucks.

4. Financial assistance to the States will be in the forms of both loan and subsidy—50% of the assistance will be in the form of subsidy and the rest *i.e.*, 50% will be in the form of loan. In the case of UTs. (without legislature) the assistance will be in the form of subsidy only.

5. The loan shall be repayable in 5 annual instalments starting from the first anniversary of the sanction of the loan alongwith interest thereon at the rates specified in the sanction letter.

6. While submitting the proposal the following information should be invariably given:

- (i) The name of block(s) proposed to be served by the vans/trucks for which assistance has been sought.
- (ii) Whether the areas proposed to be covered qualify for coverage of remote/tribal/hilly areas etc.
- (iii) Number of mobile van shops/trucks already in existence or provided under the scheme in earlier years.
- (iv) The schedule of visits of vans/areas to be visited by vans/trucks.
- (v) Projection of supplies/sales from each van/truck during the year and its economy.
- (vi) Blockwise details of deployment of vans/trucks for which central assistance has been sanctioned to the States in the earlier years.

7. The funds are to be utilised as early as possible and utilisation certificate should be furnished immediately on purchase of the vans and latest within one year of the date of the sanction. The proforma for submitting the utilisation certificate is given at Appendix.

PROFORMA**UTILISATION CERTIFICATE FOR FINANCIAL ASSISTANCE
SANCTIONED FOR PURCHASE OF VANS**

Certified that Rs. (in figures) (Rs. in words) sanctioned *vide* letter No. dated for the purchase of (Number) vans to be deployed in the areas covered under the Revamped Public Distribution System in the State/UT of has been fully utilised for funds to the tune of Rs. has been utilised for the purpose for which the same was sanctioned, and the balance unutilised amount of Rs. has been surrendered to Government *vide* No.

Brief details of van purchased out of the funds provided, is as per details hereunder:

S.No.	Regn. No.	Chasis No.	Make/Model	Total Amount utilised.
1.				
2.				
3.				
4.				
5.				

Certified that I have satisfied myself that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled/are being fulfilled. Vehicles are being used for the PDS network only.

Date:

Place:

(Secretary)
• Food & Civil Supplies Deptt.
Government of India