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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2014-15)**

SIXTEENTH LOK SABHA

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

**DEMANDS FOR GRANTS
(2014-15)**

FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2014/ Pausa, 1936 (Saka)

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AFFAIRS AND PUBLIC DISTRIBUTION
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(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)

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(2014-15)

Presented to Lok Sabha on 22.12.2014
Laid in Rajya Sabha on 22.12.2014



LOK SABHA SECRETARIAT
NEW DELHI

December, 2014/ Pausa, 1936 (Saka)

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COMPOSITION Standing Committee on Food, Consumer Affairs and Public Distribution (2014-15).

Shri J.C. Divakar Reddy, Chairperson

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3. Shri Babu Lal Choudhary
4. Shri Sanjay Jadhav (Bandu) Haribhau
5. Shri Dinesh Kashyap
6. Shri Dharmendra Kumar
7. Shri Ravinder Kushawaha
- 8. Smt. Sakuntala Laguri**
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28. Dr. K. Keshava Rao
29. Shri Dhiraj Prasad Sahu
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31. Vacant*

Lok Sabha Secretariat

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| 1. Shri P.K. Misra | - | Additional Secretary |
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* Serve Shri Amar Singh and Veer Singh, MP (RS) ceased to exist as members of the Committee on Food, Consumer Affairs and Public Distribution (2014-15) consequent upon their retirement from the membership of Rajya Sabha w.e.f. 25.11.2014

INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2014-15) having been authorized by the Committee, present on their behalf the First Report on Demands for Grants (2014-15) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Committee examined the Detailed Demands for Grants (2014-15) of the Ministry, which were laid on the Table of the House on 5 August, 2014 and in the process heard the representatives of Department of Food and Public Distribution at their sitting held on 10 October, 2014 and also took their evidence on 5 November, 2014.

3. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) for appearing before the Committee and for furnishing the material as desired by the Committee in connection with the examination of the subject.

4. The Committee would also like to place on record their deep sense of appreciation of the invaluable assistance rendered by the officers/staff of Lok Sabha Secretariat attached to the Committee.

5. The Draft Report was considered and adopted by the Committee at their sitting held on 18 December, 2014.

6. For facility of reference and convenience the observations/recommendations of the Committee have been printed in thick type in Part- II of the Report.

NEW DELHI
19 December, 2014
28 Agrahayana, 1936 (Saka)

J C DIVAKAR REDDY,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution

PART I – NARRATION ANALYSIS

GENERAL ANALYSIS

Food Subsidy Scenario

1.1 Enhanced Food subsidy is provided in the budget of the Department of Food and Public Distribution to meet the difference between economic cost of foodgrains and their sales realization at Central Issue Prices fixed for TPDS and Other Welfare Schemes after implementation of National Food Security Act. In addition, the Central Government also procures foodgrains for meeting the requirements of buffer stocks. Hence, part of the food subsidy also goes towards meeting the carrying cost of buffer stocks. From 2004-05 upto 2013-14, the MSP of wheat and rice has risen from Rs. 630 and Rs. 560 per quintal to Rs. 1380 and Rs. 1310 respectively. However, the Central Issue Price (CIP) of Wheat and Rice for AAY, BPL and APL has not been revised since 2002. As a result, the gap between economic cost and CIPs has been increasing and food subsidy has risen substantially. The level of rise in Food Subsidy can be seen in the following table:-

(Rs. in crore)	
Year	Subsidy released
2010-11	62,929.56
2011-12	72,370.90
2012-13	84,554.00
2013-14	89,740.02
Released (As on 01.09.2014)	50,137.34
2014-15 (Budgeted)	1,10,500.00

Annual (estimated) Requirement of funds for full implementation of National Food Security Act by all States/UTs is Rs. 1,31,086.00 crore (at 2014-15 cost).

At the same time, Department of Food and Public Distribution has outlined major challenges in TPDS like leakages and diversion of foodgrains, targeting errors, non-availability of Fair Price Shops and how these are being addressed.

Role of the Department

1.2 With the vision of ensuring food security for citizens of the country through implementation of National Food Security Act, 2013, the Department has a mission of efficient procurement at Minimum Support Price (MSP), storage and distribution of

foodgrains, ensuring availability of foodgrains and sugar through appropriate policy instrument, including maintenance of buffer stocks of foodgrains and making foodgrains accessible at reasonable prices, especially to the weaker and vulnerable sections of the society. For this, the functions of the Department are:-

- (i) Formulation and implementation of national policies relating to procurement, movement, storage and distribution of food grains;
- (ii) Implementation of the Public Distribution System with special focus on the poor;
- (iii) Provision of storage facilities for the maintenance of central reserves of food grains and promotion of scientific storage;
- (iv) Formulation of national policies relating to export and import, buffer stocking, quality control and specifications of food grains;
- (v) Administration of food subsidies relating to rice, wheat and coarse grains;
- (vi) Fixation of Fair and Remunerative Price (FRP) of sugarcane payable by sugar factories, development and regulation of sugar industry (including training in the field of sugar technology), its supply for PDS; Sugar Sector deregulated and decontrolled w.e.f September, 2012.
- (vii) Supporting industries, the control of which by the Union is declared by Parliament by law to be expedient in public interest, as far as these relate to Vanaspati, Oilseeds, Vegetable Oils, Cakes and Fats;
- (viii) Price control of, and inter-state trade and commerce in, and supply and distribution of Vanaspati, Oilseeds, Vegetable Oils, Cakes and Fats.

1.3 The Department of Food and Public Distribution has one attached office of Directorate of Sugar and Vegetable Oils, three Subordinate Offices viz National Sugar Institute, Kanpur, Indian Grain Storage Management and Research Institute, Hapur and Quality Control Cells (QCCs) and Central Public Sector Enterprises viz. Food Corporation of India, Central Warehousing Corporation, Central Railside Warehousing Corporation and Hindustan Vegetable Oils Corporation Ltd. (HVOCL) and one Regulatory Authority viz. Warehousing Development and Regulatory Authority.

1.4 With the constitution of Sixteenth Lok Sabha on 18th May, 2014 and passing of General Budget (2014-15) including Demands for Grants (2014-15) of various Ministries by Lok Sabha suspending Rule 331G of Rules of Procedure and Conduct of Business in Lok Sabha by Hon'ble Speaker on 15th July, 2014 and observing that DRSC will examine and make report thereon, the respective Demands for Grants of

different Ministries/Departments under their jurisdiction so that their recommendation can be used for preparation of respective Demands for Grants, the DRSCs in Lok Sabha including Committee on Food, Consumer Affairs and Public Distribution is examining the Demands for Grants (2014-15) of two Department viz. Department of Consumer Affairs and Department of Food and Public Distribution.

1.5 The analysis of Demands for Grants (2014-15) of Department of Food and Public Distribution is in succeeding paragraphs.

Demands for Grants (2014-15) of the Department of Food and Public Distribution – An overview

1.6 The Demands for Grants (2014-15) of the Department of Food and Public Distribution as contained in Demand No. 17, laid on the Table of Lok Sabha on 5th August, 2014 and already passed by Parliament have made a provision of Rs. 1,26,284.34 crore with non-Plan component of Rs. 1,25,954.34 crore and Plan component of Rs. 330 crore. This non-Plan provision is Rs. 22,548.17 crore higher than RE of Rs. 1,03,406.17 crore of previous year i.e. 2013-14. BE (2014-15) has the following recoveries from Non-Plan provisions:

	<u>Amount (Rs. in crore)</u>
(i) Ways and Means Advances to FCI	10,000.00
(ii) Transfer to/from Sugar Development Fund (SDF) etc.	627.50
Total	10,627.50

1.7 The net provision is Rs.1,15,326.84 crore in Non-Plan and Rs. 330.00 crore in Plan. The break-up of Scheme-wise Non-Plan and Plan funds is at **Appendix – I**. An overview of scheme-wise BE (2014-15) is as detailed below:-

(Rs. in crore)	
Name of the Scheme	
(Non-Plan)	
Food Subsidy to FCI (Regular)	42000.00
Food Subsidy to FCI (NFSA)	50000.00
Food Subsidy to DCP State (Regular)	9500.00
Food Subsidy to DCP State (NFSA)	9000.00
Sugar Subsidy to States / UTs for PDS	4500.00
Sugar Development Fund (SDF) Loans	500.00
Subsidy for Buffer Stocks of Sugar	5.00
Incentive for Marketing & Promotion Services for Raw Sugar Production (New Scheme)	Budget Not Allotted.

(Non-Plan)	Name of the Scheme	
	SEFASU, 2007	0.00
	SEFASU, 2014 (New Scheme)	100.00
	Interest Subvention to Co-operative Sugar Mills through NABARD	0.00
	Transfer to SDF	250.00
	Subsidy to imported Edible Oils	0.00
	Loans to PSUs	10000.00
	Other Schemes	99.34
	Total (Non-Plan)	1,25,954.34

Plan Schemes

1.	Construction of Godown by FCI/States Governments	181.00
2.	End to end Computerization of PDS operations	128.50
3.	NSI, Kanpur	2.50
4.	Assistance to Warehousing Development and Regulatory Authority	8.00
5.	Strengthening of PDS& Capacity Building, Quality Control, Consultancies and Research	10.00
	Total Plan	330.00

11th and 12th Plan Allocations

1.8 The proposed outlay by the Department of Food and Public Distribution and amount actually provided by the Planning Commission during Eleventh and Twelfth Plan are as under:-

(Rs. in crore)

Plan	Proposed to Planning Commission	Funds allocated by Planning Commission
11th (2007-12)	833.70	694.00
12th (2012-17)	4871.48	1523.00

1.9 During the course of examination the Committee found that Department of Food and Public Distribution has proposed a demand of Rs. 4871.48 crore as Gross Budgetary Support (GBS) for Twelfth Plan with the representatives of Planning Commission on 25 January, 2012 out of which Rs. 2724.20 crore for existing schemes and Rs. 2147.28 crore for 5 New Schemes to be launched during 12th Plan.

1.10 The Committee pointed out that there has been a huge gap of Rs. 3348.48 crore between amount proposed and actual GBS received for 12th Plan. Asked as to whether it will not affect both on-going and new schemes to be implemented by the Department during 12th Plan Period, the Department of Food and Public Distribution in a written note stated as under:-

"Out of Rs.4871 crore proposed by the Department for the 12th Plan a sum of Rs.1966.21 crore was meant for two schemes which were not approved hence not included in 12th Plan. These schemes are:-

- (i) Market intervention Scheme for non-formal PDS through the State Civil Supplies Corporation and Consumers Marketing Federations.
- (ii) Construction of FPS-cum-Godowns.

In addition, for the scheme on Computerization of PDS for which an outlay of Rs.1992.54 crore was proposed, only component 1 with outlay of Rs.817.13 crore was approved.

It may be mentioned here that the Planning Commission allocates funds for the Plan Schemes keeping in view the overall financial position of the Govt. of India."

1.11 In reply to a query whether the less allocation will not affect the over-all pace of the programme, the Department of Food and Public Distribution in a written note clarified :-

"These programmes will not be affected. All efforts are being made to achieve the targets under these programmes."

1.12 The Department of Food and Public Distribution in a written note has further stated:-

"Department of Food and Public Distribution has been requesting the State Governments to create intermediate storage capacities at Block/Taluka level to store foodgrains collected from FCI depots, for further distribution to fair price shops. This is necessary to improve the supply chain logistics for TPDS. While construction of intermediate godowns is the responsibility of the state governments, DFPD has been providing plan funds to governments of the NE States and J&K in the form of Grants –in Aid for this purpose, considering their difficult geographical conditions.

Under the Scheme, funds are released to the FCI in the form of equity for land acquisition and for construction of storage godowns, and related infrastructure like railway sidings, electrification, installation of weighbridge, etc.

Thus, the Plan scheme has following three components:

- a. Construction of godowns for FCI in the North Eastern States
- b. Construction of godowns for FCI in select non-North Eastern States
- c. Midway/Transitional storage godowns of State Governments in the North East and J&K under Grants-in-Aid."

1.13 The Department of Food and Public Distribution has given the following details of the Plan Outlay under the Scheme for XII Plan:-

Sr. No.	Name of the Plan Schemes	12 th Plan (2012-17) Outlays (Rs. in crore)
Construction of Godowns by FCI/State Govt.		
1	FCI – Equity	20.00
2	FCI - North East areas	460.00
3	FCI - for non-NE states	45.00
4	State Governments of NE and J&K	5.00
	Total	530.00

1.14 The Department of Food and Public Distribution has also given the year-wise and project-wise details:-

(Rs. in Crore)

Sr. No.	Name of the Plan Schemes	12 th Plan (2012-17) Outlays	BE 2012-13	BE 2013-14	BE 2014-15	Proposed BE 2015-16	Proposed BE 2016-17
	Construction of Godowns by FCI/State Govt.						
1	FCI – Equity	20.00	4.00	3.00	26.00	To be worked out	To be worked out
2	FCI - North East areas	460.00	46.00	38.00	150.00	To be worked out	To be worked out
3	FCI - for non-NE states	45.00	9.00	4.00	5.00	To be worked out	To be worked out
4	State Governments of NE and J&K	5.00	1.00	0.00	0.00	To be worked out	To be worked out
	Total	530.00	60.00	45.00	181.00	174.00	50.72

1.15 During the course of examination, the Department of Food and Public Distribution have submitted before the Committee the following details regarding Plan outlay for 12th Plan:-

(Rs. in crore)

Sl. No.	Head	Estimated Cost (Rs. crore)	Unspent balance of 11th Plan (Rs. crore)	Outlay in 12th Plan (Rs. crore)
1.	Construction of godowns	509.76	51.20	458.56

	by FCI at 37 locations in the NE (2,92,730 MT).			
2.	Construction of godowns by FCI at 9 locations in 4 other States (76,220 MT)	72.14	16.06	56.08
3.	Grant-in-Aid to NE States for intermediate storage at 74 locations	14.36	0.00	14.36
4.	Grant-in-Aid to J&K for intermediate stage at 1 location.	1.00	0.00	1.00
	Total	597.26	67.26	530.00

1.16 The Committee during the course of examination further enquired about the project-wise, year-wise unspent amount during 12th Plan Period, the Department of Food and Public Distribution in a written note stated as under:-

'The total outlay for 12th Five Year Plan for Construction of Godown by FCI/State Govt. is Rs. 530.00 crores. The year wise details of Actual Expenditure and Unspent Balance are as given below:-

(Rs in crore)

Year	RE	AE	Unspent balance
2012-13	33.28	33.28	0.00
2013-14	3.00	3.00	0.00
2014-15	107.00 (Proposed)	54.99 (up to 30.09.2014)	52.01

As on 30.9.2014 (inclusive of 12th Plan period releases), a total Rs.56.22 crore is available with FCI as unspent and Rs.8.74 crore are available with State Governments of North Eastern Region. The available funds are being utilized by FCI and State Govts. of North Eastern Region on new projects and completion of ongoing projects.'

1.17 The Department of Food and Public Distribution had submitted the following figures about total 12th Plan Outlay and its year-wise allocations and expenditure so far is shown below:-

Sr. No.	On-going Schemes	12 th Plan Allocations	2012-13 (1st Year)			2013-14 (2nd Year)			2014-15 (3rd Year)		
			BE	RE	Actual	BE	RE	Actual	BE	RE	Actual
1	Construction of Godowns by FCI/State Govt.	530.00	60.00	33.28	33.28	45.00	3.00	3.00	181.00	-	1.22
2	Computerization of PDS Operations	817.13	40.00	41.69	41.69	200.00	188.76	184.2012	128.50	-	27.48
3	NSI, Kanpur	3.90	0.75	0.75	0.5543	0.88	0.88	0.8025	2.50	-	2.27
4	Village Grains Bank Scheme (scheme now closed)	60.00	8.00	1.00	0.9914	2.00	0.00	0.00	0.00	-	0.00
5	Assistance to Warehousing Development & Regulatory Authority	50.00	6.00	6.00	5.73	6.32	4.64	3.55	8.00	-	3.21
6	Construction of Fair Price Shop-Cum Godowns & Setting up of National Food Commissions (both scheme closed)	0.01	5.00	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00
7	Strengthening of PDS & Capacity Building, Quality Control, Consultancies & Research	61.95	4.25	2.27	1.1434	4.80	2.72	2.5172	10.00	-	0.89
	Total	1523.00	126.00	85.00	83.3891	259.00	200.00	194.0719	330.00	-	35.07

1.18 Asked about low level of utilization of funds especially during 2014-15 mainly under two schemes of Construction of godowns by FCI/State Governments and Computerization of PDS operations., the Secretary, Department of Food and Public Distribution submitted as under:-

"I would like to admit that I am not happy with the pace of expenditure. But we are making all efforts. I know, we are dependent on many steps by the States. We have been writing to them; we have been talking to them; we have been calling them for conferences and sensitising them. My limitation is there.

For computerisation, as I mentioned, use of technology will improve PDS. When we made a scheme, they said: 'give us funding.' Okay, this is the scheme; we will give 50 per cent funding. I have submitted a list. The States are at different levels. Some of the States are going ahead and some are not. So, we depend on the States. That is why I am not happy with the pace of expenditure, I admit."

Mid-term Appraisal of 12th Plan

1.19 The Committee during the course of examination found that the Department of Food and Public Distribution appended the Minutes of the 12th Plan Mid-Term Review Meeting of the Department of Food and Public Distribution held on 19.11.2013 wherein scheme-wise progress has been discussed. These mainly

include utilization of plan allocations, implementation of National Food Security Act, end to end computerization, strengthening Quality Control, creation of additional storage capacity, difficulty being faced by Department in terms of identification, acquisition and suitable land for taking up construction of storage godown, discontinuation of Village Grain Bank Scheme, need for a detailed Consumer Survey of TPDS preferably by NSSO etc.

1.20 Enquired as to whether Department of Food and Public Distribution is satisfied with the over-all implementation of on-going and new schemes being implemented by the Department so far during 12th Plan, the Department of Food and Public Distribution replied

" Yes Sir".

(i) Preparedness for implementation of National Food Security Act during 12th Plan

1.21 The Committee also wanted to know whether the mechanism required for implementation of National Food Security Act, 2013 in different States have been put in place, the Department stated as under:-

"Under the National Food Security Act, 2013, Central Government is required to procure foodgrains from farmers, allocate required quantities of foodgrains to States/UTs and provide for its transportation upto designated depots in each State, for which mechanisms are already in place. For strengthening of TPDS, technical and financial assistance are being provided to States/UTs for End-to-End Computerization of TPDS. Storage capacities for storage of Central Pool stocks are also being created in different States/UTs.

Implementation of the Act primarily rests with State Governments/UT Administrations, which are inter alia required to identify the eligible beneficiaries, lift the foodgrains from designated godowns, ensure delivery of foodgrains upto the door-step of fair price shops and ensure delivery of foodgrains to entitled persons. They are also required to set up Grievance Redressal Mechanism at State and District level, create sufficient storage facilities at various levels and take effective steps for strengthening of Targeted Public Distribution System (TPDS).

So far, implementation of the Act has started in 11 States/UTs namely Haryana, Rajasthan, Delhi, Himachal Pradesh, Punjab, Karnataka, Chhattisgarh, Maharashtra, Chandigarh, Madhya Pradesh and Bihar and foodgrains under the Act are being allocated to them on the basis of identification of beneficiaries and preparedness to implement the Act, reported by them."

The coverage under National Food Security Act is shown in **Appendix – II.**

(ii) Quality Control Mechanism

1.22 The Committee during the course of examination also enquired as to whether the Department of Food and Public Distribution is satisfied with Quality Control set up, creation of storage capacity in different States so far during 12th Plan, the Department of Food and Public Distribution stated

"Yes Sir".

1.23 When further enquired about as to whether the on-going projects are being implemented as per schedule, the Department of Food and Public Distribution have furnished the following information:-

"There are 8 Quality Control Cells under the Department of Food & Public Distribution. In the 12th Five Year Plan under the Plan component "Strengthening of Quality Control Mechanism", additional 7 Quality Control Cells have been proposed."

QCC	States covered
A. Existing QCCs	
Bangalore	Karnataka, Kerala & Laksh Dweep (UT)
Bhopal	Madhya Pradesh, Rajasthan & Chhattisgarh
Bhubaneswar	Odisha, Bihar & Jharkhand
Kolkata	West Bengal North Eastern States, Sikkim & Andman & Nicobar Island (UT).
Hyderabad	Andhra Pradesh, Tamil Nadu, Telangana & Pondichery
Lucknow	Uttar Pradesh & Uttarakhand
Pune	Maharashtra, Gujarat, Daman and Diu & GOA
New Delhi	Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, NCT Delhi and Chandigarh (UT)
B. Proposed New QCCs	
Jammu	J & K and Himachal Pradesh
Chandigarh	Punjab, Haryana
Jaipur	Rajasthan
Ahmedabad	Gujarat, Daman and Diu
Patna	Bihar and Jharkhand
Guwahati	North Eastern States.
Chennai	Tamil Nadu

1.24 The Committee also wanted to know the number of Quality Control Cells set up in the country and whether these are sufficient for current requirement or further build up is necessary for catering future demand arising out of mandatory NFSA

obligations, the Department of Food and Public Distribution in post evidence replies stated as under:

"To strengthen the quality control mechanism of Central Pool foodgrains during procurement, storage and distribution, a new plan component "strengthening of quality control mechanism" in the 12th Five Year Plan has been approved.

Existing infrastructure of physico-chemical lab has been upgraded at IGMRI, Hapur. The process of procurement of equipments has been started through e-tendering. National Institute of Plant Health Management (NIPHM), Hyderabad has been engaged as a consultant in October, 2014 for setting up modern facilities for Pesticides residue and Mycotoxin contamination analysis at IGMRI, Hapur under the plan scheme.

Training infrastructure of IGMRI, Hapur has been upgraded to make it a Centre of Excellence for capacity building in post harvest management of foodgrains with the help of Central Warehousing Corporation (CWC).

With creation of 7 new Quality Control Cells, total 15 QC cells will be sufficient for catering the demand arising out of mandatory National Food Security Act obligations."

(iii) Level of funds during 2012-13, 2013-14 and 2014-15

1.25 The net figure of Detailed Demands for Grants (2014-15) of Department of Food and Public Distribution has shown the actuals (2012-13) and BE and RE (2013-14 and BE (2014-15) as below:-

(Rs. in crore)

Year	Plan	Non-plan	Total
Actuals (2012-13)	83.54	86,135.26	86,218.80
BE (2013-14)	259.00	90,774.21	91,013.21
RE (2013-14)	200.00	92,726.93	92,926.93
BE (2014-15)	330.00	1,15,326.84	1,15,656.84

1.26 On being enquired about the reasons for increase in the level of funds from 2012-13 to 2014-15, the Department of Food and Public Distribution in their post-evidence reply stated as under:-

"Major portion in Budget allocation of this Department are on account of Food Subsidy (including sugar subsidy). In 2012-13 the allocation on account of food subsidy was Rs.84,554.00 crore and full amount was utilized. This has increased to Rs.1,15,000.00 crore in BE 2014-15. The reasons for increase in food subsidy from 2012-13 to 2014-15 are as under :-

- (a) Increase in MSP(Wheat and Paddy) and other incidentals.
- (b) Increase in off-take due to implementation of NFSA 2013.
- (c) Increase in offtake due to adoption of DCP scheme by some more States after implementation of NFSA 2013.
- (d) Increased subsidy burden (upto Rs.18.50 per kg) on sugar after abolition of levy on sugar and implementation of new scheme w.e.f. 01.06.2013.
- (e) Less allocation of Budget against demands for 2012-13 i.e. arrears of past years."

1.27 The Committee pointed out that as against the actuals (2012-13) of Rs. 83.38 crore Plan funds of Rs 300.00 crore in BE (2014-15) has been made available. Asked as to how the Department of Food and Public Distribution will be able to utilize the budgeted amount, the Department of Food and Public Distribution in their post-evidence reply stated as under:-

"So far as Plan Schemes are concerned "End to end Computerization of PDS Operation" and "Construction of Godown by FCI/State Govts." are the two Plan Scheme for which major chunk of plan outlay is provided for.

During 2012-13 allocation under these two schemes was Rs.100.00cr.out of total outlay of Rs.126.00cr. In 2013-14, Rs.200.00cr. was provided for "Computerization of PDS Operation" out of total outlay of Rs.259.00cr. During 2014-15 the total allocation under the two schemes is Rs.309.00cr. (Rs. 128.5cr. for "Computerization of PDS Operation" and Rs.181.00cr. for Construction of Godown by FCI/State Govt.).

Plan Scheme on "End to end Computerization of TPDS Operation" is being implemented on 50:50 cost sharing basis with all States/UTs except for NE States, where the sharing is 90:10 basis. Administrative approval of the scheme was communicated to States/UTs in December, 2012. Since time left in 2012-13 was relatively less, only few States submitted financial proposals for release of fresh installment of Central Share during that period. In 2013-14 and 2014-15 proposal from more States/UTs were received and hence the allocation was proportionately more.

As regards "Construction of Godown by FCI/State Govts." the funds projection for BE were based on the assessment of work of on-going/new projects likely to be completed/taken up during the particular year."

SCHEME-WISE ANALYSIS

Non-Plan Schemes

A. Food Subsidy

2.1 Enhanced Food subsidy is provided in the budget of the Department of Food and Public Distribution to meet the difference between economic cost of foodgrains and their sales realization at Central Issue Prices fixed for TPDS and Other Welfare Schemes after implementation of National Food Security Act. In addition, the Central Government also procures foodgrains for meeting the requirements of buffer stocks. Hence, part of the food subsidy also goes towards meeting the carrying cost of buffer stocks.

(i) Outlays vis-à-vis Expenditure

2.2 During the course of examination, the Department of Food and Public Distribution has given the BE, RE and Expenditure (2013-14) and BE and Expenditure (2014-15) as on 31.09.2014 on food subsidy as under:-

(Rs. In Crores)					
Name of the Scheme	BE 2013-14	RE 2013-14	Exp. 2013-14	BE 2014-15	Exp. 2014-15 (30.09.2014)
Food Subsidy to FCI (Regular)	65000.00	65000.00	65000.00	42000.00	24000.00
Food Subsidy to FCI (NFSA)	8500.00	10500.02	10500.02	50000.00	28666.00
Food Subsidy to DCP State (Regular)	12740.00	12740.00	12740.00	9500.00	3432.02
Food Subsidy to DCP State (NFSA)	1500.00	1500.00	1500.00	9000.00	5733.00
Subsidy for Buffer Stocks of Sugar	5.00	7.50	7.50	5.00	5.00

2.3 During the course of examination, the Committee pointed out that Regular Subsidy to FCI and DCP States has fallen from the level of Rs. 65,000 crore in 2013-14 to Rs. 42,000 crore in 2014-15 for FCI and from Rs. 12,740.00 crore to Rs. 9,500.00 crore during the same period for DCP States. On the contrary, the subsidy for NFSA has been hiked from Rs. 10,500 crore in RE 2013-14 to Rs. 50,000 crore in 2014-15 for FCI and Rs. 1,500 crore in 2013-14 to as high as Rs. 9,500 crore in BE 2014-15.

2.4 Asked about the reasons for above decline in regular subsidy and hike in subsidy in National Food Security Act and whether in coming years, the demand for subsidy under National Food Security Act will further rise as more States may implement National Food Security Act in near future, the Department in a written note stated:

"On implementation of National Food Security Scheme by more and more States and resultant increase in coverage as well as reduction in Central Issue Price under NFSA, there is bound to be increase in subsidy requirement under NFS Scheme compared to TPDS and other OWS in future."

2.5 In reply to a query about assessment of funds for food subsidy for meeting obligations under National Food Security Act during 12th Plan, the Department of Food and Public Distribution in a Post Evidence Reply stated as under:-

"Estimated annual requirement of food subsidy for full implementation of National Food Security Act, 2013 in all States/Union Territories (UTs) is about Rs.1,31,086 crore (at 2014-15 cost). Actual requirement of funds will, however, depend upon actual implementation of the Act by all the States/UTs, as the Act has so far been implemented in 11 States /UTs only. Further, funds for food subsidy are released to the Food Corporation of India (FCI) except for Decentralised Procurement (DCP) States and hence, State-wise food subsidy requirement has not been worked out."

2.6 Asked in what way the Department through FCI and DCP States is attempting to economize the use of food subsidy of Rs. 1.10 lakh crore during 2014-15, the Department of Food and Public Distribution in a written note submitted as under:-

"Government is making efforts to contain the increase in food subsidy through improving operational efficiency of FCI and encouraging more and more States to join DCP Scheme."

(ii) Inadequate funds

2.7 In this connection, during the course of briefing by the representatives of Department of Food and Public Distribution, in reply to a question, a representative of the Department submitted before the Committee:-

"Budget is released in time, but it is not sufficient. We are raising this issue at various levels time and again. The point is our demand is much more."

2.8 The Committee enquired about the specific item for which expenditure is more and Department is getting less funds, the Secretary, Department of Food and Public Distribution stated as under:-

"You have raised two issues. One is when FCI gets money as a Corporation, it is not earmarked to one item or two items. They have to see the operations should go on. I will not be able to say whether

subsidy short in one item or another because it is a total kitty. For whatever foodgrains to be supplied to the States, the freight charges have to be paid to the Railways. So, the Food Corporation of India people try to manage and then they take loan from the Banks to tide over the crisis. Ultimately, the interest burden on that falls on the Government. The Government, within the budgetary resources, provides funds. But the feeling in the department is more funds should have been provided for which we are in regular dialogue with the Ministry of Finance."

2.9 Asked whether less availability of funds may come in the way of Department's vision of ensuring food security for citizens of the country through implementation of National Food Security Act, 2013 and whether the matter has been taken up with Ministry of Finance in this regard. The Department in their written reply stated as under:-

"The fund requirement is regularly reviewed with respect to budget allocations and shortages are brought to the notice of Ministry of Finance for making additional allocation. The matter is pursued regularly at all levels including at the level of Hon'ble Minister for Consumer Affairs, Food and Public Distribution."

2.10 The Committee further wanted to know as to how the Department of Food and Public Distribution is going to manage the gap between their requirement and actual availability of Non-Plan provisions during 2014-15, the Department of Food and Public Distribution in a written note stated as under:-

"If the required funds for meeting subsidy requirement is not made available in the Budget, then requirement of funds is arranged by FCI through other avenues such Cash Credit Limit sanctioned by Government, short term loan from market etc. in order to meet the subsidy gap and ensure smooth procurement and distribution operation."

2.11 Asked about the actual requirement of funds of the Department and to what extent the funds are insufficient during 2012-13 to 2014-15, the Department of Food and Public Distribution in a Post Evidence reply submitted as under:-

"The details of fund requirement for food subsidy, fund allocation and shortfall of last three years are as under :

(Rs. in crore)

Year	Fund Requirement		Total Requirement	Total Allocation	Progressive Shortfall
	FCI	DCP States			
2012-13	103733	13564	117297	84554	32743
2013-14	125198 (Prov)	18000	143198	89740	53458
2014-15	147730 (Prov)	23500	171230	110500 (BE)	60730

2.12 The Committee also wanted to know to what extent the funds are being arranged by the Banks for making up the deficiencies during the last three years under cost and credit limit in different States, the Department of Food and Public Distribution in a Post Evidence Reply submitted :-

"FCI borrows money from the Banks and other sources centrally at its Headquarters from different sources. In the last 3 years, the borrowing from different sources by FCI has been given as under:

(Rs. in crore)				
Sources	2011-12	2012-13	2013-14	Addl. In the last 3 years
CCL sanctioned	44495.00	54495.00	54495.00	10000.00
CCL – actual drawing as on 31st March	44179.56	49640.80	51092.48	6912.92
Bonds	3914.50	8914.50	16914.50	13000.00
STL*	13500.00	13080.00	16250.00	2750.00

* Maximum sanctioned limit is Rs.20000 crore.

2.13 The Department of Food and Public Distribution in a written note further stated:-

"As on 31.10.2014, actual CCL drawal is Rs.50535.64 crore and no STL outstanding.

With regard to CCL sanctioned to different States/UTs by SBI and its utilization, it is stated that request regarding sanction of CCL is directly made by concerned States to RBI which recommends for sanctioning the same. Hence, no detailed information regarding sanction of CCL to different States/UTs during the last 3 years are available in this Department. However, on the basis of information made available by FCI, a status report giving the position of food credit to various States/UTs as on 30.09.2014 is given below:

Position of food credit to various State Govt./UTs

(Rs. in crore)				
S. No.	State Govt.	Limit	Outstanding as on 30.09.14	Value of stock
1	Andhra Pradesh	7003.78	5910.39	6446.18
2	Chhattisgarh	7830.44	2175.76	3215.38
3	Haryana	11208.96	2675.96	3372.38
4	Karnataka	830	58.20	523.66
5	Madhya Pradesh	11230	10080.42	13189.03
6	Manipur	4	0	0
7	Pondicherry	1	0	0
8	Punjab	89487.75	42059.78	43765.03
9	Tamil Nadu	89	0	99.73
10	Telangana	435.01	329.54	336.27

11	Tripura	0.05	0	0
12	West Bengal	315.86	311.98	351.68
	Total	128435.85	63602.03	71299.34

Total outstanding FCI = Rs.53636.98

Limit given to FCI = Rs.54495.00

Value of stock of FCI as on 31.08.2014 = Rs.59566.95

Total outstanding food credit of FCI & DCP States = Rs.1,17,239.01"

2.14 In this connection, the Committee also further enquired whether Department of Food and Public Distribution intends to approach Parliament for Supplementary Grants during 2014-15, the Department of Food and Public Distribution in a written note submitted as under:-

'Ministry of Finance has already been approached for allocation of sufficient funds through Supplementary Grants.'

(iii) Economic Cost vis-à-vis Central Issue Price (CIP)

2.15 The Department of Food and Public Distribution has stated that foodgrains are issued to the State Governments/UT Administrations from Central Pool at uniform Central Issue Price (CIP) for distribution under TPDS. These CIPs have remained unchanged since 1st July, 2002. Placed below are Central Issue Price (CIPs) vis-à-vis Economic Cost of foodgrains and component of subsidy :-

(Rs. per quintal)

Schemes	CIP (Rs./ kg)	Economic Cost	Subsidy	% Subsidy
Wheat				
AAY	2.00	19.93	17.93	89.96%
BPL	4.15		15.78	79.17%
APL	6.10		13.83	69.39%
Rice				
AAY	3.00	27.55	24.55	89.11%
BPL	5.65		21.90	79.49%
APL	8.30		19.25	69.81%
Coarse grains				
AAY	2.00			
BPL	3.50			
APL	4.50			

2.16 The Department of Food and Public Distribution also stated that as per the National Food Security Act, each eligible household shall be entitled to foodgrains at

the subsidized price not exceeding Rs. 3 per kg for rice, Rs. 2 per kg for wheat and rupee 1 per kg for coarsegrains for a period of three years from the date of commencement of this Act.

2.17 The Department of Food and Public Distribution has stated that since 2004-05, the MSP of Wheat has increased from Rs. 630 per quintal to Rs. 1,350.00 per quintal in RMS 2013-14. Similarly MSP + incentive bonus, if any, of paddy (Common) has increased from Rs. 560 per quintal to Rs. 1,310.00 per quintal in KMS 2013-14. However, the Central Issue Price (CIP) of wheat and rice for AAY, BPL and APL families has not been revised since 2002. As a result, the gap between economic cost and CIPs has been increasing and food subsidy incurred by the Government has risen substantially.

2.18 The subsidy is provided to FCI, which is the main instrument of the Government of India for procurement and distribution of wheat and rice under TPDS and other welfare schemes and for maintaining the buffer stock of foodgrains as a measure of food security. Under the Scheme of Decentralized Procurement, State specific economic cost is determined by the Government of India and the difference between the economic cost so fixed and the Central Issue Prices is passed on to the State as food subsidy.

2.19 The Committee during the course of examination enquired about the broad items largely responsible for huge food subsidy and how these have been arrived, the Department of Food and Public Distribution stated as under:-

The food subsidy can be broadly classified into three components:-

1. **Subsidy on Acquisition cost**, which is the difference between acquisition cost and the sale price. The subsidy on acquisition cost forms about 72% of the total subsidy.
2. **Subsidy on Operational cost of FCI**: The operational cost of FCI forms about 25% of the total subsidy.
3. **Subsidy on carry over charges** paid to State agencies (for wheat only). It is around 2-3% of the total subsidy.

2.20 Asked about the details of cost of acquisition and cost of FCI during 2013-14 and 2014-15, the Department of Food and Public Distribution in a written note stated as under:-

Elements of Subsidy

The statement showing elements of subsidy for 2013-14 (RE) and 2014-15 (BE) is as under:-

Particulars	(Amt. Rs.Crore)			
	2013-14 (RE)		2014-15 (BE)	
	Amt.	%	Amt.	%
Acquisition Cost of Sales				
Wheat	46796		50535	
Rice	54497		61395	
Coasegrains	0		0	
Sub-Total	101293		111930	
Sales Realisation				
Wheat	23848		16023	
Rice	13780		8622	
Coarsegrains	0		0	
Sub-Total	37628		24645	
Subsidy on Acquisition Cost				
Wheat	22948	24.56	34512	29.66
Rice	40717	43.57	52773	45.36
Coarsegrains	0	0	0	0
Sub-Total	63665	68.13	87285	75.02
Operating Costs of FCI				
Freight	7463	7.99	7920	6.81
Handling	3684	3.94	3998	3.44
Storage	3464	3.71	4161	3.58
Interest for FCI operations	7444	7.97	8180	7.03
Shortages	901	0.96	938	0.80
Admin Overheads	1454	1.55	1627	1.40
Total Operating Costs	24410	26.12	26824	23.06
Carry-Over charges paid	5370	5.75	2238	1.92
Total Gross Subsidy	93445	100.00	116347	100.00

2.21 During the course of briefing by the representatives of Department of Food and Public Distribution, in reply to a query about the broad purposes of seeking funds in Demands for Grants (2014-15) of the Department, the Secretary, Department of Food and Public Distribution explained:-

"About the expenses borne by FCI, I will tell you two to three steps, First of all is purchased on MSP. The Government fixes MSP. The State Governments fix the amount of taxes. The bag is purchased as per rates contract of DGS&D. Its rate is also fixed. The rate of labour charges are also fixed rate. Transport rate contract is also fixed by tender. All these items are fixed items. When it is transported, Railways have to be paid the freight charges in advance. If the actual cost of wheat is Rs. 18 per kg and Government pays that, it has to be distributed at the cost of Rs. 2 under Antyodaya Anna Yojana, then I have to give. Thus, there is a shortfall of Rs. 16 per kg.'

The Committee also enquired about the element-wise break up of Economic Cost and Quantity sold during 2013-14 and 2014-15 is at **Appendix III and IV**.

2.22 Asked whether the Economic Cost of foodgrains vary from State to State and enquired about the State-wise details thereof during the last two years, the Department of Food and Public Distribution in a written note stated as under:-

"The economic cost in respect of DCP States varies from State to State and is enclosed at **Appendix-V and VI**."

The Committee pointed out that since July, 2002 i.e. during the last twelve years the CIPs of foodgrains under TPDS has remained unchanged even though the economic cost has increased manyfolds.

2.23 The Committee also enquired whether Department of Food and Public Distribution ever considered reviewing the CIPs of foodgrains vis-à-vis Economic Cost under TPDS during the last twelve years, If so, when and with what results, the Department of Food and Public Distribution in a written note stated-

"As and when Government decides to revise CIP, orders are issued".

2.24 The Committee also wanted to know whether Department of Food and Public Distribution have undertaken any independent study/evaluation in this regard, If so, the details thereof, the Department of Food and Public Distribution in a written note clarified:-

"No Sir, no independent study/evaluation study/ evaluation in this regard has been undertaken by this Department."

2.25 On being asked whether Department of Food and Public Distribution ever consulted States/UT Governments in this regard, If so, what were their views on this issue, the Department of Food and Public Distribution in a written note stated as under:-

"No Sir, States/UT Governments have not been consulted in this regard.

(v) DCP Scheme

2.26 The Decentralized Procurement (DCP) of foodgrains was introduced in 1997-98, with a view to effect saving in subsidy in the form of reduction in outgo of food subsidy enhancing the efficiency of procurement and Public Distribution System and encouraging local procurement to maximum, thereby extending the benefit of MSP to local farmers.

2.27 The Committee during the course of examination pointed out that till 2013-14 i.e. after 16 years of operation, few States have adopted DCP Scheme. For instance, procurement of paddy is being done in 9 States i.e. West Bengal, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Gujarat, Karnataka, Uttarkhand, Odissa and Kerala and 1 UT of Andaman & Nicobar Islands have adopted it. Bihar has recently

adopted it and Andhra Pradesh has adopted it in a limited way in KMS (2013-14). Likewise in wheat, it is adopted only in Gujarat, Madhya Pradesh and Uttarkhand. Bihar has adopted it in RMS(2014-15) only and Rajasthan has adopted it in one district in RMS (2013-14).

2.28 Asked whether the response to DCP is not very encouraging and reasons therefor, the Department of Food and Public Distribution in a written note stated:-

"Yes Sir. The response of States for DCP is not very encouraging due to lack of interest and commitment from States. The State Governments may not have adequate resources like manpower, storage space etc. nor they are taking steps to develop these resources which are necessary for adoption of DCP scheme."

Other Related Issues

(i) Issues arising out of sale of 100 lakh tonnes of wheat in open market by FCI

2.29 It came out during the course of examination that in addition to maintaining buffer stocks and for making a provision for meeting the requirement of the TPDS and other Welfare Schemes, FCI on the instructions from the Government sells wheat at predetermined prices in the open market from time to time to enhance the supply of wheat especially during the lean season and thereby to moderate the open market prices especially in the deficit regions. Wheat and Rice are also allocated to State Govts. for retail sale through non-PDS Channels under OMSS.

2.30 Under OMSS-D, during 2013-14, 95 lakh tonnes of wheat was allocated for tender sale to bulk consumers/small private traders and 5 lakh tonnes of wheat was allocated for retail sale to States/UTs/Cooperatives. Similarly, 5 lakh tonnes of rice was allocated for retail sale to States/UTs.

During 2013-14, 61.16 lakh tonnes of wheat and 1.68 lakh tonnes of rice were lifted /sold under the scheme.

2.31 In this connection, the Department of Food and Public Distribution explaining the OMSS Sale for 2014-15 stated as under:-

" For the current year i.e. 2014-15, on 25.7.2014, Govt. has allocated 100 Lakh tonnes of wheat for tender sale till 31.03.2015 (including delivery period) to bulk consumers/ private traders. The sale will be carried out by FCI through e-auctions only.

For last couple of years Government has been making an attempt to fix OMSS prices in such a way that bulk user do not become totally dependent of OMSS sale for their operation and purchase some of their requirement directly from the farmers so that competitiveness increases in the market and farmers get better price in the open market. This helps in optimizing the level of Government procurement also, which is necessary in view of huge surplus in Central Pool. If the OMSS reserve prices are fixed close to MSP, bulk users do not have any incentive to purchase their requirements from farmers and if the reserve prices are fixed close to economic cost, inflationary effect will be too high as OMSS reserve prices act as benchmark for open market prices. Therefore, the reserve prices needs to be carefully fixed between MSP and economic cost. Efforts of the Government in this regard during last 2 seasons have produced results and bulk users are now purchasing part of their requirement directly from farmers and this has reduced over all level of procurement for the Central Pool and subsidy burden on Government of India."

2.32 The Department of Food and Public Distribution further stated that-

"The reserve price of wheat under OMSS(D) in 2014-15 has been fixed at Rs.1500 per quintal for the wheat stock of earlier years and Rs.1570 per quintal for the wheat stock of RMS 2014-15. For tender sale of wheat from depots of FCI located outside Punjab, Haryana and Madhya Pradesh, the bids will be invited and decided by FCI based on the reserve price but railway freight from Ludhiana to the nearest railhead and road transportation cost from such railhead to the depot will be added in the sale price.

The sale of wheat under the Scheme has started in the first week of August, 2014 and as on 29.8.2014 a quantity of 1.85 lakh tonnes of wheat has been confirmed for sale."

2.33 In this connection, during the course of briefing of the representatives of Department of Food and Public Distribution, the Committee enquired in what way procuring of

foodgrains at a particular rate and selling at another rate can influence the prices of foodgrains, the Secretary, Department of Food and Public Distribution further stated:-

"Sir, you have raised a very important point. I will not be able to quantify the cost but I would like to submit two-three points. Firstly, with more than 120 crore population of the country, this is my belief that we cannot leave them to market forces."

The Secretary added-

"Obviously, when I will release the foodgrains, it will influence the prices."

2.34 In reply to another question about the role of Government on procurement of foodgrains, the Secretary, Department of Food and Public Distribution stated:-

"An extreme approach will be that we need not procure and transfer the cash to the poor man that you purchase the foodgrains from open market. That proposition is feasible, provided, if I stop procurement and I have the list of beneficiaries (with complete computerization of data) and under Prime Minister's 'Dhan-Jan Yojana', everybody's banks accounts are being opened. Rs. 10 or Rs. 15 per kg whatever be the subsidy that I directly transfer to all saying that you purchase from open market. That is the easy way. Then I will not require all this infrastructure, staff, godown etc".

2.35 On this, the Committee asked whether it is dangerous also, the Secretary, Department of Food and Public Distribution stated:-

"I am saying that administratively it is easy but what will happen to support to farmers."

The Secretary, Department of Food and Public Distribution added as under:-

"....but I am selling 100 lakh tonnes in open market because I have surplus and if I keep this, I will have to bear the carrying cost of Rs. 35 crore per tonne and this way, of 100 lakh tonnes, the expenditure will be Rs. 35,000 crore."

(ii) Issues related with Procurement

2.36 The major procurement incidentals forming part of subsidy are as under:-

A. Statutory / Obligatory cost

- (i) Mandi charges & VAT / Purchase Tax
- (ii) Arthia Commission to Societies
- (iii) Milling Charges & Driage Allowance

(iv) Gunny cost.

B. Labour & Transport Charges

- (i) Mandi Labour
- (ii) Forwarding charges
- (iii) Internal Movement

C. Storage & Interest charges paid to State Agencies

- (i) Storage Charges
- (ii) Interest
- (iii) Previous year Arrears Expenses

D. Administrative charges to State/Agencies

E. Other (Guarantee Fee etc.)

Detailed guidelines have been issued by the Ministry as well as FCI for deciding the rates of procurement incidentals which are reviewed from time to time. Copy of these guidelines has also been made available to concerned States.

2.37 It came out during the course of examination of the Department of Food and Public Distribution in their presentation given before the Committee in October, 2014 had underlined various issues like high taxation in major procuring States (14.5% in Punjab, 11.5% in Haryana and 11% in A.P. etc.) increasing the subsidy burden, lack of marketing infrastructure and poor capacity of State Agencies like U.P., Bihar, Jharkhand etc.

2.38 Asked whether the Department of Food and Public Distribution had taken up the issue with concerned State Governments and also with Central Government, and if so, what was their response, the Department of Food and Public Distribution in a written note stated :-

"State Governments have been regularly requested to reduce the statutory taxes/ levies imposed by them on procurement of food grains in their State. However, no State had agreed to reduce the statutory taxes/ levies."

2.39 It also came out during the course of examination that New – Initiatives in procurement like advance registration of farmers, on line direct payment in Madhya Pradesh, Paddy Procurement Automation System (P-PAS) in Odisha and e-procurement in Chhattisgarh.

2.40 Asked whether such programmes cannot be started in big way in other States also. The Committee also enquired whether any roadmap for extending such new initiatives during years to come has been drawn up in this regard, the Department of Food and Public Distribution in a written note submitted:-

"Programmes with new initiative like direct payment in Madhya Pradesh, Paddy Procurement Automation System (P-PAS) in Odisha and e-procurement in Chhattisgarh has been undertaken by respective State Governments to conduct procurement operations smoothly and efficiently. Other States also need to take up such initiatives in a big way. Government of India will render every possible assistance to States undertaking such initiatives."

2.41 In reply to a query about procurement of foodgrains, the Secretary (Department of Food and Public Distribution) explained :-

"Mainly, we procure wheat, rice or paddy, and coarse grains. The system of setting up of purchase centres, mandis, and all these things are done in the States. FCI, with the help of State agencies, procures it. The submission that I am trying to make is that mainly the State agencies procure, and roughly ten per cent of the procurement is done by FCI on its own. More than 90 per cent of procurement is done by the State agencies. There may be two situations. In some of the States, they retain it for their requirement and what is excess is passed on to FCI. In some of the States, they retain it in full. When I say we depend on the States, I mean, 90 per cent of the procurement is done through the State agencies."

2.42 On this issue, CMD, FCI, further explained:-

"Sir, if I may submit, so far as procurement of wheat is concerned, of the entire procurement, FCI only procures two per cent of paddy and 12 per cent of wheat; the rest are procured by State Governments and the State agencies. However, after the State procures, whatever surplus is there in the State after meeting their requirements, FCI takes over that. So, FCI takes over the surplus of wheat; similarly, once paddy is procured and rice is milled out of that paddy, that rice is again taken over by the FCI and moved to deficit States where there is a deficit of food grain availability. For the past ten years, gradually the procurement has been shifted to the States. A decentralised procurement system has been put in place. The State Governments procure; the Central Government provides them the administrative costs and other expenses incurred in procurement. The Government of India provides them. Then, whatever is required for their TPDS or other welfare schemes or programmes of the State Governments, they retain with them."

2.43 The CMD, FCI, further added:-

"Every year the Government of India fixes the cost sheet, that is, what are the various charges involved, whether it is mandi charge, administrative cost or commission to societies. All these costs that are involved, a cost sheet is prepared by the Government of India and as per the cost sheet, the

expenditure incurred by the State Governments is reimbursed by the Government of India to the States. The idea is that States will procure. For example, the people of Andhra Pradesh would like to eat the rice produced in their own State."

2.44 In this connection, the Committee during the course of evidence also wanted to know whether FCI which has been given among others, the work of movement of foodgrains is a profitable organization, the Secretary, Department of Food and Public Distribution submitted:-

"As I explained, procurement is mainly done by the State agencies. It is also done by the FCI. But procurement by FCI is hardly ten per cent. It is mainly done by the State agencies. Then it is handed over to FCI. FCI is responsible to upkeep, maintain and then move it to different States. Even in Andhra, State agencies also keep. But whatever they are not able to keep, FCI will keep. But if it is required in Kerala, FCI will move it to Kerala. That way, the government of India, due to the Act of Parliament, FCI is reimbursed all the cost because they are working on behalf of Government of India. As such, the question of profit and loss is never looked into."

2.45 On being further asked, the Secretary (Department of Food and Public Distribution) admitted:-

"It is not a profitable organization. Every cost is reimbursed by the Government. But there is a scope for improving the efficiency. That will be my response".

2.46 Asked about procurement of foodgrains in Assam, the CMD, FCI submitted:-

"In Assam, there is very little procurement. Though production of food grains is there, there is very little procurement. For Assam, we sent food grains from Punjab and Haryana. From the north, the food grains go; and that is what the FCI does."

2.47 The Committee also enquired about bearing of procurement cost of foodgrains, the Secretary (Department of Food and Public Distribution) submitted :-

"As per norms agreed, in case a State wants to give extra money, States are free to do so. The hon. Member from Assam raised a particular question. Despite our persuasion and request, the Assam State Government has not taken adequate steps to increase the procurement. We like Assam to come forward. What will be the expenses incurred by the farmer when he comes to the mandi? He may incur expenses on cleaning, weighing, packing in the bags and so on. We bear the cost of the bag; we bear the labour charges; we pay the taxes and everything is reimbursed. Over and above that,

the State agencies get some commission. So, States should come forward, but Assam is not coming forward and that is unfortunate."

2.48 When asked whether the matter has been taken up with Government of Assam, the Secretary (Department of Food and Public Distribution) stated:-

" Yes, Sir, I have no hesitation in saying that."

(iii) Issues related with Distribution

2.49 The Central Government, through Food Corporation of India (FCI) has assumed the responsibility of procurement, storage, transportation and bulk allocation of foodgrains to the State Governments. For this, the Public Distribution System (PDS) is operated under the joint responsibility of Central and State Governments.

Transit and Storage Losses

2.50 The issue of transit and storage losses came out during the course of examination. The Committee pointed out about the following transit and storage losses of FCI shown in its Post Evidence Reply:-

Transit Losses		(Qty.in lakh MT/Value Rupees in crores)		
Year	Qty. Moved	Qty. of loss	% of loss	Value of loss
2012-13*	453.45	2.12	0.47	388.22
2013-14**	447.81	2.06	0.46	406.61
2014-15**	300.51	1.38	0.46	295.94

*Audited/ ** Provisional/ The year 2014-15 is upto Sept'14

Storage losses		(Qty.in lakh MT/Value Rupees in crores)		
Year	Qty. issued	Qty. of loss	% of loss	Value of loss
2012-13*	1017.91	2.20	0.22	457.14
2013-14**	654.46	1.47	0.22	370.73
2014-15**	400.89	0.38	0.10	135.28

*Audited/ ** Provisional/ The year 2014-15 is upto Sept'14

2.51 The Zone-wise and State-wise details of storage and transit losses during 2014-15 (upto November, 2014) as furnished by Department of Food and Public Distribution in a written note are as under:-

Provisional Figures. Quantity in MT/ Value in Crores

Zone	Region	Storage Loss				Transit Loss			
		Qty Recd.	Qty Loss	% of loss	Value	Qty Moved	Qty Loss	% of loss	Value
North	Punjab	12708642	19695	0.15	73.25	10021415	24083	0.24	51.11
	Haryana	6158797	-19226	-0.31	-25.65	0	0	0.00	0.00
	Uttar Pradesh	2637422	13016	0.49	32.00	3856727	22511	0.58	44.06
	Uttarakhand	91984	41	0.04	0.17	160365	685	0.43	1.18
	Rajasthan	2110457	-7018	-0.33	-11.89	750096	831	0.11	1.43
	Jammu & Kashmir	734444	91	0.01	0.20	286058	1899	0.66	4.33
	Delhi	252401	547	0.22	1.05	116621	395	0.34	0.67
	Himachal Pradesh	346021	-52	-0.02	-0.09	0	0	0.00	0.00
Total		16698339	60347	0.36	69.04	15191282	50404	0.33	102.80
West	Maharashtra	2840758	7755	0.27	17.24	2968482	17501	0.59	36.66
	Gujarat	1436554	1724	0.12	3.75	1474714	6917	0.47	13.46
	Madhya Pradesh	1201136	-11073	-0.92	-18.77	308151	814	0.26	1.41
	Chattishgarh	1323324	4297	0.32	10.29	65968	338	0.51	0.58
	Total	6801772	2704	0.04	12.51	4817315	25570	0.53	52.11
South	Andhra Pradesh	4455799	6392	0.14	15.36	924293	3755	0.41	8.65
	Karnataka	1920787	2060	0.11	5.20	2030300	10605	0.52	24.16
	Tamil Nadu	2108264	4465	0.21	10.80	2116227	9338	0.44	22.14
	Kerala	858733	764	0.09	1.95	750485	3905	0.52	9.06
	Total	9343583	13680	0.15	33.32	5821305	27603	0.47	64.02
East	West Bengal	2228623	2233	0.10	4.67	2306011	12138	0.53	23.51
	Odisha	1025005	2352	0.23	5.50	332994	1789	0.54	3.10
	Bihar	1004705	3312	0.33	6.66	2260135	11399	0.50	24.03
	Jharkhand	619080	1270	0.21	3.06	714434	4622	0.65	11.14
	Total	4877412	9168	0.19	19.90	5613574	29948	0.53	61.79
N.East	NEF Shillong	231177	301	0.13	0.73	447720	3660	0.82	8.63
	Assam	1191813	1688	0.14	3.90	1531679	18850	1.23	43.43
	N&M Nagaland	59784	114	0.19	0.27	168780	1210	0.72	2.80
	Arunachal Pradesh	66740	78	0.12	0.19	0	0	0.00	0.00
	Manipur	91580	1	0.00	0.00	45822	573	1.25	1.34
	Total	1641093	2181	0.13	5.07	2194001	24293	1.11	56.20
Grand Total		47704028	34827	0.07	139.84	33637477	157818	0.47	336.91

Notes: (-) indicates Gain, Value calculated at Acquisition Cost for 2014-15 (BE) @ Rs.1701.75 per Qtl (Wheat) and Rs.2410.02 per Qtl (Rice)

2.52 Asked whether these losses are quite large and could have been avoided, the Department of Food and Public Distribution in a written note stated:-

"Considering the quantum of foodgrains handled by FCI the transit and storage losses are minimal and under limit. However, FCI and State Agencies are taking no. of steps to reduce transit and distribution losses."

Transit Losses

2.53 During the course of examination, the Committee enquired about reasons responsible for storage and transit losses incurred by FCI, the Department of Food and Public Distribution in a written note stated as under:-

As regards transit losses, the Department of Food and Public Distribution in a written note stated:-

"The difference between the dispatch weight and receipt weight represents the transit loss during movement of stocks from one centre to another centre either by road or rail. Details of transit losses of FCI during the last three years are as follows:

(Qty.in lakh MT/Value Rupees in crores)

Year	Qty. Moved	Qty. of loss	% of loss	Value of loss
2012-13*	453.45	2.12	0.47	388.22
2013-14**	447.81	2.06	0.46	406.61
2014-15**	300.51	1.38	0.46	295.94

*Audited/ ** Provisional/ The year 2014-15 is upto Sept'14"

2.54 Explaining the reasons for transit losses, the Department of Food and Public Distribution in a written note stated:-

"FCI undertakes movement of over 400 lakh MTs of foodgrains every year and during transit some operational losses occurred due to the following reasons:

- (i) In the process of movement of stocks, the bags are handled at multiple stages where the labour uses iron hooks. As a result the bags bleed and the losses occur.
- (ii) By the time the bag reaches its destination, it has been handled several times and has faced spillages enroute.
- (iii) There is loss due to driage of moisture when the stocks move towards hotter destinations.
- (iv) There are instances of pilferages/spillage through holes in the Railway wagons and gaps in flap doors also.
- (v) At many of the Rail Heads, even the bare minimum foodgrain handling facilities/ infrastructure is not provided by Railways leading to spillages and ultimate loss of foodgrains.

- (vi) Transit loss also occurs on transshipment points from broad gauge to meter gauge wagons by Railways."

Storage losses:

2.55 Extent of storage loss is ascertained as and when the stock of foodgrains in a stack is completely issued or cleared. It represents the difference between the stock balance as per books and physical stock balance.

2.56 Explaining the reasons for such losses, the Department of Food and Public Distribution added:-

Storage losses are mainly due to the following reasons:

- (i) Storage loss occurs due to loss of moisture content. This is a natural process especially in rice. Rice is accepted upto 15% moisture content and before it is issued out and hence results in weight loss which is accounted as storage loss.
- (ii) Prolonged storage of foodgrains also contributes to storage loss. This is inevitable as the stocks in Central Pool are being kept for over 2 years before issue out on first in first out (FIFO) principle.
- (iii) Sliding down/ deterioration of stocks: This happens primarily due to prolonged storage, particularly in open type of storage.
- (iv) Fungus/infestation of stocks.
- (v) Bird/ Rodents trouble in storage Complexes.
- (vi) Bleeding/ spillage of grain from gunny bags.

2.57 During the course of evidence, the CMD, FCI also submitted before the Committee:-

"As per our MoU targets, we would be able to achieve the target of storage loss, the transit loss. Storage loss is 0.21 per cent. We would go much below that. We are trying our best, making all efforts possible to keep the storage losses to the minimum. Similarly, transit loss is 0.5 per cent, we would be coming below this. FCI, as you are all aware, is a 50 year old organisation started in 1965 and lot of perceptions are there about it and there are many strengths of being an old organisation, the expertise, the experience and the other good work done over the years would certainly be a strength to FCI. But the problem or the weakness of FCI

is that we are carrying a perception baggage of the past which in fact though FCI has changed very much in the recent times, still the perception of the past continues in the minds of people, which we are trying to remove as much as we can through publicity and awareness."

(i) Setting up High Level Expert Committee for re-structuring of FCI

2.58 In connection with distribution of foodgrains, the Committee during the course of examination drew attention of Department of Food and Public Distribution that the Finance Minister in his Budget Speech had expressed the need for reform in food sector and in this connection had observed that restructuring of FCI, reducing transportation and distribution losses and efficacy of PDS would be taken up on priority basis.

2.59 It also came out during the course of examination that a High level Expert Committee has been set up under the Chairmanship of Shri Shanta Kumar to recommend re-structuring of FCI. Asked about the Terms of Reference of the said Committee of Experts and whether it has started working, the Department of Food and Public Distribution in a written note submitted as under:-

2.60 The High Level Committee had first meeting on 08.09.2014. The terms of reference of the HLC are as under:-

- i. To examine the present day administrative, functional and financial structure of FCI and modus operandi of its various operations.
- ii. To study various models of restructuring or unbundling of and to suggest a best suited model for restructuring or unbundling of FCI to improve its operational efficiency and financial management.
- iii. To suggest measures for overall improvement in management of foodgrains by FCI.
- iv. To define or give suggestions to reorient the role and functions of FCI in MSP operations, storage and distribution of foodgrains and food security systems of the country.
- v. To suggest a way forward for strengthening and integration of supply chain of foodgrains in the country.
- vi. To suggest most efficient and cost effective model from the point of view of storage and least cost option of moving grains.
- vii. To recommend scientific model of storage.
- viii. To recommend rationalised mode of moving grains including tracking of carriage.
- ix. To suggest the upgradation of technology in management of foodgrains.

(iv) Dues of FCI recoverable from different Ministries

2.61 It came out during the course of examination while perusing the reports of the Committee on Demands for Grants (2013-14) that large funds of dues of FCI are recoverable from the Ministries of Rural Development and Human Resource Development. In this connection, the Committee pointed out that the following amount is recoverable from these Ministries:-

(Rs.in crore)
(As on 31st March)

Year	Ministry of Rural Development	Ministry of HRD
2011-12	2890.82	317.99
2012-13	2890.82	774.89

2.62 Asked about the current status on the issue as also whether any dues of FCI are recoverable, the Department of Food and Public Distribution in a Post Evidence Reply submitted:-

"The FCI supplied foodgrains under various Welfare Schemes of Ministry of Rural Development from 2001-02 to 2007-08. Ministry of Rural Development made last payment of Rs.7500 crore during the year 2008-09. After that no payment has been received from MoRD and as on date Rs.2452.96 crore is outstanding against MoRD for foodgrains supplied by FCI."

2.63 As regard dues recoverable from Ministry of HRD, the Department of Food and Public Distribution stated:-

"In the case of MoHRD, FCI supplies foodgrains under MDM Scheme. The payment under this scheme upto the year 2009-10 was centralized and for the foodgrains supplied upto that period, there is no outstanding. However, from the year 2010-11 onwards under decentralized payment system, position of dues is as under :

(Rs. in crore)

Particulars	2010-11	2011-12	2012-13	2013-14 (Prov)	2014-15 (Prov) Upto 30.09.2014
Opening Outstanding	0	232.11	368.84	339.46	355.44
Add : Sale during the year	1287.32	1217.60	1302.95	1358.05	620.93
Less : Received Amount	1055.21	1080.87	1332.33	1342.07	473.74
Closing	232.11	368.84	339.46	355.44	502.63

Outstanding					
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*Rs.300 crore revolving fund provided by the Ministry of Human Resource Development to FCI.

(v) Dues of State Governments recoverable from FCI on account of Hill Transport Subsidy

2.64 It also came out during the course of examination while perusing the Report of the Committee on Demands for Grants (2013-14) that huge funds of different State Governments are recoverable from FCI on account of Hill Transport Subsidy.

Statement showing the details of HTS Claims of States/UTs, total amount to be released for Non-release of HTS

The details are in Appendix-VII

Position compiled on 12.11.2014

Amount in Rupees lakh)

State/UT	Amount claimed	Amount reimbursed	Amount disallowed	Amount pending	Bills returned	Reasons for pendency
Mizoram	3702.65	1463.09	179.74	187.91	1871.91	
Tripura	202.13	68.54	13.01	26.05	94.53	
Meghalaya	0	0	0	0	0	There are no claims from the State Government of Meghalaya
Manipur	0	0	0	0	0	There are no claims from the State Government of Manipur
Nagaland	246.31	0	0	79.93	166.68	
Arunachal Pradesh	21885	4576	0	0	21885	
Himachal Pradesh	3370.86	2293.99	63.9	996.39	16.58	
Jammu and Kashmir	4420.01	1408.22	616.22	0	2395.67	
Sikkim	1054.66	703.17	181.49	160.55	9.44	
Lakshadweep	108.68	90.67	5.42	12.59	0	
A&N Islands	There are no claims of HTS as FCI is directly delivering wheat and rice under PDCs through a private liner					

2.65 Asked whether the pending dues have been re-imbursed, the Department of Food and Public Distribution in a Post Evidence Reply submitted:-

"For release of payment under HTS, FCI has to ensure genuineness of claims and to verify that stock has actually moved to the Principal Distribution Centres (PDCs). Accordingly, FCI has been insisting the State Governments to submit the documents in support of payment made to the transporter.

However, State Governments are not submitting claims along with supporting documents and there is delay in settlement of bills."

2.66 The Committee also pointed out whether the pendencies are quite old and should have been re-imbursed long back, the Department of Food and Public Distribution in a written note stated:-

"Claims under HTS can be settled only on submission of bills by the State/UT with requisite supporting documents. The States/UTs have time and again been advised by FCI for the same. The bills which were not deficient have already been settled. "

(B) Sugar Subsidy

2.67 During the course of examination, the Department of Food and Public Distribution has given the following details about sugar subsidy for reimbursement to States/UTs:-

"Sugar Subsidy for Re-imbusement to States/UTs

- Levy Sugar obligation on Sugar Mills was abolished from October, 2012.
- Under the new scheme effected on 01.06.2013, State Governments/UTs shall have to procure sugar from open market for distribution through PDS at a retail price of not more than Rs. 13.50 per kg.
- Central Government would provide a fixed subsidy @ Rs. 18.50 per kg limited to the quantity based on the existing allocation.

2.68 During the course of examination, the Department of Food and Public Distribution in a written note has submitted that the BE, RE and Actual during 2013-14 and BE 2014-15 and Expenditure 2014-15 as on 31st August, 2014 on sugar subsidy as detailed below:-

(Rs. In Crore)

Name of the Scheme	BE 2013-14	RE 2013-14	Expenditure 2013-14	BE 2014-15	Expenditure 2014-15 (31.08.2014)
Sugar subsidy to States/UTs for PDS	2259.98	2259.98	2259.98	4500.00	1408.36

Subsidy for Buffer stocks	5.00	7.50	7.50	5.00	2.48
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2.69 Asked about the reasons why only Rs. 1408.36 crore has been spent out of Rs. 4500 Crore of BE 2014-15 as on 31st August, 2014 on sugar subsidy, the Department of Food and Public Distribution in a written note stated:-

"Expenditure on sugar subsidy is incurred as per monthly expenditure plan (MEP) and the claims submitted by the States/UTs."

2.70 While dealing with decontrol of sugar sector, it was observed by Department of Food and Public Distribution that the present arrangement will be reviewed after two years and it was also hoped that this would improve financial health of the Sugar Mills."

2.71 Asked whether the Department of Food and Public Distribution have reviewed the arrangements as two years have been over in September, 2014 and in what way the aforesaid decision has improved the financial health of Sugar Mills, the Department of Food and Public Distribution in a written note stated as under:-

"As regards review of new arrangement for distribution of sugar through PDS, a decision is yet to be taken. Under the new arrangement, the sugar mills have been benefited by about Rs. 3000 crore per annum."

Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU, 2014)

2.72 The Department of Food and Public Distribution has stated that sugar industry is an important aqua-based industry that impacts rural livelihood of about 50 million sugarcane farmers and around 5 lakh workers directly employed in sugar mills. India is the second largest producer of sugar in the world after Brazil and is also the largest consumer. Today Indian sugar industry's annual output is worth approximately Rs. 8,000 crores with 701 sugar factories.

2.73 During the course of examination, the Committee pointed out that a sum of Rs. 100 crore has been made available in BE (2014-15) for SEFASU, 2014 and that the Government has formed an Informal Group of Union Ministers (IGOM) under the Chairmanship of Minister of Agriculture to look into the problems of sugar sector. On the recommendations of IGOM, the Government on 3.1.2014 had notified a Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU-2014) envisaging interest free loans worth Rs. 6,600 crores by the bank as additional working capital to sugar mills, for clearance of cane price arrears of previous sugar seasons and timely settlement of cane price of current sugar season to sugarcane farmers. Interest burden on this loan, estimated at Rs. 2,750 crores over next five years would be borne by the Government through Sugar Development Fund.

2.74 The Committee also pointed out that the Department of Food and Public Distribution has stated that as on August, 2014, Rs. 5511 crore has been disbursed out of Rs. 6094 crore sanctioned.

2.75 Explaining the reasons behind the sugarcane price arrears, the Department of Food and Public Distribution had intimated that surplus production over domestic consumption in the last three sugar seasons and low exports due to subdued international sugar prices have led to building up of sugar stocks with the Mills. This had adversely affected the financial health of the Mills and led to cane price arrears. Though the Government fixes Fair and Remunerative Price of Sugarcane on the recommendations of the Commission on Agricultural Cost and Prices (CACP), fixation of higher cane prices by some of the States compounds the problem. As on 15.10.2014, Rs. 5,414 crore cane price is yet to be paid which is 9.34% of the total payable cane price of Rs. 57,984 crore during crushing season 2013-14 (1st October, to 30th September). Currently, the problem of cane price arrears is U.P. centric which constitute 49.47% of the total arrears.

2.76 Enquired about the Sugar Mills-wise details of sugar cane price arrears as on 15.10.2014 in the State of Uttar Pradesh where the sugarcane price arrears is nearing 50%, the Department of Food and Public Distribution have submitted details as shown in Statement of Cane Price Payment Position Sugar Season 2013-14 showing Name of Factory, Total Cane Price payable, Total Price Arrears in Uttar Pradesh as on 16.10.2014 at **Appendix VIII**.

2.77 Asked whether Department of Food and Public Distribution have taken up the issue with State Government of Uttar Pradesh for early payment of sugarcane price arrears, the Department of Food and Public Distribution in a written note stated:-

"The Central Government had advised the State Government of Uttar Pradesh from time to time to ensure timely payment of cane dues to the farmers and to take action against the defaulting sugar mills. A meeting was also held on 14.8.2014 under the Chairmanship of Hon'ble Minister of Consumer Affairs, Food & PD with the representatives of the apex bodies of the sugar industry and State representatives of major sugar producing States including Uttar Pradesh wherein it has been impressed upon the Industry to clear cane price arrears."

Plan Schemes

3.1 During the course of examination, the Department of Food and Public Distribution has stated that following schemes are being implemented by the Department:-

- (i) Construction of Godowns by FCI/State Government.
- (ii) Computerization of PDS operations.
- (iii) Warehousing Development and Regulatory Authority.
- (iv) National Sugar Institute.
- (v) Strengthening of PDS & Capacity Building, Quality Control, Consultancies & Research
 - (a) Strengthening of PDS & Capacity Building.
 - (b) Consultancies, Training & Research
 - (c) Strengthening of QCC.
 - (d) Financial Assistance to State/UTs Food Commissions for non Building Assets.

3.2 Explaining the expenditure details during 2012-13, the Department of Food and Public Distribution has furnished the following details:-

"Details of BE, RE and Actual expenditure during the year 2012-13 are given below:

(Rs. In crore)

Sl. No	(A) Ongoing Schemes	12th Plan Allocation	Annual Plan 2012-13		
			BE	RE	Actual Exp.
1	Construction of Godowns by FCI /State Govt.	530.00	60.00	33.28	33.28
2	Computerisation of PDS Operations	817.13	40.00	41.69	41.69
3	National Sugar Institute, Kanpur	3.90	0.75	0.75	0.5543
4	Village Grain Bank (scheme now closed)	60.00	8.00	1.00	0.9914
5	Assistance to WDRA	50.00	6.00	6.00	5.73
6	Constructions of FPS-cum-Godowns & Setting up of National Food Commissions (both schemes closed)	0.01 0.01	5.00 2.00	0.00 0.01	0.00 0.00
7	Strengthening of PDS & Capacity Building, Quality Control,				

Sl. No	(A) Ongoing Schemes	12th Plan Allocation	Annual Plan 2012-13		
			BE	RE	Actual Exp.
	Consultancies & Research				
	(i) Strengthening of PDS & Capacity Building	20.00	2.05	1.55	0.8075
	(ii) Consultancies, Training & Research	6.95	1.20	0.72	0.3359
	(iii) Strengthening of QC Mechanism	35.00	1.00	0.00	0.00
	(iv) Financial Assistance to State/UTs Food Commissions for non-building assets (new component)	0.00	0.00	0.00	0.00
Total		1523.00	126.00	85.00	83.3891

3.3 As regards 2013-14 and 2014-15, the Department of Food and Public Distribution has furnished the following details:-

(Rs. in crore)

Sl No	(A) Ongoing Schemes	Annual Plan 2013-14			Annual Plan 2014-15	
		BE	RE	Actual Exp.	BE	Actual Exp. 31.08.2014
1	Construction of Godowns by FCI /State Govt.	45.00	3.00	3.00	181.00	1.22
2	Computerisation of PDS Operations	200.00	188.76	184.2012	128.50	27.48
3	National Sugar Institute, Kanpur	0.88	0.88	0.8035	2.50	2.27
4	Village Grain Bank (scheme now closed)	2.00	0.00	0.00	0.00	0.00
5	Assistance to WDRA	6.32	4.64	3.55	8.00	3.21

Sl No	(A) Ongoing Schemes	Annual Plan 2013-14			Annual Plan 2014-15	
6	Constructions of FPS-cum-Godowns & Setting up of National Food Commissions (both schemes closed)	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
7	Strengthening of PDS & Capacity Building, Quality Control, Consultancies & Research					
	(i) Strengthening of PDS & Capacity Building	2.10	1.13	0.9475	2.50	0.19
	(ii) Consultancies, Training & Research	0.70	0.31	0.3029	1.50	0.61
	(iii) Strengthening of QC Mechanism	2.00	1.28	1.2669	5.00	0.09
	(iv) Financial Assistance to State/UTs Food Commissions for non-building assets (new component)	0.00	0.00	0.00	1.00	0.00
Total		259.00	200.00	194.0719	330.00	35.07

(i) Construction of Godowns by FCI/State Governments

3.4 The position of stocks in the Central Pool as on 01.06.2013 was 776.95 lakh tonne. To meet the requirement of storage capacity, the FCI resorts to temporarily hiring of covered godowns as well as foodgrains under Cover and Plinth (CAP) System, a scientific method of foodgrain storage. As per Department of Food and Public Distribution, the total storage capacity both covered and CAP available as on 31.03.2014 was 748.08 lakh tonnes, with 368.90 lakh tonnes with FCI, followed by 105.10 lakh tonnes with CWC and remaining 274.08 lakh tonnes with SWCs. The storage capacity of FCI is 64% in North Zone, 15% in South Zone, 13% in West Zone, 7% in East Zone and only about 1% in North East Zone.

3.5 With a view to overcoming storage constraints and ensuring safe stocking of foodgrains across the country, the Government is implementing the Private Entrepreneurs' Guarantee (PEG) Scheme for augmenting storage capacities through private

entrepreneurs, Central Warehousing Corporation (CWC) and State Warehousing Corporation (SWCs) under which FCI provides a hiring guarantee of 10 years to private investors and 5 years to CWC/SWCs and State Agencies. A capacity of 151.98 lakh tonnes has been sanctioned out of which 120.03 lakh tonnes has been completed and 14.95 lakh tonnes is under construction.

Capacity augmentation through Plan Scheme is done for North-East Region and some other States.

3.6 During the course of examination, the Department of Food and Public Distribution informed that the Plan Scheme for construction of godowns was formulated under the 11th Five Year Plan to build and increase the storage capacity for foodgrains. The Scheme aims at providing the requisite storage capacity for meeting the requirement of buffer and operational stock of foodgrains to maintain the public distribution system. The broad approach is to augment covered storage capacity and reduce dependence on storage of foodgrains under Cover And Plinth (CAP)/ Kuchha storage facilities.

3.7 During the course of examination, the Committee pointed out the following details regarding outlays vis-à-vis utilization with regard to one of the major plan schemes of Construction of Godown by FCI/State Governments:-

2012-13				2013-14				2014-15	
BE	RE	AE	Reason for variation	BE	RE	AE	Reason for variation	BE	Reason for variation
60.00	33.28	33.28	Frequent bandhs and increase in scope of work as per site condition	45.00	3.00	3.00	There was less requirement of funds due to delay in land acquisition for various projects of FCI in NE region, it was decided to revise the allocation at RE stage.	181.00	The proposed amount is required to be released to the FCI & State Governments of NE Region for completion of ongoing projects for construction of Storage Godown

3.8 The Committee also pointed out that level of funds during 2012-13 and 2013-14 and their utilization dwindled by reasons like frequent bandhs and delay in land acquisition. Asked whether these factors not mar the pace of utilization, the Department of Food and Public Distribution in a written note stated:-

" No Sir".

3.9 The Committee further enquired about the position of releases vis-à-vis utilization in respect of different projects taken up by FCI and State Governments during the last two years, the Department of Food and Public Distribution in a written note stated as under:-

"The details of funds released to FCI and State Governments of NE State Governments are given as under:-

(Rs. in crores)

Year	FCI (Equity)		State Governments of NE (Grants-in Aid)
	Other than NE	NE	
2012-13	4.00	19.28	10.00
2013-14	--	3.00	0.00
2014-15 (till 30-09-2014)	--	50.00	5.00

As on 30-09-2014 (inclusive of 12th Plan period releases) a total Rs.56.22 crore is available with FCI as unspent and Rs.8.74 crore are available with State Governments of North Eastern Region. The available funds are being utilized by FCI and State Governments of North Eastern Region on new projects and completion of ongoing projects."

(ii) End to End Computerization of PDS Operations

3.10 During the course of examination, the Department of Food and Public Distribution has informed that as part of modernization of Targeted Public Distribution System (TPDS), end-to-end Computerization of TPDS is being undertaken in all States/UTs with a view to provide infrastructure and financial support to States/UTs, Government has approved a Plan Scheme on 'End-to-End Computerization of TPDS Operations' on 04.10.2012 to be implemented under the 12th Five Year Plan (2012-17) in all States/UTs on cost-sharing basis.

3.11 During the course of examination, the Department of Food and Public Distribution has given the following details of BE, RE and Actuals during 2012-13, 2013-14 and BE 2014-15:-

2012-13				2013-14				2014-15	
BE	RE	AE	Remarks	BE	RE	AE	Remarks	BE	Remarks
40.00	41.69	41.69	The target fixed has been achieved.	200	188.762	187.055	Computerization Cell vide O.M. dated 18.09.2013 had sought Rs. 200 crore for the Plan Scheme on End-to-end Computerization in RE 2013-14. It may also be mentioned that by 31.12.2013, Rs. 137.94 crore had already been utilized under the scheme. As per instructions issued by Ministry of Finance, Rs. 66 crore (33% of Rs. 200 crore) could be utilized in the last quarter of 2013-14. The allocation at RE Stage was reduced by Department of Expenditure, Ministry of Finance.	128.50	Finance Division has allocated Rs. 128.5 crore. The Plan scheme computerisation of PDS operation has to be implemented effectively nationwide in the light of passing of National Food Security Act, 2013 by the Parliament.

3.12 The Committee pointed out during the course of examination that during 2012-13, the utilization was full whereas during 2013-14 the funds could not be fully utilized by reason of Ministry of Finance direction that only 33% of BE could be utilized in the last quarter of the financial year. As for 2014-15, the scheme is yet to be implemented. Asked whether targets for 2012-13 although achieved were quite less, the Department of Food and Public Distribution in a written noted stated:-

"The scheme was approved in October, 2012 and administrative approval conveyed to States/UTs in December, 2012. Hence, the time left during FY 2012-13 for States/UTs to send their financial proposal was very short."

3.13 On being asked about the initial requirement the Department proposed before the Planning Commission during 2012-13, the Department of Food and Public Distribution in a written note stated :-

"The total requirement projected for Component-I and Component-II of the scheme for End-to-end Computerisation of TPDS Operations before the Planning Commission was Rs.4273.47 crore on cost sharing basis with States/UTs. However, the Expenditure Finance Committee (EFC) in its appraisal during September 2012 noted that activities under Component-II i.e. FPS automation should be taken up after taking into consideration of various factors like coverage and linkage with Unique Identity (UID) / National Population Register (NPR) data, availability of connectivity at Fair Price Shops (FPSs), finalization of smart card standard etc. and that the Department shall review the position and present the matter to the EFC at an appropriate time. EFC thus approved the funding requirement proposed for Component-I of the scheme. Cabinet Committee on Economics Affairs (CCEA) approved Component-I of the scheme with funding requirement of Rs. 884.07 crore during 2012-17."

3.14 The Committee also enquired that in view of lower utilization of funds during 2013-14 by reason of Ministry of Finance's instruction, Department of Food and Public Distribution should have kept in mind for uniform utilization throughout the year, the Department of Food and Public Distribution in a written note stated :-

"Disbursement of Central share of financial assistance to States/UTs under the Plan scheme for End-to-end Computerisation of TPDS operations depends upon the receipt of financial proposals from concerned States/UTs. Since the financial proposals from some States/UTs were not received in a uniform manner through the financial year 2013-14, utilization of funds could not be spread uniformly throughout the year."

3.15 During the course of examination, the Department of Food and Public Distribution had given the following status about estimate of funds vis-à-vis utilization during 2012-13 as under:-

(Rs.in crore)			
Year	BE	RE	AE
2012-13	40.00	41.69	41.69
2013-14	200.00	188.7616	187.0545
2014-15	128.50		27.48 (upto 31.08.2014)

3.16 During the course of examination, the Department of Food and Public Distribution has given the following details:-

"Computerization of PDS Operations"

- (a) CCEA approval of the Scheme – October, 2012
- (b) Total Cost – Rs. 884.07 crore.
 - (i) Centre's share Rs. 489.37 crore
 - (ii) State' share Rs. 394.70 crore
 - (iii) Sharing pattern : NE States (90:10) & Other States (50:50)
- (c) Activities and expected outcomes
 - (i) Digitization of Beneficiary Database
 - (ii) Computerization of Supply Chain Management
 - (iii) Grievance Redressal Mechanism and Transparency Portal
- (d) So far Rs, 253.93 crore of Central share released to 24 States, NIC and CPMU (DFPD)."

3.17 The Committee also wanted to know the State-wise details of releases vis-à-vis utilization that have disbursed funds during 2012-13, 2013-14 and 2014-15 and whether these States submitting utilization certificates in time, the Department of Food and Public Distribution in a written note stated :-

"Funds have been disbursed to 24 States/UTs. Details of funds disbursed by the Department and funds utilised as per reports received from States/UTs is as under:-

Details of Funds released to States

(In Rs. Crore)			
S. No.	State/UT	Central share of funds released – 1st instalment	Expenditure reported by States
1	Andhra Pradesh	20.61	2.97
2	Assam	19.73	0
3	Bihar	17.89	6
4	Chhattisgarh	3.35	0
5	Goa	1.87	0
6	Himachal Pradesh	4.24	0
7	Jammu & Kashmir	6.11	0
8	Kerala	7.30	0
9	Jharkhand	9.47	3.4
10	Lakshdweep	0.70	0
11	Madhya Pradesh	17.34	8.54
12	Maharashtra	20.92	0
13	Manipur	4.24	0.32
14	Meghalaya	5.51	0
15	Mizoram	4.91	0.8742
16	Nagaland	5.52	0
17	Odisha	11.08	2.23
18	Punjab	7.79	0
19	Rajasthan	13.89	0
20	Tamil Nadu	11.83	0
21	Tripura	5.85	0
22	Uttar Pradesh	28.33	7.8
23	Uttarakhand	5.24	1
24	West Bengal	15.17	12
	Total	248.89	45.13

The Utilization Certificate for first instalment of funds released to States/UTs is yet to be received."

3.18 During the course of examination, the Department has given the following statement of implementation of the scheme in different States/UTs:-

Statement on status of Component-I of End-to-end Computerization of TPDS Operations

(as on 31.05.2014)

	FPS Data*	Godowns data*	Ration Card Data*	Online allocation	Supply-chain	Transpar-ency Portal	Online grievance	Toll free number
Andaman & Nicobar Islands	100%	-	100%	In Progress	-	Yes	Yes	Yes
Andhra Pradesh**	100%	100%	100%	Yes	-	Yes	Yes	Yes
Arunachal Pradesh	100%	64%	76%	Few locations	-	Yes	-	Yes
Assam	100%	82%	-	-	-	-	-	Yes
Bihar	100%	100%	89%	In progress	In progress	Yes	Yes	Yes
Chandigarh	100%	100%	79%	Not operational	-	Yes	Yes	Yes
Chhattisgarh	100%	100%	100%	Implemented	Implemented	Yes	Yes	Yes
Dadra and Nagar Haveli	100%	100%	57%	-	-	Yes	-	Yes
Daman and Diu	100%	100%	51%	-	-	Yes	-	-
Delhi	100%	n/a	100%	Implemented	Implemented	Yes	-	Yes
Goa	89%	100%	100%	In Progress	In Progress	Yes	-	Yes
Gujarat	100%	100%	100%	Implemented	In Progress	Yes	Yes	Yes
Haryana	100%	100%	100%	Only 4 blocks	-	Yes	Yes	Yes
Himachal Pradesh	100%	100%	-	-	-	Yes	Yes	Yes
Jammu and Kashmir	100%	100%	100%	-	-	-	-	Yes
Jharkhand	100%	100%	98%	3 Districts	-	Yes	Yes	-
Karnataka	100%	100%	100%	Implemented	Implemented	Yes	Yes	Yes
Kerala	100%	100%	100%	-	-	Yes	Yes	Yes
Lakshadweep	100%	100%	90%	-	-	-	-	-
Madhya Pradesh	100%	100%	100%	Yes	In progress	Yes	Yes	Yes
Maharashtra	100%	100%	100%	Implemented	-	Yes	Yes	Yes
Manipur	100%	100%	54%	-	-	-	-	Yes
Meghalaya	100%	100%	-	-	-	Yes	Yes	Yes
Mizoram	100%	100%	65%	-	-	-	-	Yes
Nagaland	100%	100%	-	-	-	Yes	-	Yes
Odisha	100%	100%	2%	Yes	Partially	Yes	Yes	Yes
Puducherry	100%	-	100%	2 divisions	2 divisions	Yes	Yes	-
Punjab	100%	100%	83%	-	-	Yes	-	-
Rajasthan	92%	100%	60%	-	-	-	Yes	Yes
Sikkim	100%	100%	100%	-	-	Yes	-	Yes
Tamil Nadu	100%	100%	100%	Yes	Yes	-	Yes	-
Tripura	100%	100%	80%	-	-	-	-	-
Uttar Pradesh	100%	100%	34%	-	-	Yes	-	Yes
Uttarakhand	100%	100%	-	-	-	Yes	-	-
West Bengal	100%	100%	69%	In 3 districts	-	Yes	Yes	Yes

3.19 The Committee pointed out that progress with regard to various areas of computerization in different States has been at varying degree. For instance on Ration Card data, big States like Uttar Pradesh, Rajasthan and Odisha have done work as low as 34%, 60% and only 2%. Similarly, on online allocation, Uttar Pradesh has drawn blank and West Bengal has done it in only 3 districts. On Supply Chain aspect also, barring

Karnataka, Delhi, Chhattisgarh and Tamil Nadu , the performance of different States is shown as 'in progress' or blank.

3.20 Enquired whether absence of computerization of TPDS led to malpractices in distribution of foodgrains. The Committee also enquired about the reasons for slow pace of computerization in different States and whether Department of Food and Public Distribution not impressed upon the slow moving States to move faster on the line of fast moving States, the Department of Food and Public Distribution in a written note stated :-

" Computerization and putting relevant information in public domain will increase transparency and reduce malpractices. The pace of computerization depends on the interest of the respective State Governments, for which their attention is regularly drawn at highest level."

3.21 During the course of briefing of representatives of Department of Food and Public Distribution, the Committee wanted to know whether the system of biometric or face recognition system already in operation in airport can be introduced in Computerization of TPDS, the Secretary, Department of Food and Public Distribution stated:-

"Sir, you have given a very good suggestion. When I talk of computerization, we take the Aadhar Card number also in computer data base. Sir, if any M.P. is from Chhattisgarh, he might be aware about it. They have done a very good experiment in Chhattisgarh. Similarly, in Andhra Pradesh in East Godavari District, if you are aware the Joint Collector had started this sysem. There whenever a beneficiary goes to FPS, his verification is done on the basis of Aadhar Card and he gets ration then itself. This is a very good system, Chhattisgarh has also done a good work, but it will be materialized only after computerization. In Raipur city, they have told that because all items are on Central Server, any beneficiary can get ration from any shop. Today, difficulty is coming when a person goes to a shop, the shop owner sells anywhere and says not received so not given. In this system after computerization, until its verification, he can not issue it, he can not reject it."

3.22 The Secretary further added:-

"In Raipur, they have brought a system where you can get ration from any shop. You go to meet collector or to a Hospital or to a Court for tendering evidence, while returning if you see Fair Price Shop, you get ration from there because everything is Centralized Data Base and ration is to be given only after verification of beneficiary, he can get it from any shop. Many shops which indulge in malpractices, nobody would go there. When their stock is not sold from next month, they will not get supply and then license will be surrendered. All these things will be possible only when the first stage of computerization will be completed, everything will come on information server, then Aadhar is updated then verification can also be done."

3.23 The Secretary, Department of Food and Public Distribution during the evidence also elaborated:-

"Hon'ble Member & Parliament had pointed out shortcomings in TPDS. I had in my introduction before the Committee informed that now steps have to be taken by different State Governments, we are continuously impressing upon for it. When a complaint comes up we bring that to the knowledge of State Governments. I will request that Hon'ble Members of Parliament will look into it in their individual constituencies. Then only the situation will improve. If it is brought to the knowledge of State Governments, if you tell to us then we will take up the issue with State Governments. I will say that effort is being made to set up a system. Now for implementation of the system, in federal structure, is the duty of the States."

3.24 The Department of Food and Public Distribution has outlined the major challenges in TPDS and how they are being addressed:-

"Leakages and diversion of foodgrain:-

- (a) Door step delivery
- (b) Computerization of TPDS supply chain
- (c) Automation of FPS shops

Targeting errors

- (a) Digitization of beneficiary database
- (b) Hosting of database on TPDS portal

Non-availability of Fair Price Shops

- (a) States to increase margins of FPS dealers
- (b) Allowing sale of non-PDS items."

3.25 Explaining the current status on the issue, the Department of Food and Public Distribution in a written note stated as under:-

Computerization of TPDS – Status

1.	At an advanced stage	Chhattisgarh, Gujarat, Karnataka
2.	Significant progress	Bihar, Delhi, Goa, Puducherry
3.	At initial stage of implementation	Andaman & Nicobar Islands, Andhra Pradesh, Kerala, Madhya Pradesh, Maharashtra, Odisha, Sikkim, Punjab, Tamil Nadu, Telengana, Uttar Pradesh, West Bengal.

4.	Not much progress	Arunachal Pradesh, Assam, Chandigarh, Dadra & Nagar Haveli, Daman & Diu, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Lakshadweep, Manipur, Meghalaya, Mizoram, Nagaland, Rajasthan, Tripura, Uttarakhand
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PART II

Recommendations/Observations

In pursuance of the ruling of Hon'ble Speaker given in Lok Sabha on 15th July, 2014, the Standing Committee on Food, Consumer Affairs and Public Distribution have taken up the work of examination and report on Demands for Grants (2014-15) of Department of Food and Public Distribution already passed by Parliament. The Committee have accordingly examined the aforesaid Demands for Grants. The Demands for Grants have been examined in the light of over-all outgo of food subsidy during the last five years consequent upon ever increasing MSP of Wheat and Rice from 2004-2005 to 2013-14 with no increase in Central Issue Price (CIPs) since 2002 for AAY, BPL and APL categories by way of bridging the gap between Economic Cost and CIPs, over-all analysis of both Plan and Non-Plan allocations during 2014-15, allocations made in 11th (2007-2012) and 12th (2012-17) Plan, Mid-term Appraisal of 12th Plan, level of funds available during 2012-13, 2013-14 and 2014-15, followed by Scheme-wise Analysis. The recommendations/ observations of the Committee are in succeeding paragraphs.

Food Subsidy Scenario

The Committee are constrained to find that the level of food subsidy has gone up from the level of Rs. 62,929.16 crore in 2010-11 to Rs. 1,10,500.00 crores in 2014-15, i.e. almost double than what was five years ago. Further, the Committee have been informed by Department of Food and Public Distribution that the estimated annual requirement of food subsidy for full implementation of National Food Security Act, 2013 in all States/Union Territories is Rs. 1,31,086.00 crore (at 2014-15 cost). In

this connection, the Committee have been informed by Department of Food and Public Distribution that major challenges in TPDS like leakage and diversion of foodgrains, targeting errors and non-viability of Fair Price Shops etc. are being faced by the Department. The Department has suggested various measures for their redressal. The Committee feel that barring mandatory obligations of National Food Security Act, the entire issue of rising food subsidy bill of the Government needs to be reviewed in the light of various challenges outlined by Department of Food and Public Distribution so as to make it sustainable and purposeful.

(Recommendation SI No. 1)

11th and 12th Plan Allocations

The Committee find that Department of Food and Public Distribution has not been getting the level of funds as proposed by them during 11th Plan (2007-2012) and 12th Plan (2012-2017) for their different Projects/Schemes. For instance, as against the proposed funds of Rs. 833.70 crore and Rs. 4871.48 crore, the funds allocated by the Planning Commission during 11th and 12th Plan were as low as Rs. 694.00 and Rs. 1523.00 crore. The Committee are further constrained to note that during 11th Plan, Rs. 67.26 crore remained unspent. While analyzing the reasons for less availability of funds during 12th Plan to Department of Food and Public Distribution, the Committee have found that this was occasioned by non-approval of three schemes viz. (i) Market Intervention Scheme for non-formal PDS through the State Civil Supplies Corporation and Consumer Marketing Federations; (ii) Construction of FPS-cum-Godowns and (iii) Computerization of PDS Component II. With the funds so reduced, the Committee find that only Rs. 1523.00 crore are available with Department of Food and Public Distribution as 12th Plan Outlay. The Committee find that out of Rs. 1523.00 Plan Outlay for Department of Food and Public Distribution, the major portion is going to two schemes viz. (i) Construction of Godowns by FCI/State Governments (Rs. 530.00 crore) and (ii) Computerization of

PDS operations (Rs. 817.30 crore). For the scheme of construction of godowns, the Committee find that funds are released to FCI in the form of equity for purposes like land acquisition and for creation of related infrastructure like railway sidings etc. in North Eastern States, in select North –Eastern States and State of Jammu & Kashmir. The Committee are dismayed to witness that Plan funds provided in the Budget estimate stage are being reduced year after year in the first three years of the current plan. For instance, as against the BE of Rs. 60 crore in 2012-13, Rs. 45 crore in 2013-14 and Rs. 181 crore in 2014-15, the funds available at RE stage were as low as Rs. 33.28 crore, Rs. 3.00 crore and Rs. 107 crore (proposed). The Committee are also constrained to note that during 2014-15 as high as Rs. 52.01 crore are lying unspent as on 30.09.2014. The Committee are also unhappy to note that though reduced funds at RE have been fully spent by Department of Food and Public Distribution in first two years of the current Plan yet in the third year, i.e. 2014-15 the pace of expenditure has been still slower in comparison of proposed RE. Visualizing the funds and their utilization of another scheme of computerization of PDS operations during the first three years of the current Plan, they find that this scheme has not witnessed steep reduction in BE at RE stage during first two years i.e. 2012-13 and 2013-14 and the level of utilization is also good. They, however, are constrained to find that during the third year of the current Plan i.e. 2014-15, out of Rs. 128.50 crore, the level of utilization is only Rs. 27.28 crore. In this connection, the Secretary, Department of Food and Public Distribution was candid in his admission before the Committee in expressing displeasure over pace of expenditure in respect of both of the two schemes referred to above and have expressed his dependability on States/UTs. The Committee, therefore, recommend that Department of Food and Public Distribution has to play a pro-active role on this issue so that Plan funds are not reduced drastically at RE stage during 2014-15 and budgeted amount is fully utilized in remaining two years of the current Plan.

(Recommendation SI No.2)

Mid- Term Appraisal of 12th Plan

The Committee, while analyzing the findings of Mid-Term Appraisal of 12th Plan find that it underlines the need for utilization of Plan allocations, implementation of National Food Security Act, end-to-end computerization, Strengthening Quality Control, creation of additional storage capacity, difficulties being faced by Department in terms of identification, acquisition of suitable land for taking up construction of storage godowns etc. In this connection, the Committee have been informed by the Department of Food and Public Distribution that the Department is satisfied with the over-all implementation of on-going and new schemes so far during 12th Plan. The Department of Food and Public Distribution on the other hand has informed that implementation of National Food Security Act lies with State Governments/UT Administrations for setting up Grievance Redressal Mechanism both at State and District Level as also to create sufficient storage facilities etc. The Committee, therefore, conclude that since a lot of work is yet to be undertaken for implementation of National Food Security Act by different State Governments/UTs, the Committee are unable to comprehend the reason behind complacency on the part of Department of Food and Public Distribution in this regard. The Committee, therefore, recommend the Department of Food and Public Distribution to impress upon the State Governments/UT Administration so that required infrastructure for implementation of National Food Security Act is set up expeditiously in 11 States atleast where the National Food Security Act is being implemented at present and plan for such work in States which are soon to join implementation of National Food Security Act.

(Recommendation Sl. No. 3)

On the issue of over-all preparedness for Quality Control during 12th Plan, the Department of Food and Public Distribution plans to manage with a total of 15 Quality Control Cells (QCCs) out of which 7 QCCs have already been set up and 8 new QCCs have been proposed for covering different States/UTs. For upgradation of

existing infrastructure available with IGMRI, Hapur with the help of Central Warehousing Corporation (CWC) and National Institute of Plant Health Management (NIPHM), Hyderabad is being engaged as consultant in October, 2014 for setting up modern facilities for pesticides residue at IGMRI. Keeping in view the fact that three years of the current Plan are already over and the demand for such QCCs may further rise if more States may join implementation of National Food Security Act in near future, the Committee recommend that new QCCs to be set up expeditiously to cater the likely demand for addressing the issue of Quality Control comprehensively.

(Recommendation Sl. No. 4)

Level of funds during 2012-13, 2013-14 and 2014-15

The Committee find that the level of funds of Department of Food and Public Distribution has gone up from Rs. 86,218.80 crore in 2012-13 to Rs. 1,15,656.84 crore in 2014-15 out of which under non-Plan component, the Food Subsidy comprises of a huge Rs. 84,554 crore and Rs. 1,15,326.84 crore with relatively very less Plan component of Rs. 330 crore, mainly for two schemes of Construction of Godowns (Rs. 181 crore) and End-to-End Computerization (Rs. 128 crore). The Department of Food and Public Distribution during the course of examination have attributed the reasons like increase in MSP (Wheat and Paddy) and other incidentals, increase in off-take due to implementation of National Food Security Act, increased subsidy burden on sugar (Rs. 18.50 per kg) w.e.f 01 June, 2013, less allocation of budget against demands for 2012-13 i.e. arrears of past years etc. for increased level of funds from 2012-13 to 2014-15. The Committee while analyzing the data of both Non-Plan and Plan funds find that the Department of Food and Public Distribution, on the

one hand is experiencing shortage of funds for meeting Food Subsidy, its Plan funds are not being fully utilized on account of less proposals coming from different States due to late communication of administrative approval on scheme of 'End-to-end Computerization' in 2012-13 on the other. The Committee, therefore, feel that Department of Food and Public Distribution should take up the matter of shortage of funds for Food Subsidy requirement with Ministry of Finance at appropriate level and take up the issue of obtaining more and more proposals under 'End-to-end Computerization' with concerned State Governments and to ensure faster implementation of scheme of Construction of Godowns in coordination with State Governments of North East and select north Eastern and State Governments of Jammu & Kashmir.

(Recommendation SI No.5)

Food Subsidy

The Committee find it worrisome to see that the level of food subsidy has increased from Rs. 87,745 crore in 2013-14 to Rs. 1,00,505 crore in 2014-15 representing an increase of Rs. 12,760/- crore. The Committee also note that the estimated annual requirement of food subsidy may touch even a higher figure of Rs. 1,31,086 crore for full implementation of National Food Security Act by all States and UTs. It came out during the course of examination that with a view to economize the use of ever increasing food subsidy, the Department of Food and Public Distribution is making efforts to contain the increase in food subsidy through improving operational efficiency of FCI and encouraging more and more States to join DCP Scheme. In the light of existing difficulties of FCI and experience of DCP Scheme so

far, the Committee recommend that there is a need to have a re-look on these issues for achieving twin objectives of economic use of food subsidy and its availability to genuinely needy section of society.

(Recommendation Sl. No. 6)

The Committee are constrained to note that allocation of food subsidy has not been done as per actual requirement of funds in the country. As a result, funds are being managed by FCI through other avenues such as cash credit limit recommended by RBI, short-term loan from market etc. in order to meet the subsidy gap and ensure smooth procurement and distribution operations. For instance, during 2012-13, as against the total requirement of funds of Rs. 1,17,297 crore with FCI's requirement of Rs. 1,03,733 crore alone, the allocation was Rs. 84,554 crore only indicating shortage of Rs. 32,743 crore to be arranged by FCI from other avenues. The Committee find that inadequacy of level of funds for food subsidy has increased year after year in 2013-14 and 2014-15 resulting in increased dependence on other sources such as Banks. The Committee also find that shortage of funds for food subsidy has risen from Rs. 32,743 crore in 2012-13 to Rs. 53,458 crore in 2013-14 and may go upto Rs. 60,730 crore in current year. The Committee find that requirement of funds for food subsidy of FCI has increased from Rs. 1,03,733 crore in 2012-13 to Rs. 1,47,730 crore in 2014-15 and for DCP States the corresponding figures are Rs. 13,564 crore to Rs 23,500 crore. In this connection, it came out during the course of examination that above arrangement of managing the gap between requirement and allocation is met largely by a system of cash credit limit recommended by Reserve Bank of India based on individual request from different

State Governments and sanctioned by State Bank of India. The Committee are constrained to note that the Department of Food and Public Distribution has relied on the data available with FCI.

It also came out during the course of evidence of the representatives of Department of Food and Public Distribution that the Department had been taking up the issue of insufficient fund at various levels from time to time. In this connection, the Committee have been informed by the Secretary, Department of Food and Public Distribution that since supply of foodgrains to different States is to be done by FCI and for that various charges like freight charges to Railways are to be paid in advance, the FCI tries to manage and then take loan from Banks to tide over the crisis. The Secretary, Department of Food and Public Distribution, (DFPD) further admitted that ultimately the interest burden falls on the Department.

The Committee have also been informed by Secretary (DFPD) that the Government within the budgetary resources provides funds but there is a feeling in the Department that more funds should have been provided for which Department of Food and Public Distribution are in regular dialogue with Ministry of Finance. In this context, the Committee have been informed that Department of Food and Public Distribution has already approached Ministry of Finance for allocation of sufficient funds through Supplementary Grants.

The Committee find that the trauma of insufficient funds that has been brought before the Committee relates to 2011-12 onwards till 2014-15. The Committee feel that FCI/Department of Food and Public Distribution might have been facing such problem in earlier years also. The Committee, therefore, feel that the level of sufficiency of funds to Department of Food and Public Distribution be examined

threadbare and the issue be taken up with Ministry of Finance for appropriate action so that some way out is arrived within the budgetary resources in consultation with FCI/RBI, Banks, State Governments.

(Recommendation Sl. No. 7)

Economic Cost vis-à-vis Central Issue Price (CIP)

The Committee's examination has revealed that Department of Food and Public Distribution is making available the foodgrains to public i.e. beneficiaries under AAP, BPL and APL at a highly subsidized cost. In this connection, the Committee find that Department of Food and Public Distribution with the Economic Cost as high as Rs. 19.93 for wheat and even higher cost of Rs. 27.65 for rice per kg. makes available to States these foodgrains including coarsegrains to beneficiaries under Antyodaya Anna Yojana (AAY), BPL and APL categories at fairly low price commonly known as Central Issue Price (CIPs). The Committee find that CIP for wheat is at Rs. 2.00, Rs. 4.15 and Rs. 6.10 per kg (AAY, BPL and APL categories) whereas CIP for rice is at Rs. 3.00, Rs. 5.65 and Rs. 6.30 respectively. The Committee also find that in addition to the above categories under National Food Security Act (NFSA), 2013 each household shall be entitled to get rice, wheat and coarsegrains at a subsidized price not exceeding Rs. 3, Rs. 2 and Rs. 1 to eligible households for a period of three years from the commencement of the Act.

The Committee further find that the difference between Economic Cost and CIPs is re-imbursed by FCI to States. Under Decentralized Procurement, State specific Economic Price is fixed by Government of India and difference between Economic Cost so fixed and Central Issue Price is released to States as food

subsidy. The Committee find that per quintal increase in MSP for wheat and rice since 2004-05 till 2013-14 with no increase in CIP since 2002 is the reason behind huge component of subsidy year after year.

The Committee have also been informed that broadly the food subsidy comprises of three components viz. subsidy on acquisition cost that comes to 72% of the total subsidy, followed by subsidy on operational cost of FCI that is 25% of the total subsidy and the third is subsidy on carry over charges paid to State Agencies (for wheat only) that comes to 2.3% of the total subsidy. In this connection, the break-up of element of subsidy on wheat and rice at 2013-14 (RE) and 2014-15 (BE) have been made available to the Committee. In this connection, about considering review of CIPs vis-à-vis Economic Cost under TPDS during the last twelve years, the Committee have been informed that as and when Government decides to revise CIP, orders are issued, and neither independent study/evaluation in this regard has been undertaken by the Department nor State Governments/ UT Administrations have been consulted on the issue. The Committee, therefore, feel that there is an urgent need to have an independent study/evaluation of Economic Cost vis-à-vis Central Issue Price of wheat and rice so that shortcomings in the existing system are brought out for bringing about improvement in the over-all system of governing food subsidy.

(Recommendation Sl. No. 8)

Decentralized Procurement (DCP) Scheme

The Committee are dismayed to note that important scheme of Decentralized Procurement commonly known as DCP Scheme that was started in 1997 with the intention of saving of precious subsidy outgo among the States has not got desired level of response even after 17 years of its operation. For instance, the Committee find that only 11 States have been implementing it. In this connection, the Secretary, Department of Food and Public Distribution also admitted before the Committee that response of DCP has not been encouraging among States. The Committee have also been informed that States may not have adequate resources like manpower, storage space etc. nor they are taking steps to develop these resources that are necessary for adoption of DCP Scheme. The Committee foresee that in coming years, the food subsidy bill may balloon manifold in the light of likely implementation of National Food Security Act by all States/UTs. For this in Committee's opinion, it is high time that in the light of the benefits of DCP Scheme, the Department of Food and Public Distribution should impress upon the States with larger foodgrains consumption under TPDS to create an investment friendly environment for adoption of DCP so that precious food subsidy outgo is checked.

(Recommendation Sl. No. 9)

Issue arising out of sale of 100 lakh tonne of wheat in open market by FCI under Open Market Sales Scheme (OMSS) Domestic (QMSSD)

The Committee's examination has revealed that in addition to buffer stock and TPDS requirements, the FCI on instructions from Government sells wheat at pre-

determined prices in open market from time to time to enhance the supply of wheat especially during lean season and thereby moderate the open market prices especially in the deficient regions. It also came out before the Committee that during 2013-14, 95 lakh tonnes of wheat was allocated for tender sale to bulk consumers/ small private traders and 5 lakh tonnes of wheat was allocated for retail sale to States/UTs/Cooperatives. In this connection, the issue of sale of 100 lakh tonnes of wheat in open tender to bulk and private traders by FCI figured in during the course of briefing of the representatives of Department of Food and Public Distribution. In this context, various issues like saving of subsidy occasioned by sale of 100 lakh tonnes of wheat by FCI in open market, possibility of opening up the foodgrain market to market forces, desirability of transferring the quantum of subsidy in the Bank account of beneficiaries in wake of opening of zero bank accounts being opened under Prime Ministers' Dhan-Jan Yojana came up before the Committee.

The Committee has been informed by Secretary, Department of Food and Public Distribution that a saving of Rs. 35,000 crore has been done by sale of 100 lakh tonnes of wheat by FCI of which otherwise would have gone towards carrying cost whereas on the twin issues of leaving foodgrains sector to market forces and cash transfer to beneficiaries Bank account, the Committee have been cautioned that for a country of 120 crore plus population, it would not be proper in the absence of mechanism for safeguarding the farmers support under MSP.

The Committee, therefore, feel that taking into consideration the requirements of buffer stock as also TPDS, the sale of wheat in open market seems proper as it resulted in saving of precious food subsidy. The Committee also feel that in the

present system of MSP of foodgrains, leaving the food sector to market forces would not be advisable and present system may continue.

(Recommendation Sl. No. 10)

Issues related with Procurement and high taxation in Punjab, Haryana and Andhra Pradesh and inadequate marketing infrastructure and poor capacity of State Agencies in Uttar Pradesh, Bihar and Jharkhand

Various issues with regard to procurement of foodgrains have come up before the Committee during their examination which include issue of high taxation in major procuring States like Punjab, Haryana and Andhra Pradesh thus increasing subsidy burden, inadequate marketing infrastructure and poor capacity of State Agencies like Uttar Pradesh, Bihar, Jharkhand etc. need for taking new initiatives like advance registration of farmers for procurement, on-line direct payment in other major foodgrain procuring States on the pattern of Madhya Pradesh, Odisha and Chhattisgarh, limited role of FCI on procurement, low level of procurement in States like Assam etc.

On the issue of high taxation in Punjab, Haryana and Andhra Pradesh, the Committee find it is as high as 14.5% in Punjab, 11.5% in Haryana and 11% in Andhra Pradesh and these State Governments have not reduced the same even after requested by Department of Food and Public Distribution. The Committee feel that with a view to avoid outgo of precious food subsidy, all cases of imposition of high taxation including the one pointed out by the Department of Food and Public Distribution, be taken up from the level of Hon'ble Minister, Food and Public Distribution to Chief Ministers of concerned State Governments.

(Recommendation Sl. No. 11)

As regard inadequate marketing infrastructure and poor capacity of State Agencies in Uttar Pradesh, Bihar, Jharkhand etc, the Committee feel that since these are State subjects, the State Governments be impressed upon to attract private investment for strengthening marketing infrastructure and for augmenting storage capacities of State Agencies in Uttar Pradesh, Bihar and Jharkhand.

(Recommendation Sl. No. 12)

Need for adoption of innovative steps taken by States of Madhya Pradesh, Odisha and Chhatisgarh for procurement

The Committee find that new initiatives like direct payment in Madhya Pradesh, Paddy Procurement Automation System (P-PAS) in Odisha and e-procurement in Chhattisgarh are innovative steps taken by these State Governments. The Committee feel that to start with, these should be implemented by other foodgrain procuring States particularly when the Government of India is coming forward in giving every possible assistance to States undertaking such initiatives. For this, the Committee feel that before starting of every KMS and RMS, a workshop be organized in big foodgrains procuring States where the representatives of Madhya Pradesh, Odisha and Chhatisgarh can share their experiences so that more and more States can adopt these innovative steps that may go a long way in reducing subsidy bill on account of transport charges.

(Recommendation Sl. No. 13)

Need for greater effort by Government of Assam for increasing Procurement

The Committee's examination has revealed that the role of FCI with regard to procurement of foodgrains has become limited. For instance, in the case of procurement of wheat, it is as low as 12% of the total procurement whereas in the case of paddy, it is still lower at 2% of the total procurement. Remaining 90% of foodgrains procurement is being done by State Governments and State Agencies. The Committee have also been informed by CMD, FCI that FCI takes care of surplus foodgrains, if any, available after procurement done by State Governments and State Agencies and moves it to deficit States. In this connection, the Committee find that in Assam, the procurement of foodgrains has been very little even though the production is there. As a result, FCI is moving foodgrains from Punjab and Haryana. In this connection, the Committee has been informed by Secretary, Department of Food and Public Distribution that despite persuasion for procurement, the Government of Assam has not taken steps for increasing the procurement and hoped Assam to come forward in this area. The Committee feel that Department of Food and Public Distribution should insist upon more and more decentralized procurement of foodgrains among different States including Assam so as to avoid unnecessary outgo of precious subsidy by reason of transporting foodgrains from one corner to other in the country.

(Recommendation Sl. No. 14)

Issues related with Distribution

With regard to distribution of foodgrains, the Committee's examination has revealed various issues like joint responsibility of Central and State Governments

with regard to operation of TPDS, huge transit and storage losses of FCI, setting up of High Level Expert Committee for re-structuring of FCI to go into various aspects including distribution of foodgrains etc. have come up before the Committee.

Transit Losses

As regards transit losses, the Committee are constrained to find that lakh of tonnes of foodgrains with hundreds of crores is lost in transit in the country. For instance, during 2012-13 out of 453.45 lakh tonnes of foodgrains moved, 2.12 lakh tonnes worth Rs. 388.22 crore was lost. Similarly, during 2013-14, out of 447.81 lakh of foodgrains moved, 2.06 lakh tonnes worth Rs. 406.61 crore was lost. Likewise during 2014-15 upto September, 2014, against 300.51 lakh tonnes of foodgrains moved, 1.38 lakh tonnes worth Rs. 295.94 crore was lost in transit. From the zone-wise covering different States figures of transit loss of foodgrains lost during 2014-15, the Committee find that all the zones. i.e. North, West, South, East and North-East have shown huge transit loss of foodgrains. While perusing the Zone-wise quantity of foodgrains moved vis-à-vis foodgrains lost in transit, the situation is alarming. For instance, quantity of foodgrains moved in North, West, South, East and North-East of 151 lakh tonnes, 48 lakh tonnes, 58 lakh tonnes, 56 lakh tonnes and 21 lakh tonnes, the quantum of foodgrains lost in transit was as high as 50,404 tonnes, 25,570 tonnes, 27,603 tonnes, 29,948 tonnes and 24,293 tonnes respectively. In terms of percentage loss, it is as high as 0.47% in 2012-13 and 0.46% each during 2013-14 and 2014-15. In this connection, CMD, FCI explained before the Committee that FCI is making all efforts to bring these transit losses to 0.5 percent and even lower. In this context, in the light of quantity of foodgrains moved, the level of foodgrains lost in

transit may look less, yet when looked in isolation the public may feel that the loss incurred is alarming particularly when it involves huge burden on Government's Budget. Thus, the Committee feel that while dealing with the issue of transit loss, this aspect should be borne in mind.

(Recommendation Sl. No. 15)

Viewing the level of quantity of foodgrains moved vis-à-vis foodgrains lost in transit in different States under different zones, the Committee are constrained to note that the situation is quite alarming. For instance, in North Zone, the prominent foodgrains losing States in transit are Uttar Pradesh (38.56 lakh tonnes/ 22,511 tonnes), Uttarakhand – 1.60 lakh tonnes/ 685 tonnes), Jammu & Kashmir (2.86 lakh tonnes/ 1899 tonnes). Likewise, in West Zone, the main foodgrains losing States are Maharashtra (29.68 lakh tonnes/ 17,501 tonnes), Gujarat (14.74 lakh tonnes/ 6917 tonnes), Madhya Pradesh (3.08 lakh tonnes/ 814 tonnes), Chhattisgarh (0.65 lakh tonnes/ 338 tonnes). Further in South Zone, the big foodgrains losing States are Karnataka (20.30 lakh tonnes/ 10605 tonnes), Andhra Pradesh (9.24 lakh tonnes/ 3755 tonnes), Tamil Nadu (21.16 lakh tonnes/ 9338 tonnes). In East Zone, the States are West Bengal (23.06 lakh tonnes/ 12,138 tonnes), Odisha (3.32 lakh tonnes/ 1789 tonnes) and Bihar (22.60 lakh tonnes/ 11,399 tonnes). Finally, in North East, the major foodgrains losing States are Assam (15.31 lakh tonnes/ 18850 tonnes), NFE – Shillong (4.47 lakh tonnes/3660 tonnes). The Committee have been informed about various reasons responsible for these huge losses in transit. These include bleeding of bags by use of iron hooks by labour at multiple stages from dispatch to delivery, spillage enroute, pilferage in Railway wagons, inadequate handling facilities at

Railways heads etc. The Committee feel that these reasons can be sorted out through proper advise and supervision as also with proper coordination with Ministry of Railways. The Committee recommend that ways and means should be evolved by Department of Food and Public Distribution/ FCI as also with State Governments to chalk out a time bound programme in the States where transit losses are huge to see that transit losses are further reduced giving a clear signal to public that their money is not being wasted in transit losses.

(Recommendation Sl. No. 16)

Storage Losses

The Committee's examination has revealed that lakhs of tonnes of foodgrains with crores of rupees is being lost in storage losses for various reasons. For instance, the Committee are constrained to note that during 2012-13, out of 1017.91 lakh tonnes of foodgrains issued, 2.20 lakh tonnes worth Rs. 457.14 crores was lost in storage. Similarly, during 2013-14 out of 654.46 lakh tonnes of foodgrains issued, 1.47 lakh tonnes worth Rs. 370.73 crore was lost in storage. Likewise during 2014-15 (upto September, 2014) against 400.89 lakh tonnes of foodgrains issued, 0.38 lakh tonnes worth Rs. 135.28 crore of foodgrains was lost in storage. In terms of percentage, the loss was 0.22% in 2012-13 and 2013-14 and 0.10% in 2014-15. In this connection, the Committee have been informed by CMD, FCI that all efforts are being made by FCI to reduce the loss percentage at 0.21% and even lower.

While perusing the Zone-wise quantity of foodgrains moved vis-à-vis foodgrains lost in storage, the Committee are constrained to note that situation here is equally bad as loss in transit. For instance, the quantity of foodgrains received in

North, West, South, East and North East was 166.98 lakh tonnes, 68.01 lakh tonnes, 93.43 lakh tonnes, 48.47 lakh tonnes and 16.41 lakh tonnes, the quantum of foodgrains lost in storage was 60347 tonnes, 2704 tonnes, 13680 tonnes, 9168 tonnes and 2181 tonnes respectively. In this connection, the Committee have been informed by the CMD, FCI that FCI is making all out efforts to make storage loss at 0.21 percent and even lower and then to minimum. In this context, in the light of quantity of foodgrains received, the level of foodgrains lost in storage may look less, yet when looked in isolation it gives an impression that the loss incurred may appear alarming particularly when it involves a huge burden on Government's Budget. Thus, the Committee feel that while dealing with the issue of storage loss, this aspect ought to be factored in.

(Recommendation Sl. No. 17)

Viewing the level of quantity of foodgrains received vis-à-vis foodgrains lost in storage in different States under different zones, the Committee are constrained to note that here also the situation is quite alarming. For instance in North Zone, the prominent foodgrain losing States in storage is Uttar Pradesh (26.37 lakh tonnes/ 13016 tonnes), in West Zone the main foodgrain losing States in storage are Maharashtra (28.48 lakh tonnes/7755 tonnes) and Chhattisgarh (13.23 lakh tonnes/ 4297 tonnes). Similarly in South Zone, Andhra Pradesh (44.55 lakh tonnes/ 6392 tonnes), Karnataka (19.20 lakh tonnes/2060 tonnes), Tamil Nadu (21.08 lakh tonnes/4465 tonnes) are the States where foodgrain is lost in storage. Likewise in East Zone, Bihar (10.04 lakh tonnes/ 3312 tonnes)/ Odisha (10.02 lakh tonnes/ 2352 tonnes) and finally in North East, Nagaland (0.59 lakh tonnes/ 114 tonnes) and Assam (11.19 lakh tonnes/ 1688 tonnes) are major foodgrain losing States.

The Committee have been informed about various reasons responsible for huge storage losses. These inter-alia include loss of moisture content in rice, prolonged storage of foodgrains, deterioration of stocks especially in open type storage, fungus of stocks, rodents in storage etc. The Committee feel that all these difficulties can be easily manageable with scientific storage. In this connection, the Committee feel that role of Indian Grain Storage Management & Research Institute, Hapur (IGMRI) and its field stations at Hyderabad and Ludhiana is important and the Department of Food and Public Distribution should make use of necessary Research and Development activities.

The Committee, therefore, recommend that ways and means should be evolved by Department of Food and Public Distribution / FCI/ CWC as also with State Governments to chalk out a time bound programme in States facing storage losses to see that such storage losses are further reduced giving clear message to public that their money is not being wasted in storage losses.

(Recommendation Sl. No. 18)

High Level Expert Committee for restructuring of FCI

The Committee find that a High Level Expert Committee has been constituted by the Government for re-structuring of FCI and the terms of reference of the Expert Committee, inter-alia, include examination of present set up of FCI, studying various models of unbundling of FCI to improving operation efficiency of FCI, to define role of FCI in MSP operations, to recommend scientific method of storage etc. The Committee learn that since the work done by the Committee is in formative stages, the Committee are, therefore, unable to comment on the issue till the Report of the

Committee is presented to Government and would await the Report of the High Level Expert Committee before taking a final call in the matter.

(Recommendation Sl. No. 19)

Dues recoverable from different Ministries

The Committee are anguished to note that crores of rupees of FCI are still recoverable from important Ministries and Government of India i.e. Ministry of Rural Development and Ministry of Human Resource Development on account of foodgrains supplied by FCI to these Ministries way back in 2001-02 to 2007-08 and 2010-11 onwards respectively. In this connection, the Committee are constrained to note that as on date Rs. 2452.96 crore of FCI is recoverable from Ministry of Rural Development. In the case of Ministry of Human Resource Development, the Committee find that closing outstanding as on 30th September, 2014 are Rs. 502.63 crore.

The Committee fail to understand why huge dues of FCI, that too of previous years, are still recoverable from these Ministries. The Committee also feel that if all Central Ministries fail to pay dues of FCI than a day will come when FCI will not be able to give foodgrains to Ministries under different schemes. The Committee, therefore, recommend that Ministry of Rural Development and Ministry of Human Resource Development should return the dues to FCI forthwith and in full.

(Recommendation Sl. No. 20)

The Committee are constrained to note that lakhs of rupees of previous years of various State Governments are yet to be paid by FCI on account of Hill Transport Subsidy on various grounds like incomplete submission of relevant bills, absence of guidelines, non-establishment of payment to transporters etc. In this connection, the

Committee find that Rs. 160.55 lakh of State Government of Sikkim, Rs. 996.39 lakh of State Government of Himachal Pradesh, Rs. 187.91 lakh of State Government of Mizoram, Rs. 26.05 lakh of State Government of Tripura for the period ranging largely from 2006-07 to 2014-15 is yet to be paid by FCI.

In this connection, the Committee have been informed by Department of Food and Public Distribution that FCI has to ensure genuineness of claim and to verify that stock has actually moved to Principal Distribution Centre (PDC) and as such, FCI is insisting the State Governments to submit the documents in support of payment made to transporter. However, State Governments are not doing the needful. The Committee have also been informed that bills which were not deficient have already been settled.

In the light of the foregoing, the Committee urge upon the Department of Food and Public Distribution to impress upon concerned State Government to do the needful so that the subject matter is issue is settled expeditiously.

(Recommendation Sl. No. 21)

Scheme for Extending Financial Assistance to Sugar Undertakings (SEFASU), 2014

The issue of non-payment of cane price arrears by Sugar Mills to cane growers largely in Uttar Pradesh has come up before the Committee in a big way. In this connection, the Committee learn from Department of Food and Public Distribution that surplus production over domestic consumption during the last three sugar seasons and low exports due to subdued international sugar prices have led to building up of sugar stocks with the Mills and lead to cane price arrears. In this connection, the Committee have been further informed by Department of Food

and Public Distribution that though the Government fixes Fair and Remunerative Price of sugarcane on the recommendations of Agricultural Cost and Prices (CACD) fixation of higher cane prices by some States have compounded the problem. As a result, out of Rs. 57, 984 crores of total cane prices payable for crushing season 2013-14 (1st October to 30 September, 2014), Rs. 5414 crore is yet to be paid which is 9.34% of total payable price.

The Committee are dismayed to note that huge amount of dues of sugar cane growers are yet to be paid largely in Uttar Pradesh even after tall claim of Department of Food and Public Distribution that necessary advice has been given to State Government of Uttar Pradesh followed by a 14th August, 2014 meeting held by Hon'ble Minister of Food and Public Distribution with different stakeholders in this regard. The Committee once again urge Department of Food and Public Distribution to play a pro-active role on this issue so that dues of poor sugarcane growers are given to them in time.

(Recommendation Sl. No. 22)

Construction of Godowns by FCI/State Governments

The Committee's examination has revealed that in North Eastern Zone as the storage capacity is only 1% of the total storage facility of the country, remaining capacities in other zones like North Zone having 64%, South Zone having 15% etc, a Plan Scheme 'Construction of Godown by FCI of State Government' was launched in 11th Plan for enhancing storage capacities for PDS needs. The Committee also find that during 12th Plan (2012-17), Rs. 530 crore were provided with BE of Rs. 60 crore, Rs. 45 crore, Rs. 181 crore in first three years of the Plan. The Committee are

constrained to note that the BE has been reduced under this scheme to the extent of Rs. 33.28 crore, Rs. 3.00 crore and Rs. 107 crore respectively. Frequent bandhs and less requirements of funds due to delay in land acquisition have been attributed as reasons for variation between BE and RE during 2012-13 and 2013-14. Further viewing the expenditure during all three years, the Committee find that Department of Food and Public Distribution had utilized the funds available at RE Stage during 2012-13 and 2013-14. As for 2014-15, the Committee are constrained to note that out of Rs. 107 crore (proposed RE), the actual expenditure is Rs. 54.05 crore as on 30.09.2014 leaving Rs. 52.01 crore as unspent. The Committee have been informed that the factors like bandhs and delay in land acquisition may not affect the pace of utilization during 2014-15 and the available funds are being utilized for on-going projects. Although the Government is implementing the Private Entrepreneurs' Guarantee (PEG) Scheme for augmenting storage capacities in different parts of the country including North East and has set up 120.03 lakh tonnes of capacity, in view of reduced RE year after year the Committee are unable to understand as to how FCI will be able to complete the on-going scheme. The Committee desire an explanation in this regard.

(Recommendation Sl. No. 23)

End-to-End Computerization of TPDS Operations

The Committee are constrained to note that Department of Food and Public Distribution is implementing only Component I of Plan Scheme of 'End-to-End Computerization of Targetted Public Distribution System (TPDS)' during Twelfth Plan (2012-2017) and have left Component II dealing with automation of FPS for future. In this connection, the Committee find that the total requirement projected for

Component I and Component II before Planning Commission was Rs. 4273.47 crore on cost sharing basis. The Committee also note that EFC on September, 2012 decided to implement Component I with a cost of Rs. 884.07 crore with Centre's share of Rs. 483.37 crore and State's share of Rs. 394.90 crore with a sharing pattern of 50:50 for other than North East and 90:10 for North East.

The Committee are constrained to note that the implementation of scheme has been tardy during first three years viz. 2012-13, 2013-14 and 2014-15 for various reasons. In this connection, the Committee find that during 2012-13 late approval to the scheme in October, 2013 resulted in less time for States/UTs to send proposals whereas during 2013-14, the restrictions imposed by Ministry of Finance to spend not more than 66% in last quarter of a financial year halted the pace of expenditure which resulted in under utilization of budgeted amount. During 2014-15, out of Rs. 128.50 crore, the actual expenditure is only Rs. 27.48 crore as on 31.08.2014. Further, the Committee have been informed that Rs. 248.89 crore of Central Share, 1st instalment was released to States out of which the expenditure is Rs. 45.13 only. The Committee find that almost all the States have not utilized even the first installment. In this connection, the Secretary (Department of Food and Public Distribution) admitted candidly before the Committee that utilization of resources has been slow. The Committee, therefore, recommend that Department of Food and Public Distribution should sensitise the State Governments so that more and more proposals are forthcoming from these States/UTs for optimal utilization of funds in remaining years of 12th Plan.

(Recommendation Sl. No. 24)

From State-wise performance made available to the Committee on various areas of Component I of the scheme, the Committee find that on data regarding FPS, Godowns, transparency portal, and toll-free number, significant progress has been made across States/UTs. The Committee, however, are constrained to note that on Ration Card Data, big States like Uttar Pradesh, Rajasthan and Odisha have done only 34%, 60% and 2% work. Further, the Committee are constrained to find that in areas like on line allocation and supply chain, only few States like Chhattisgarh, Delhi, Karnataka have implemented this. In other States, either it is in progress or is being implemented in few districts/ divisions/ blocks. In this connection, the Department of Food and Public Distribution has candidly admitted before the Committee that computerization and putting relevant information in public domain will increase transparency and reduce malpractices. However, the pace of computerization depends on the interest of respective State Government for which regular attention is drawn at highest level. In this connection, the Committee have been benefitted with the good work done about on-line food distribution in FPS shops in Raipur in Chhattisgarh that was shared by Secretary, Department of Food and Public Distribution.

In this connection, Secretary (Department of Food and Public Distribution) opined before the Committee that every Member of Parliament at their level should monitor the progress of computerization in their individual constituencies, only then tangible progress can be discernible at ground level. In view of the foregoing, the Committee recommend that Department of Food and Public Distribution should pay special attention to Uttar Pradesh, Rajasthan and Odisha which are moving very slow on ration card data area. The Committee also recommend that other States

which have not done well in areas like online allocation and supply chain should be asked to speed up their work on the lines of best performing States like Chhatisgarh, Karnataka and Gujarat. Regarding advising the Members of Parliament to monitor the computerization in their individual constituencies, the Committee welcome the suggestion for future guidance.

(Recommendation Sl. No. 25)

The Committee's examination has revealed four categories of States for the purpose of computerization, Category One where computerization is in advanced stage and the States are Chhatisgarh, Gujarat and Karnataka, Category Two where significant progress has been made and the States are Bihar, Delhi, Goa and Puducherry, Category Three where computerization is in initial stage and the States are A&N Islands, Andhra Pradesh, Kerala, Madhya Pradesh, Maharashtra, Odisha, Sikkim, Punjab, Tamil Nadu, Telengana, Uttar Pradesh and West Bengal and Category Four where not much progress has been reported and the States are Arunachal Pradesh, Assam, Haryana, Himachal Pradesh, J&K, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Rajasthan, Tripura, Uttarakhand and UTs of Chandigarh, Dadra and Nagar Haveli, Daman & Diu. The Committee feel that officials of Category One and Category Two should share their experiences with Category Three and Category Four States so that a balanced computerization of TPDS operations is visualized by the end of 12th Plan.

(Recommendation Sl. No. 26)

NEW DELHI;
19 December, 2014
28 Agrahayana,1936(Saka)

J C DIVAKAR REDDY,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution

NON-PLAN SCHEMES

S. No.	Name of the Scheme / Project	2012-13			2013-14			BE 2014-15
		BE	RE	AE	BE	RE	AE	
1	2	3	4	5	6	7	8	9
1	Secretariat	38.15	36.39	34.56	39.44	36.17	35.65	39.87
2	Food Subsidy (including Sugar	75366.42	85369.31	85368.97	90318.34	92318.34	92318.34	115000.00
3	Transfer to / from to Sugar Dev Fund	400.00	400.00	400.00	250.00	250.00	250.00	250.00
4	Directorate of Sugar	4.66	4.40	4.34	4.86	4.42	4.32	4.90
5	Developmental Council for Sugar Industry	0.10	0.04	0.00	0.10	0.00	0.00	0.00
6	Admn. of Sugar	20.32	9.72	6.54	20.34	18.42	18.41	20.50
7	VVOF	2.78	2.15	2.04	2.49	1.98	1.92	2.22
8	NSI	13.98	15.00	14.31	16.16	14.59	13.87	16.88
9	Reimbursement of shortage in handling of imported fertilizers by FCI	0.01	0.00	0.00	50.73	42.75	42.75	0.00
10	Reimbursement of losses to Edible Oils Agencies	248.67	248.67	248.06	0.00	0.00	0.00	0.00
11	Grants in aids for Dev of Sugar Industry	2.00	0.66	0.11	1.00	0.75	0.75	2.00
12	Departmental Canteen NSI	0.32	0.29	0.29	0.32	0.33	0.32	0.38

S. No.	Name of the Scheme / Project	2012-13			2013-14			BE 2014-15
		BE	RE	AE	BE	RE	AE	
1	2	3	4	5	6	7	8	9
13	Interest subvention to Co-op sugar mills NABARD	30.50	30.50	30.50	30.50	9.60	9.60	0.00
14	Scheme for Extending Financial Assistance to Sugar Undertaking , 2007	51.73	51.73	51.73	116.12	90.00	90.00	0.00
15	Scheme for Extending Financial Assistance to Sugar Undertaking , 2014	0.00	0.00	0.00	0.00	0.00	0.00	100.00
16	Reimbursement of export shipment of internal transport and freight charges to Sugar factories on export shipment of sugar	25.00	5.00	4.78	0.01	0.00	0.00	0.00
17	Subsidy for Maintenance of Buffer Stock of Sugar	17.00	4.00	4.00	5.00	7.50	7.50	5.00
18	Other Programmes of Food Storage & Warehousing							
	i) Procurement & Supply	0.01	0.00	0.00	0.01	0.00	0.00	0.00
	ii) International Cooperation	0.51	0.53	0.51	0.57	0.59	0.59	0.62
	iii) IGMRI	4.40	3.90	3.43	4.50	3.46	3.12	3.82
	iv) CGAL	0.10	0.02	0.01	0.03	0.01	0.01	0.02
	v) QCC	7.57	7.15	6.68	7.77	7.19	6.93	8.13

S. No.	Name of the Scheme / Project	2012-13			2013-14			BE 2014-15
		BE	RE	AE	BE	RE	AE	
1	2	3	4	5	6	7	8	9
19	Consumer Industries	0.01	0.00	0.00	0.00	0.00	0.00	0.00
20	Civil Supplies Other schemes of Civil Supplies	1.40	1.26	1.16	1.34	0.07	0.07	0.00
21	Reimbursement of Losses to STC	0.01	0.00	0.00	0.01	0.00	0.00	0.00
22	Ways and Means Advance payable to FCI	10000.00	10000.00	10000.00	10000.00	10000.00	10000.00	10000.00
23	Loans for consumer Industries							
	i) Loans for Modernization / Rehabilitation of Sugar Mills.	100.00	100.00	100.00	100.00	110.00	110.00	150.00
	ii) HVOC	0.01	0.00	0.00	0.00	0.00	0.00	0.00
	iii) Loans to Sugar Mills for Cane Development	75.00	75.00	75.00	75.00	82.50	82.50	75.00
	iv) Loans to Sugar Mills for Bagasse based co-generation Power Projects.	350.00	350.00	350.00	350.00	332.50	329.46	200.00
	v) Loans for production of anhydrous alcohol or ethanol from alcohol	75.00	75.00	75.00	75.00	75.00	78.04	75.00
	TOTAL	86,835.66	96,790.72	96,782.02	1,01,469.64	1,03,406.17	1,03,404.15	1,25,954.34

(Plan)

(Rs. in crore)

Sl. No.	Name of the Scheme	2012-13			2013-14			2014-15
		BE	RE	AE	BE	RE	AE	BE
1	Constructions of Godown by FCI/States Government	60.00	33.28	33.28	45.00	3.00	3.00	181.00
2	End to end Computerization of PDS Operations	40.00	41.69	41.69	200	188.762	187.055	128.50
3	NSI, Kanpur	0.75	0.75	0.70	0.878	0.878	0.8262	2.50
4	Village Grain Banks	8.00	1.00	0.9914	2	0	0	0.00
5	Assistance to Warehousing Development and Regulatory Authority	6.00	6.00	5.73	6.32	4.6356	3.55	8.00
6	Strengthening of PDS & Capacity Building, Quality Control, Consultancies & Research							-
6(I)	Strengthening of PDS & Capacity Building							

	(i) Financial assistance to States for curbing leakages/ diversion of foodgrains meant for TPDS	0.50	0.00	0.00	0.46	0.00	0.00	1.00
	(iii) Financial Assistance to States/UTs for Generating Awareness amongst TPDS beneficiaries in NE region Grant-in-aid	0.65	0.65	0.31	0.40	0.40	0.2528	
	(iv) Capacity Building:							-
	(a) PDS – Evaluation, Monitoring & Research - Professional Services	0.40	0.40	0.00	0.62	0.31	0.31	0.63
	(b) PDS – Training	0.50	0.50	0.50	0.62	0.4203	0.3846	0.87
	Total	2.05	1.55	0.81	2.10	1.1303	0.9474	2.50
6(II)	Consultancies, Training & Research							
	(i) Consultancies for research/monitoring in domestic/global markets for Foodgrains;	0.30	0.12	0.10	0.18	0.1086	0.1048	0.40

	(ii) e-governance	0.40	0.40	0.12	0.32	0.0552	0.0552	1.10
	(b) Research & Development and Mod. of Labs of VVO&F	0.20	0.20	0.12	0.20	0.1484	0.143	0.00
	(iii) Technical Studies	0.30	0.00	0.00				-
	Total	1.20	0.72	0.34	0.70	0.3122	0.303	1.50
6(III)	Strengthening of Quality Control	1.00	0.00	0.00	2.00	1.2823	1.2675	5.00
6(IV)	Assistance to States/UTs for non-building assets for State Food Commissions	2.00	1.00	0.00	0.002	0.00	0.00	1.00
	Construction of fair Price Shop cum Godowns	5.00	0.00	0.00				
	Grand Total	126.00	85.00	83.54	259.00	200.00	196.949	330.00

Coverage under NFSA - TPDS

Sl. No.	State/UT	% Coverage		Coverage in no. of persons (in lakh)		
		Rural	Urban	Rural	Urban	Total
1.	Andhra Pradesh	60.96	41.14	343.28	116.65	459.92
2.	Arunachal Pradesh	66.31	51.55	7.09	1.62	8.71
3.	Assam	84.17	60.35	225.41	26.49	251.90
4.	Bihar	85.12	74.53	783.74	87.42	871.16
5.	Chhattisgarh	84.25	59.98	165.16	35.61	200.77
6.	NCT of Delhi	37.69	43.59	1.58	71.20	72.78
7.	Goa	42.24	33.02	2.33	2.99	5.32
8.	Gujarat	74.64	48.25	258.78	124.06	382.85
9.	Haryana	54.61	41.05	90.28	36.21	126.49
10.	Himachal Pradesh	56.23	30.99	34.68	2.13	36.82
11.	Jammu & Kashmir	63.55	47.10	58.05	16.08	74.13
12.	Jharkhand	86.48	60.20	216.52	47.73	264.25
13.	Karnataka	76.04	49.36	285.55	116.38	401.93
14.	Kerala	52.63	39.50	91.87	62.93	154.80
15.	Madhya Pradesh	80.10	62.61	420.83	125.59	546.42
16.	Maharashtra	76.32	45.34	469.71	230.45	700.17
17.	Manipur	88.56	85.75	17.91	7.15	25.06
18.	Meghalaya	77.79	50.87	18.43	3.03	21.46
19.	Mizoram	81.88	48.60	4.33	2.73	7.06
20.	Nagaland	79.83	61.98	11.23	3.56	14.79
21.	Odisha	82.17	55.77	287.19	39.02	326.21
22.	Punjab	54.79	44.83	94.88	46.57	141.45

23.	Rajasthan	69.09	53.00	356.09	90.53	446.62
24.	Sikkim	75.74	40.36	3.45	0.61	4.07
25.	Tamil Nadu	62.55	37.79	232.62	132.08	364.69
26.	Tripura	74.75	49.54	20.26	4.76	25.02
27.	Uttar Pradesh	79.56	64.43	1234.06	286.52	1520.59
28.	Uttarakhand	65.26	52.02	45.85	16.09	61.94
29.	West Bengal	74.47	47.55	463.31	38.53	601.84
30.	A & N Islands	24.94	1.70	0.61	0.02	0.63
31.	Chandigarh	38.54	47.26	0.11	4.85	4.96
32.	Dadra & Nagar Haveli	84.19	51.54	1.54	0.82	2.36
33.	Daman & Diu	26.66	56.47	0.16	1.03	1.19
34.	Lakshadweep	35.30	33.56	0.05	0.17	0.22
35.	Puducherry	59.68	46.94	2.35	3.99	6.34
	India	75.00	50.00	6249.30	1885.61	8134.91

Appendix - III

**ELEMENT-WISE BREAK-UP OF ECONOMIC COST OF QTY. SOLD
2013-2014(RE)**

		Rate Rs./Tonne	
		WHEAT	RICE
	SALES QUANTITY (Lakh Tonnes)	289.52	240.04
		Rate	Rate
1	Pooled cost of Grain	12816.50	18054.80
2	Procurement Incidentals		
A	Statutory /Obligatory cost		
i)	Mandi charges & VAT / Purchase Tax	1466.90	2203.60
ii)	Milling Charges & Driage Allowance	0.00	384.10
iii)	Arthias commission to socities	325.80	330.00
iv)	Gunny Cost	766.50	854.50
	Total	2559.20	3772.20
B	Labour & Transport charges		
i)	Mandi Labour	154.90	161.20
ii)	Forwarding charges	4.40	2.30
iii)	Internal Movt.	238.70	16.50
	Total	398.00	180.00
C	Storage & Interest charges paid to State Agencies		
i)	Storage Charges	31.80	37.20
ii)	Interest	198.10	306.30
	Total	229.90	343.50
D	Administrative charges to State /Agencies	144.80	352.70
E	Other (Guarantee Fee etc.)	14.90	0.00
	Total Procurement Incidentals	3346.80	4648.40
3	Acquisition cost	16163.30	22703.20
4	Distribution cost		
i)	Freight	1197.80	1321.40
ii)	Handling charges	584.80	584.50
iii)	Storage Charges	371.60	371.60
iv)	Interest	751.20	1055.20
v)	Shortages	24.50	218.70
vi)	Administrative Overheads	230.70	230.80
	Total Distribution cost	3160.60	3782.20
5	Economic cost	19323.90	26485.40
6	Sales realisation	8237.20	5740.70
7	Subsidy	11086.70	20744.70

Appendix -IV**ELEMENT-WISE BREAK-UP OF ECONOMIC COST OF QTY. SOLD 2014-15(BE)**

		Rate Rs./Tonne	
		WHEAT	RICE
	SALES QUANTITY (Lakh Tonnes)	296.96	254.75
		Rate	Rate
1	Pooled cost of Grain	13532.50	19351.50
2	Procurement Incidentals		
A	Statutory /Obligatory cost		
i)	Mandi charges & VAT / Purchase Tax	1499.90	2225.30
ii)	Milling Charges & Driage Allowance	0.00	388.00
iii)	Arthias commission to socities	333.90	340.50
iv)	Gunny Cost	843.60	928.70
	Total	2677.40	3882.50
B	Labour & Transport charges		
i)	Mandi Labour	158.90	160.70
ii)	Forwarding charges	4.70	1.90
iii)	Internal Movt.	265.50	22.80
	Total	429.10	185.40
C	Storage & Interest charges paid to State Agencies		
i)	Storage Charges	30.20	1.30
ii)	Interest	195.30	315.30
	Total	225.50	316.60
D	Administrative charges to State /Agencies	138.30	364.20
E	Other (Guarantee Fee etc.)	14.70	0.00
	Total Procurement Incidentals	3485.00	4748.70
3	Acquisition cost	17017.50	24100.20
4	Distribution cost		
i)	Freight	1138.50	1278.10
ii)	Handling charges	572.50	572.70
iii)	Storage Charges	365.70	365.80
iv)	Interest	583.20	826.30
v)	Shortages	26.60	181.40
vi)	Administrative Overheads	233.00	233.20
	Total Distribution cost	2919.50	3457.50
5	Economic cost	19937.00	27557.70
6	Sales realisation	5395.70	3384.40
7	Subsidy	14541.30	24173.30

Appendix -V**Economic Cost of Wheat**

Sl. No.	Name of the State	Economic cost of DCP States			
		2013-14		2014-15	
		CAP	Covered	CAP	Covered
1	Gujarat	1695.55	1682.89	1773.71	1757.47
2	Madhya Pradesh	1695.39 (new gunny bags) 1660.39 (HDPE/PP bags)	1707.76 (new gunny bags) 1672.76 (HDPE/PP bags)	1715.72	1731.66
3	Rajasthan	1660.58	1681.58	1733.32	1749.56
4	Uttarakhand	1666.82	1674.34	1739.68	1747.23
5	West Bengal	---	1668.34	---	1738.38

Appendix -VI**Economic Cost of Rice**

Sl. No.	Name of the State	Economic cost of DCP States			
		2012-13		2013-14	
		Raw	Par-boiled	Raw	Par-boiled
1	Andhra Pradesh	2501.99 Common 2555.82 Grade A	2463.62 Common 2516.80 Grade A	2625.62 Common 2688.05 Grade A	2584.82 Common 2645.80 Grade A
2	Chhattisgarh	2523.10 Common 2577.45 Grade A	2484.52 Common 2537.60 Grade A	2618.52 Common 2681.98 Grade A	2577.80 Common 2639.40 Grade A
	Gujarat	2127.21 Common 2174.92 Grade A	2093.72 Common 2140.29 Grade A	---	---
3	Kerala	---	2278.28 Common 2327.93 Grade A	---	2588.57 Common 2649.56 Grade A
4	Karnataka	2337.19 Common 2387.65 Grade A	2300.93 Common 2350.14 Grade A	2428.93 Common 2487.68 Grade A	2390.60 Common 2447.94 Grade A
5	Madhya Pradesh	2438.15 Common	2400.89 Common	2510.28 Common	2470.56 Common

		2489.65 Grade A	2451.20 Grade A	2570.01 Grade A	2588.89 Grade A
6	Odisha	2419.05 Common 2470.98 Grade A	2382.09 Common 2432.79 Grade A	2523.05 Common 2583.29 Grade A	2483.72 Common 2542.56 Grade A
7	Tamil Nadu	2309.50 Common 2360.36 Grade A	2273.66 Common 2323.34 Grade A	2281.36 Common 2336.90 Grade A	2245.96 Common 2300.18 Grade A
8	Uttarakhand	2391.46 Common 2443.14 Grade A	2355.19 Common 2405.63 Grade A	2513.23 Common 2573.20 Grade A	2474.59 Common 2533.13 Grade A
9	West Bengal	2369.66 Common 2424.82 Grade A	2333.64 Common 2383.58 Grade A	2423.40 Common 2482.32 Grade A	2385.72 Common 2443.26 Grade A

Appendix VII

Statement showing the details of HTS Claims of States/UTs, total amount to be released for Non-release of HTS

Position compiled on 12.11.2014

(Amount in Rupees Lakh)

State/UT	Year	Amount claimed	Amount reimbursed	Amount disallowed	Amount pending	Bills returned	Reasons for pence
Mizoram	2006-07	1009.52	544.74	13.91	0	450.87	
	2007-08	1315.66	212.25	5.52	187.91	909.98	Bills are under process.
	2008-09	190.09	57.52	2.27	0	130	
	2009-10	601.86	384.46	151.44	0	65.96	
	2010-11	433.45	192.25	1.2	0	240	
	2011-12	152.07	71.87	5.1	0	75.1	
	2012-13	0	0	0	0	0	No bill received.
	2013-14	0	0	0	0	0	No bill received.
	2014-15	0	0	0	0	0	No bill received.
	Total	3702.65	1463.09	179.74	187.91	1871.91	
Tripura	2006-07	62.87	0	0	0	62.87	
	2007-08	11.9	0	0	0	11.9	
	2008-09	7.26	0	0	0	7.26	
	2009-10	3.35	2.02	1.05	0	0.28	
	2010-11	4.75	3.87	0.76	0	0.12	
	2011-12	54.63	34.87	8.12	0	11.64	

	2012-13	39.39	21.61	2.39	14.93	0.46	Bills are under process.
	2013-14	17.98	6.17	0.69	11.12	0	Bills are under process.
	2014-15	0	0	0	0	0	No bill received.
	Total	202.13	68.54	13.01	26.05	94.53	
Meghalaya	2006-07 to 2014-15	0	0	0	0	0	There are no claims from the State Government of Meghalaya.
Manipur	2006-07 to 2014-15	0	0	0	0	0	There are no claims from the State Government of Manipur.
Nagaland	2006-07	47.96	0	0	47.96	0	Bills are under process.
	07-08 to 2008-09	92.01	0	0	31.97	60.04	Bills are under process.
	2009-10	45.03	0	0	0	45.03	
	10-11 to 2011-12	61.31	0	0	0	61.31	
	2012-13	0	0	0	0	0	
	2013-14	0	0	0	0	0	
	2014-15	0	0	0	0	0	
	Total	246.31	0	0	79.93	166.68	
Arunachal Pradesh	2004-05	5381	0	0	0	5381	Govt. of India has conveyed approval of Rs. 39.38 crore for the claims relating to 2004-05 to 2006-07 which will be adjusted against
	2005-06	3445	0	0	0	3445	

	2006-07	3549	0	0	0	3549	the excess release of HTS as Audit.
	2007-08	3297	0	0	0	3297	
	2008-09	2028	2407	0	0	2028	Amount was released as advance as directed by GOI.
	2009-10	2034	2169	0	0	2034	Amount was released as advance as directed by GOI.
	2010-11	1559	0	0	0	1559	
	2011-12	593	0	0	0	592	
	2012-13	0	0	0	0	0	No bill received.
	2013-14	0	0	0	0	0	No bill received.
	2014-15	0	0	0	0	0	No bill received.
	Total	21885	4576	0	0	21885	
Himachal Pradesh	2006-07	164.32	155.42	8.9	0	0	
	2007-08	335.68	315.87	22.81	0	0	
	2008-09	291.99	283.98	8.01	0	0	
	2009-10	354.84	337.22	14.15	0	3.47	
	2010-11	566.43	562.66	3.77	0	0	
	2011-12	639.05	443.55	4.29	191.21		
	2012-13	678.42	151.33	1.96	525.13	0	

	2013-14	335.21	43.96	0.01	278.13	13.11	
	2014-15	1.92	0	0	1.92	0	
	Total	3370.86	2293.99	63.9	996.39	16.58	
Jammu & Kashmir	2006-07	735.3	582.49	152.81	0	0	
	2007-08	866.18	701.29	164.89	0	0	
	2008-09	860.53	124.44	125.11	0	610.98	Bills returned for want of requisite documents.
	2009-10	889.94	0	173.31	0	716.63	Bills returned for want of requisite documents.
	2010-11	768.27	0	0	0	768.27	Bills returned for want of requisite documents.
	2011-12	299.79	0	0	0	299.79	Bills returned for want of requisite documents.
	2012-13	0	0	0	0	0	
	2013-14	0	0	0	0	0	
	2014-15	0	0	0	0	0	
	Total	4420.01	1408.22	616.12	0	2395.67	
Sikkim	2006-07	87.03	53.95	11.69	13.11	8.28	Under process.
	2007-08	106.81	84.18	8.98	13.65	0	Under process.
	2008-09	111.19	93.3	12.57	5.32	0	Under process.

	2009-10	111.15	90.25	13.55	7.34	0	Under process.
	2010-11	131.6	88.89	33.03	9.67	0	Under process.
	2011-12	168.57	119.92	26.04	22.61	0	Under process.
	2012-13	165	121.92	41.92	0	1.16	
	2013-14	173.31	50.76	33.71	88.85	0	Under process.
	2014-15	0	0	0	0	0	No bill received.
	Total	1054.66	703.17	181.49	160.55	9.44	
Lakshadweep	2006-07	17.16	17.16	0	0	0	
	2007-08	16.19	16.19	0	0	0	
	2008-09	11.07	11.07	0	0	0	
	2009-10	3.66	3.66	0	0	0	
	2010-11	13.1	13.1	0	0	0	
	2011-12	16.86	14.77	2.09	0	0	
	2012-13	15.69	14.72	0.97	0	0	
	2013-14	14.95	0	2.36	12.59	0	
	2014-15	0	0	0	0	0	
	Total	108.68	90.67	5.42	12.59	0	
A&N Islands	There are no claims of HTS as FCI is directly delivering wheat and rice under PDCs through a private liner.						

Appendix VIII

Sl. No.	Factory Name and Sector	Total Cane Price Payable for 2013-14 Season (Amount in Rs.)	Total Cane Price Paid for 2013-14 Season	Total Cane Price Arrears for 2013-14 Season
1	Deoband	22426.27	19920.91	2505.36
2	Todarpur	1844.82	1844.82	0.00
3	Gagnoali	11607.78	10285.12	1322.66
4	Shermau	13216.20	11026.33	2189.87
5	Rohana	5035.24	5035.24	0.00
6	Mansurpur	23646.46	19426.88	4219.58
7	Khatauli	35051.39	30796.59	4254.80
8	Titavi	25936.44	9232.72	16703.72
9	Tikkola	18245.71	18245.71	0.00
10	Budhana	29949.40	20501.48	9447.92
11	Khalkheri	9022.78	6504.22	2518.56
12	Shamli	24504.07	19587.93	4916.14
13	Uoon	14390.60	14390.60	0.00
14	Thana Bhawan	23614.56	20995.23	2619.33
15	Sakhoti	5839.68	5839.68	0.00
16	Daurala	41578.19	41578.19	0.00
17	Mawana	29423.84	9736.47	19687.37
18	Kinauni	37716.12	27695.59	10020.53
19	Nagalamal	15470.89	8256.59	7214.30
20.	Malakpur	27977.17	6689.04	21288.13
21.	Modinagar	19272.38	5328.50	13943.88
22	Simbhaoli	30981.43	20283.53	10697.90
23	Brijnathpur	12870.20	8054.95	4815.25
24	Bulandshahar	5768.59	5768.59	0.00

25	Agauta	11783.52	11783.52	0.00
26	Sabilgarh	16836.40	15011.79	1824.61
27	Dhampur	36144.35	33515.57	2628.78
28	Seohara	34603.92	29757.25	4846.67
29	Bundki	18808.01	17578.11	1229.90
30	Bilal	23583.82	19331.14	4252.68
31	Bahadurpur	20278.89	18895.31	1383.58
32	Barkatpur	19253.89	15159.35	4094.54
33	Bijnor	8873.20	8873.20	0.00
34	Chandpur	10340.41	10340.41	0.00
35	Bilari	6290.97	4994.78	1296.19
36	Raninagal	12553.53	10480.00	2073.53
37	Agwanpur	9521.63	8512.79	1008.84
38	Belwara	14271.14	12565.26	1705.88
39	Chandanpur	1306.56	12141.56	925.00
40	Dhanaura	21406.40	21406.40	0.00
41	Asmauli	23035.80	20882.29	2153.51
42	Rajpura	17342.44	15284.20	2058.24
43	Milak Narainpur	10114.98	8486.78	1628.20
44	Kareem Ganj	15282.54	15282.54	0.00
45	Pilibhit	26424.76	26424.76	0.00
46	Barkhera	16808.52	12302.25	4506.27
47	Baheri	16461.85	11247.69	5214.16
48	Meerganj	12819.60	10817.79	2001.81
49	Nawabganj (b)	1784.21	1784.21	0.00
50	Fareedpur	19105.48	16411.01	2694.47
51	Bisauli	10018.43	8294.94	1723.49
52	Neoli	3763.80	2376.11	1387.69
53	Rosa	12789.21	11278.68	1510.55

54	Nigohi	19478.10	18852.41	625.69
55	Maksudapur	14595.17	13319.01	1276.16
56	Roopapur	14771.43	14290.56	480.87
57	Hariyawan	20735.98	20061.60	674.38
58	Bagholi	5600.13	5600.13	0.00
59	Loni	19270.12	18644.07	626.05
60	Gola	35689.67	23505.78	12183.89
61	Aira	18819.04	13615.07	5203.97
62	Palla	23441.53	16914.21	6527.32
63	Khambakhera	24412.44	20032.74	4379.70
64	Azavapur	34069.93	32965.82	1104.11
65	Kumbhi	26872.25	25998.76	873.49
66	Gulariya	17572.95	16999.01	573.94
67	Hargaon	37075.21	29602.21	7473.00
68	Biswan	23810.68	23810.68	0.00
69	Ramgarh	20792.41	20142.41	650.00
70	Jawaharpur	21846.22	21144.67	701.55
71	Haidergarh	9583.97	9266.38	317.59
72	Rozagaon	17566.36	16987.84	578.52
73	Motinagar	25461.98	25461.98	0.00
74	Mljhora	19239.85	18601.35	638.50
75	Datauli	24647.09	23840.64	806.45
76	Maizapur	9483.08	9172.06	311.02
77	Kundarkhi	30613.61	27565.32	3048.29
78	Jarwalroad	6493.53	6493.53	0.00
79	Chilwaria	16931.89	10935.54	5996.35
80	Persendi	14823.34	14823.34	0.00
81	Tulsipur	17845.63	17259.31	586.32
82	Balrampur	34379.21	33248.83	1130.38

83	Itaimaida	19978.32	12744.37	7233.95
84	Babhnan	30545.64	29540.93	1004.71
85	Walterganj	12046.73	10459.64	1587.09
86	Rudhuall	15081.68	14587.02	494.66
87	Khalilabad	6933.88	6708.08	225.80
88	Gadora	6454.18	2627.01	3827.17
89	Siswabazar	6679.96	6679.96	0.00
90	Pratappur	7561.22	6101.34	1459.88
91	Khadda	6021.51	3021.51	0.00
92	Captainganj	12512.25	11253.14	1259.11
93	Ramkola (P)	19603.91	16883.07	2720.84
94	Seorahi	18376.29	18376.29	0.00
95	Hata	20158.17	17679.22	2478.95
	PRIVATE	1736635.01	1467061.42	269573.59
	Closed Sugar Mills			
1	Gopi			
2	Padrauna			
3	Sardamagar			
4	Gagalheri			
5	Majhawali			
6	Kamlapur			
7	Ananadnagar (NTC)			
8	Gauribazar (BIC)			
9	Kathkuiyan (BIC)			
	State Total	1938804.56	1669230.97	26957.59

APPENDIX IX

EXTRACTS OF THE MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2014-15) HELD ON FRIDAY, THE 10th OCTOBER, 2014

The Committee sat from 1130 hrs. to 1300 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri J.C. Divakar Reddy - Chairperson

MEMBERS

Lok Sabha

32. Shri Anto Antony
33. Shri Babu Lal Choudhary
34. Dharmendra Kumar
35. Shri Ravinder Kushawaha
36. Dr. Sakshi Maharaj
37. Shri R.K. Bharathi Mohan
38. Shri Ram Chander Paswan
39. Shri C.S. Putta Raju
40. Smt. Priyanka Singh Rawat
41. Shri P.V. Midhun Reddy
42. Shri Bhola Singh
43. Shri Brij Bhusan Sharan Singh
44. Shri Nandi Yeliaiah

Rajya Sabha

45. Shri Ritabrata Banerjee
46. Shri Shadi Lal Batra
47. Dr. Bhushan Lal Jangde
48. Dr. K. Keshva Rao
49. Shri Dhiraj Prasad Sahu

SECRETARIAT

- | | | |
|-------------------------------|---|---------------------|
| 1. Shri A.K. Shah | - | Director |
| 2. Shri Lovekesh Kumar Sharma | - | Additional Director |
| 3. Shri Khakhai Zou | - | Under Secretary |

**The Representatives of the Department of Food and Public Distribution
(Ministry of Consumer Affairs, Food and Public Distribution)**

1. Shri Sudhir Kumar, Secretary
2. Shri Prabhas Kumar Jha, Additional Secretary & Financial Advisor
3. Shri D. Bhalla, Executive Director (Pers.)
4. Shri Harpreet Singh, M.D., CWC
5. Shri Dinesh Rai, Chairman, WDRA
6. Shri T. Jacob, Joint Secretary
7. Shri U.K.S. Chauhan, Joint Secretary
8. Shri Ajai Saxena, Joint Secretary
9. Shri Prashant Trivedi, Joint Secretary
10. Shri Deepak Kumar, Joint Secretary
11. Dr. A.R. Goyal, Joint Secretary

2. At the outset, the Chairperson welcomed the members of the Committee and apprised them that the sitting had been convened to take a briefing by the representatives of Department of Food and Public Distribution (Ministry of Consumer Affairs, Food and Public Distribution) in connection with examination of the Demands for Grants (2014-15) of the Department. The Chairperson also welcomed Dr. K. Keshva Rao, MP (Rajya Sabha) on his nomination to serve as Member of the Committee.

[Witnesses were then called in]

3. The Chairperson then welcomed the representatives of the Department of Food and Public Distribution to the sitting and apprised them the provisions of Direction 55 (1) of the Directions by the Speaker regarding confidentiality of the proceedings. After permission from the Chairperson, the Secretary, Department of Food and Public Distribution made a Power Point presentation highlighting *inter alia* the mandate of the Department, its functions, various activities/achievements of the Department etc. The main issues that come up for discussion included, period upto which foodgrains could be preserved in storage, transportation and storage losses of Food Corporation of

India(FCI), complaints regarding non-availability of foodgrains in selected areas in Uttar Pradesh, issue of payment of arrears for procurement, storage of FCI etc.

[Witnesses then withdrew]

4. X X X X

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

x	Matters not related with the Report.
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APPENDIX - X

EXTRACTS OF THE MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2014-15) HELD ON WEDNESDAY, THE 5TH NOVEMBER, 2014

The Committee sat from 1130 hrs. to 1215 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri J.C. Divakar Reddy, MP - Chairperson

Members

Lok Sabha

2. Shri Babu Lal Choudhary
3. Shri Dharmendra Kumar
4. Shri Ravinder Kushawaha
5. Dr. Sakshi Maharaj
6. Shri Sunil Kumar Mondal
7. Shri Ram Chander Paswan
8. Shri C.S.Putta Raju
9. Shri Bhola Singh
10. Shri Brij Bhusan Sharan Singh

Rajya Sabha

11. Shri Ritabrata Banerjee
12. Shri Shadi Lal Batra
13. Shri Pankaj Bora
14. Dr. Bhushan Lal Jangde
15. Shri Dhiraj Prasad Sahu

SECRETARIAT

1. Shri P.K.Misra - Additional Secretary
2. Shri A.K.Shah - Director

The Representatives of the Department of Food and Public Distribution (Ministry of Consumer Affairs, Food and Public Distribution)

S. No.	Name	Designation
1.	Shri Sudhir Kumar	Secretary (FPD)
2.	Shri Ajai Saxena	Joint Secretary
3.	Shri Deepak Kumar	Joint Secretary
4.	Shri Prashant Trivedi	Joint Secretary
5.	Dr. A. R.Goyal	Joint Secretary
6.	Ms. Bharti Das	Chief Controller of Accounts
7.	Shri Dinesh Rai	Chairman (Warehousing Development Regulatory Authority)
8.	Shri C. Viswanath	CMD (FCI)
9.	Shri B.S. Mohapatra	ED, FCI (Finance)
10.	Dr. Maninder Kaul Dwivedi	ED, FCI (Movt.)
11.	Shri Abhishek Singh	ED, FCI (Storage)
12.	Shri Harpreet Singh	MD (CWC)
13.	Shri K.U. Thankachen	MD (CRWC)

2. At the outset, the Chairperson welcomed the members of the Committee and apprised them that the sitting had been convened to take oral evidence of the representatives of Department of Food and Public Distribution (Ministry of Consumer Affairs, Food and Public Distribution) in connection with examination of the Demands for Grants (2014-15).

[Witnesses were then called in]

3. The Chairperson then welcomed the representatives of the Department of Food and Public Distribution to the sitting and apprised them about Direction 55 (1) of the Directions by the Speaker regarding confidentiality of the proceedings. Thereafter, the Chairperson raised various issues that inter-alia include viz. procurement of foodgrains by FCI as also by State Agencies, preservation of foodgrains by FCI for Public Distribution System (PDS), Evaluation Study undertaken on Targetted Public Distribution System, progress of computerization in FCI operations, practice of First-in-First-Out System for foodgrains stored in FCI godowns, issue of transit and storage losses of foodgrains etc. The queries raised by the Chairperson and the Members on the various issues during the course of discussions were responded to by the representatives of the Department.

4. The Hon'ble Chairperson then thanked the Secretary and other representatives of the Department of Food and Public Distribution for their free and frank discussions.

[Witnesses then withdrew]

The Committee then adjourned.

A verbatim record of the proceedings has been kept.

APPENDIX - XI

EXTRACTS OF MINUTES OF THE SEVENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2014-15) HELD ON THURSDAY, 18 DECEMBER, 2014.

The Committee sat from 1500 hrs. to 1530 hrs. in Committee Room No. '139', First Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri J C Divakar Reddy - Chairperson

Members **Lok Sabha**

2. Shri Babu Lal Choudhary
3. Shri Dharmendra Kumar
4. Shri Ravinder Kushawaha
5. Shri R.K.Bharati Mohan
6. Shri Sunil Kumar Mondal
7. Smt. Priyanka Singh Rawat
8. Shri Bhola Singh
9. Shri Nandi Yeliaiah

Rajya Sabha

10. Shri Ritabrata Banerjee
11. Shri Pankaj Bora
12. Dr. Bhushan Lal Jangde
13. Dr. K.Keshva Rao

Secretariat

1. Shri P. K. Misra - Additional Secretary
2. Shri A.K.Shah - Director
3. Shri Lovekesh Kumar Sharma - Additional Director
4. Shri Khakhai Zou - Under Secretary

At the outset, Hon'ble Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the Draft Reports on Demands for Grants (2014-15) of (i) Department of Food and Public Distribution, and (ii) X X X (Ministry of Consumer Affairs, Food and Public Distribution).

2. The Committee then took up for consideration the Draft Reports pertaining to the Department of Food and Public Distribution and X X X X X. After due deliberations, the Committee unanimously adopted the Draft Report pertaining to the Department of Food & Public Distribution without any amendments/modifications. The Committee also decided that in case any members give suggestions on or before 19.12.2014, the same may be incorporated in the Draft Reports.

3. X X X X X X X

4. The Committee then authorized the Chairperson to finalize the aforesaid Draft Reports after factual verification from the concerned Ministry/Departments and present the same to the Parliament.

The Committee then adjourned.

X Matter not related to the Report.