

**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2017-2018)**

SIXTEENTH LOK SABHA

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

{Action Taken by the Government on the observations/
recommendations contained in the Fifteenth Report of the Committee (2016-
17) on Demands for Grants (2017-18) pertaining to the Ministry of Consumer
Affairs, Food and Public Distribution (Department of Food and Public
Distribution)}

EIGHTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2017/ Pausa 1939 (Saka)

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Distribution)}

Presented to Lok Sabha on 28.12.2017

Laid in Rajya Sabha on 28.12.2017



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2017/ Pausa 1939 (Saka)

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Standing Committee on Food, Consumer Affairs and Public Distribution (2017-18).

Shri J.C. Divakar Reddy, Chairperson

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2. Shri Anto Antony
3. Shri R. K. Bharathimohan
4. Shri Babu Lal Choudhary
5. Shri Sanjay Haribhau Jadhav
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INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2017-18) having been authorized by the Committee to submit the Report on their behalf, present this Eighteenth Report on Action Taken by the Government on the Observations/Recommendations contained in the Fifteenth Report of the Committee (2016-17) on Demands for Grants (2017-18) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Fifteenth Report was presented to Lok Sabha and laid in Rajya Sabha on 20 March, 2017. The Government have furnished their replies indicating Action Taken on the recommendations contained in the Report on 13 June, 2017.

3. The Report was considered and adopted by the Committee at their sitting held on 23 October, 2017.

4. An analysis of the action taken by the Government on Observations/Recommendations contained in the Report is given in **Appendix II**.

5. For facility of reference and convenience, the Observations/Comments of the Committee have been printed in thick type in the text of the Report.

NEW DELHI;
23 October, 2017
1 Kartika 1939 (Saka)

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

REPORT

CHAPTER - I

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the action taken by the Government on the Observations/Recommendations contained in the Fifteenth Report of the Committee (2016-17), (16th Lok Sabha) on Demands for Grants (2017-18) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)

1.2 The Fifteenth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 20th March, 2017. It contained 13 observations/recommendations. Action taken replies in respect of all the 13 observations/recommendations contained in the Report have been received and these have been categorized as follows:-

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

Para Nos.:- 4.52, 4.53, 5.7, 5.15, 6.9 and 6.13

- (ii) Recommendations which the Committee do not desire to pursue in view of the replies received from the Government -

Para Nos.:- 3.8, 4.39, 5.10 and 6.5

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

Para Nos.:- 4.9 and 4.28

- (iv) Recommendations in respect of which the interim replies of the Government have been received -

Para No. :- 4.20

1.3 The Committee desire that action taken notes on the Observations/Recommendations contained in Chapter I and final replies in

respect of recommendation for which only interim reply has been given by the Government, be furnished to the Committee expeditiously.

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

A. Need for promoting Decentralized Procurement Scheme (DCP)

Recommendation (Para No. 4.9)

1.5 The Committee in their earlier report observed/recommended as follows:-

"The Committee regret to note that even after 20 years of launching of the Decentralized Procurement Scheme (DCP) and despite the various steps taken to convince the States/UTs to adopt it, the scheme has been adopted by only 14 States/UTs for Rice and 8 States for Wheat respectively. Considering that the DCP Scheme has the objective to ensure MSP to farmers, encourage procurement in non-traditional States besides enabling procurement of foodgrains more suited to local taste, the Committee are fully convinced that the remaining States/UTs should also adopt the DCP Scheme at the earliest. It has become all the more essential for the States/UTs to adopt the scheme in order to save the transportation cost as a result thereof to reduce food subsidy bill. The Committee, therefore, strongly desire that the Department should make all possible efforts to convince the remaining States/UTs and to provide maximum assistance to enable them to adopt DCP Scheme in this fiscal itself. The Committee further feel that to encourage the remaining States to adopt the DCP Scheme, the Department need to interact proactively with States to ascertain reasons for their lack of interest to adopt the scheme and suggest remedial measures including extending some concessions or incentives for limited period till those States are able to implement the scheme in a satisfactory manner."

1.6 The Ministry in their action taken reply have stated as under:-

"States are being encouraged to take up Decentralized Procurement System (DCP) for foodgrains. As on date 14 States have adopted DCP mode of procurement for Rice and 8 States adopted DCP mode for Wheat. Jharkhand (One district only) and Maharashtra have adopted DCP for rice from Kharif Marketing Season (KMS) 2016-17. Recently, the State Government of Haryana was again requested to adopt DCP operations for wheat."

1.7 The Committee in their original report noted that even after 20 years of launching the DCP Scheme and despite various steps/initiatives taken by the Department, only 14 States have adopted the scheme for rice and 8 States for wheat and, therefore, desired that the Department should make every possible effort to convince the remaining States/UTs to adopt the Scheme at the earliest. In their Action Taken Reply, the Department merely stated that the States are being encouraged to take up the DCP Scheme without elaborating on any concrete steps that have been taken/are being taken in this regard. The Department are also silent as to whether they have ascertained the reasons for lack of interest of the remaining States/UTs to implement the scheme. The Committee, therefore, strongly feel that they should be apprised of the steps taken in detail both to encourage the States/UTs to adopt DCP scheme and also the reasons for lack of interest of the remaining States/UTs to adopt DCP Scheme. Further, the Committee desire that the steps taken in this regard along with the remedial measures suggested for the remaining States/UTs for adoption of the DCP Scheme be apprised to them not later than a month of the presentation of this Report to the Houses of Parliament.

B. Need to fix timeline for completion of study by NITI Ayog for evaluation of DCP Scheme.

Recommendation (Para No. 4.20)

1.8 The Committee earlier observed/recommended as under:

"The Committee note that the amount of food subsidy related to FCI and DCP States is continuously on the rise due to increase in MSP of Wheat and Rice vis-à-vis Central Issue Price (CIP), increased off take of foodgrains under TPDS etc. Implementation of NFSA in all States/UTs has also considerably contributed to ever increasing food subsidy bill. While appreciating the various steps taken by the Department to reduce food subsidy bill such as issue of bonds by FCI at lower coupon rates, improving the operational efficiency of FCI, negotiating with the bank of the consortium of food credit to reduce the rate of interest on cash credit etc., the Committee, however, desire the Department to make vigorous efforts to explore all possibilities of containing food subsidy bill without compromising on the regular supply and availability of subsidized foodgrains. They further note that the assertion of the Department that involvement of private sector in procurement and storage of foodgrains at comparative rates could help in lowering the pace of increase in food subsidy and the expenses at comparative rates towards incidentals like transportation, storage etc. could result in lower food subsidy. However, they also note that no study has been initiated by the Department on this aspect. The Committee, therefore, desire the Department to initiate a study from independent consultants on this aspect so that food subsidy outgo could be reduced to some extent."

1.9 The Ministry in their action taken reply stated:-

"The private agencies have been engaged for a period of three years through a competitive bidding process by FCI in Eastern Uttar Pradesh, Jharkhand and West Bengal for paddy/rice procurement and to expand the coverage of MSP operations to such identified clusters of Districts/ Parts of the Districts, where outreach of Government agencies has been weak and State Governments have consented for FCI to engage the private agencies to reach out to the paddy farmers for improvement. Private agencies engaged for 3, 2, 4 clusters in Uttar Pradesh, Jharkhand and West Bengal respectively.

NITI AAYOG is already conducting a comprehensive study for evaluation of Decentralized Procurement (DCP) Scheme for procurement of wheat/paddy under Minimum Support Price (MSP)."

1.10 In their original report, the Committee, inter-alia, observed that the Department has not initiated any study on the aspect of involvement of private sector in procurement and storage of foodgrains with the ultimate aim of reducing the ever increasing food subsidy. The Department in its Action Taken Reply have stated that NITI Aayog is already conducting a comprehensive study for evaluation of DCP Scheme for procurement of wheat/paddy under MSP. The Committee desire to be apprised of the timeline by which NITI Aayog would complete the study on DCP Scheme and also whether the Department has prepared any plan to act urgently on the recommendations of the study as and when completed by NITI Aayog. They find that the reply is silent on the aspect of study of NITI Aayog, if the same would cover the aspect of involvement of private sector in procurement and storage of foodgrains aimed at reducing the outgo on food subsidy. They, therefore, desire to be apprised of the timeline fixed, if any, for the study of NITI Aayog as well as the recommendations made by the study in respect of DCP Scheme at the earliest.

C. Need for expeditious settlement of Hill Transport Subsidy bills.

Recommendation (Para No. 4.28)

1.11 The Committee recommended as follows:-

"The Committee note that under Hill Transport Subsidy, (HTS) the Union Government reimburses the transportation cost of foodgrains from base depot of FCI upto the designated principal distribution centres in States which are predominantly in hilly areas. The Committee note that an amount of Rs. 4464.51 crore is pending with FCI for being paid to States/UTs viz. Mizoram, Tripura, Arunachal Pradesh, Himachal Pradesh, J&K, Lakshadweep and Sikkim, while no claim has been received from Meghalaya and Nagaland on account of transportation of foodgrains under HTS. The Department did not indicate the reasons for non-submission of HTS bills by the two States of Meghalaya and Nagaland which proves that Government is not serious towards settlement of claims. The Committee, therefore, recommend that Department/FCI should find out the reasons for non-submission of HTS claims by these two States and make sincere efforts for liquidation of outstanding dues of these States/UTs so that State/UT Governments are able to lift the foodgrains regularly for distribution to the poor and needy population in the States/UTs. They further recommend that the entire amount pending settlement be reimbursed to the concerned States within six months of presentation of this Report. They desire to be apprised of the progress made in this regard."

1.12 The Ministry in their action taken note stated:-

"With regard to speedy settlement of pending claims, States have been requested to submit their HTS claims in time with FCI along with requisite documents. From the status of HTS claims submitted by FCI (**at Annexure-I**) from 2006-07 onwards, it can be seen that FCI has been reimbursing admissible claims regularly to the different States.

Reasons for pendency of HTS claim of **Mizoram and Tripura** is given in annexed status.

It has been informed by FCI that **Nagaland** has submitted their HTS claims which have been returned to the State Government for rectification. Similarly, once the claims are received from State of **Meghalaya**, FCI will be settling their HTS claims as per guidelines.

Sincere efforts are being made by this Department for liquidation of outstanding HTS bills by FCI. In this regard, in a meeting held on 09.05.2017 in the Department with the officials from FCI, NFSA & Finance division of this Department, FCI has been requested to take action for liquidation of outstanding HTS claims of concerned States as per extant guidelines and provide action taken report immediately. In fact, this Department has been repeatedly requesting all concerned State Governments for timely submission of their claim with appropriate documentations. It is submitted that HTS claims are reimbursed regularly to the State Government once they submit their claims with FCI as per laid down guidelines and documents.”

1.13 The Committee in their original report desired that the entire amount of Rs. 4464.51 crore pending with FCI for payment to various States in respect of Hill Transport Subsidy be reimbursed to concerned States within 6 months of its presentation of their Report. The Committee note from the Action Taken reply of the Department that as on 31.05.2017, total amount claimed on account of HTS by States is Rs. 45670.44 lakhs out of which Rs. 16084.77 lakhs have been reimbursed and bills amounting to Rs. 19200.71 lakhs were disallowed. While bills amounting to Rs. 25919.25 lakhs have been returned, bills amounting to Rs.1790.95 lakhs is presently pending out of which bills amounting to Rs. 1167.19 lakhs are pending for more than one year. The analysis of the information given in Annexure-I to this reply also reveals that the State of Meghalaya has not preferred any claim on this account for the period 2006-07 to 2016-17 which the Committee strongly feel would necessitate them to direct the Department to ascertain and inform them the reasons for which the State of Meghalaya is not preferring any claim for reimbursement of expenditure on this account. This may reveal the best practices, if any, the State may be adopting that does not require them to claim any reimbursement from the Union Government on this account. Besides, non-submission of bills, submission of improper bills or without proper documentation are stated to be the main reasons for pendency of bills.

Further, the Department also in its final action taken statement on a recommendation of 13th Report (Demands for Grants 2016-17) also informed the Committee that the States availing HTS scheme have also implemented National Food Security Act, 2013 and the Department is

considering revision of guidelines for reimbursement of transportation claims through provision of NFSA, 2013 only and to suspend reimbursement through HTS scheme. The Committee, therefore, desire that all pending bills under HTS Scheme be fully liquidated before the scheme is suspended by simplifying the procedure of reimbursement, if necessary and further ensure that the guidelines for reimbursement of transportation claims under the provisions of NFSA, 2013 be also made as simple and easy to comply with by States as possible. They desire to be apprised of the information with regard to the State of Meghalaya as observed above and the further action taken in this regard.

D. Need to seeding of Aadhaar Card Number in Ration Cards.

Recommendation (Para No. 4.53)

1.14 The Committee earlier recommended as follows:-

"The Committee further note that the 'End-to-End Computerization of TPDS Operations' scheme is a Mission Mode Project (MMP) under the National e-Governance programme. Under the scheme, online allocation of foodgrains has been implemented fully in 29 States/UTs, Supply Chain has been computerized in 19 States/UTs, Online grievance redressal mechanism for registration and tracking is now available in 33 States/UTs and Toll free helpline for TPDS has been established in all 36 States/UTs. Though the achievements under the scheme appear very encouraging, the Committee are constrained to note that implementation of online allocation is pending in Arunachal Pradesh, Lakshadweep, Meghalaya, Mizoram and Nagaland due to challenges of network connectivity and power supply issues. Supply Chain automation is also similarly pending in North-Eastern and hilly States except Rajasthan and Uttar Pradesh. Further, seeding of Aadhaar Card Number in Ration Cards in Assam and Meghalaya is NIL while it is only 17% in Bihar, 62% in J&K, 1.28% in Manipur, 11.99% in Mizoram, 6.5% in Nagaland and 73% in Uttar Pradesh. The Committee regret to observe that a lot more work remains to be done on the ground in order to claim a satisfactory progress/achievement in the End-to-End Computerization of TPDS operations in the country. The Committee, therefore, very strongly feel that the Department should continuously focus their attention for completion of the project in all States/UTs of the country in a time bound manner to complete implementation in this fiscal year at least."

1.15 The Ministry in their action taken reply stated as noted below:-

"The department is making vigorous efforts to complete the all key activities under computerization scheme in all States/UTs. In addition to meetings and VCs held with the officers of the State/UT governments, a conference of Food Ministers and Secretaries of the state governments was also held under the chairmanship of Hon'ble Minister for CA,F&PD on 19.01.2017 wherein progress made by various states was reviewed and it was emphasized that all key activities under computerization scheme should be completed at the earliest. So far 30 States/UTs have computerized Online Allocation and 20 States including Tripura and Himachal Pradesh have Computerized Supply Chain Management of TPDS operations. Since UTs of Chandigarh and Puducherry have been

implementing Cash transfer scheme for foodgrains, they are not required to implement online allocation and supply chain management. Further, due to its geographical condition and connectivity issues UT of Lakshadweep has been exempted for supply chain management. Overall seeding of Aadhaar in Ration cards across the country has now increased from 73% to 77%. At present seeding of Aadhaar in Ration Cards is 55% in Bihar, 62% in Jammu & Kashmir, 1.28% in Manipur, 11.99% in Mizoram, 6.5% in Nagaland and 76% in Uttar Pradesh. Hon'ble Minister for CA, F&PD has also written to Chief Ministers of States to expedite completion of pending activities.”

1.16 The Committee in their earlier report pointed out that seeding of Aadhaar Card Number in Ration Cards in Assam and Meghalaya is NIL while it was only 17% in Bihar, 62% in J&K, 1.28% in Manipur, 11.99% in Mizoram, 6.5% in Nagaland and 73% in U.P. and desired that the Department should complete the project on Computerization of TPDS operations in a time bound manner. The Department in its action taken reply have informed that overall seeding of Aadhaar in Ration cards across the country has now increased from 73% to 77%. At present, seeding of Aadhar in Ration Cards is 55% in Bihar, 62% in Jammu & Kashmir, 1.28% in Manipur, 11.99% in Mizoram, 6.5% in Nagaland and 76% in Uttar Pradesh and Hon'ble Minister for CA, F&PD has also written to Chief Ministers of States to expedite completion of pending activities. However, they feel that the Department should follow-up the communication to Chief Ministers of States by specifying timelines to expedite the work relating to seeding of Aadhaar Card Number in Ration Cards for completion by all the States/UTs in the country. The Committee further urge the Government to look into the problem areas in this regard and apprise them of the steps taken to pro-actively engage the States that are lagging in this direction.

E. Need for early liquidation of outstanding dues of FCI

(Recommendation Para No. 5.7)

1.17 The Committee in their earlier report observed/ recommended as follows:-

"The Committee note with concern that an amount of Rs. 2876.90 crore is outstanding against the Ministry of Rural Development and Ministry of Human Resource Development and others on account of foodgrains provided to them by FCI for various welfare schemes on payment basis. The Committee have been informed that outstanding amount against Ministry of Rural Development as on 30.11.2016 is Rs. 2452.96 crore excluding Rs. 221.99 crore pertaining to the State of Chhattisgarh. The amount outstanding against Ministry of Human Resource Development as on 30.11.2016 is Rs. 285 crore. The problem of outstanding dues with respect to Ministry of Rural Development has arisen due to non-availability of the bills for which advice of CGA and CCA has been sought. On the advice of O/o CGA and CCA DFPD, vide this Deptt. letter dated 15.07.2016, FCI and Ministry of Rural Development were requested to settle the outstanding dues. To take care of regular dues of FCI towards Mid-day-Meal (MDM) Scheme, a revolving fund of Rs.400 crore has been maintained by Ministry of HRD. The Committee have also been informed that FCI has raised part bills with Ministry of HRD. The outstanding amount is yet to be received by FCI. The Committee find that despite various steps taken by the Department of Food and Public Distribution, huge amount is still outstanding for several years. The Committee once again urge the Department/FCI to take necessary steps for the expeditious settlement of outstanding amount with Ministry of Rural Development and Ministry of HRD in a time bound manner to avoid undue burden on an ever increasing food subsidy bill."

1.18 The Ministry in their action taken reply have stated as under:-

" The distribution of food grains under various welfare schemes of Ministry is a continuous process and the dues arriving out of this distribution are reimbursed regularly as per the frequency of the bills preferred by FCI from time to time against various Ministries.

At present, there are two major issues of outstanding dues related with Ministry of rural Development and Ministry of HRD. As on 31.01.2017, an amount of Rs.2452.96 crore is outstanding against MoRD. FCI has raised bills with MoRD and outstanding amount is yet to be received by FCI.

In so far as dues of FCI with MoHRD for allocation of foodgrains under MDM scheme is concerned, it is mentioned that after introduction of decentralized payment system as well as regular monitoring by MoHRD, FCI and Department of Food & PD, an amount of Rs.289.80 crore was outstanding against MoHRD as on 31.01.2017.”

1.19 The Committee observed that an amount of Rs. 2452.96 crore against Ministry of Rural Development (MoRD) and Rs. 285 crore against Ministry of Human Resource Development (MoHRD) were outstanding as on 30.11.2016 for payment to FCI on account of foodgrains provided to them and urged the Department/FCI to take necessary steps for settlement of this outstanding amount in a time bound manner. The Committee are dismayed to note from the Action Taken Reply of the Ministry that instead of that amount getting liquidated, the same amount i.e. Rs. 2452.96 crore is still outstanding against MoRD and the amount outstanding against MoHRD has also increased to Rs. 289.80 crore as on 31.01.2017. The Committee are anguished to say that the Department are not paying any heed to their observations/recommendations regarding the inability of Central Ministries in making timely payment to FCI. The Committee, therefore, caution the Department to pay due attention to their observations/recommendations and take appropriate steps to get liquidated the outstanding dues of Central Ministries to the FCI at the earliest. The Committee also be apprised of the Action Taken in this regard.

F. Need to have review/study to suggest maximum utilization of owned capacity by FCI

Recommendation (Para No. 5.15)

1.20 The Committee in their earlier report recommended as:

“The Committee observe that the capacity utilization of FCI for covered storage capacity owned during the last four years is 58% whereas hired storage was 80% respectively. In case of CAP storage capacity owned and utilization was 33% while hired storage was utilized to an extent of 105%. The Committee are of the view that a more proper planning and management of owned storage capacity utilization could result in saving a good amount of revenue on hiring storage facilities. The Committee, therefore, recommend that Department/FCI should take effective steps to make maximum use of owned storage capacity, before hiring the godowns of private parties and other agencies. They desire that a review/study be made on this aspect to suggest remedial measures to increase capacity utilization of owned storage of FCI vis-à-vis the hired storage.”

1.21 The Ministry in their action taken reply stated as under:

“With reference to kind observation of Standing Committee on low capacity utilization of FCI own godowns, FCI has submitted that owing to following reasons their Godowns are not utilized upto optimum capacity:-

(i) The utilization of hired capacities is given priority as in case of Godowns constructed under Pvt. Entrepreneurship Guarantee (PEG) Scheme, FCI has to pay fixed rentals for these godowns irrespective of utilization.

(ii) Some of the FCI owned godowns remain under Zero Physical verification and stocks are completely issued out to verify shortages etc. if any.

(iii) In order to control high cost of handling in FCI owned depots due to departmental labour, the low cost hired depots are preferred.

(iv) Non- utilization of FCI owned silos which were constructed in 1960 and 1970 and have become non-operative, 21,000 MT (Mayapuri under Delhi region) and 72,000 MT (Chanderi, under UP Region), 32,000 MT (Gaya under Bihar Region) and 20,000 MT (Khurja under UP region) also contribute in low capacity utilization.

(v) While some depots have come within city premises, some remain under repair & maintenance and hence these depots cannot be utilized effectively.

As regards review/study to be made to suggest remedial measures for increasing higher capacity utilization of FCI's owned storage vis-à-vis hired storage, an RFP has been prepared by the FCI. The Department has also advised FCI to make the specific provisions in the proposed study to address the issues raised by the Standing Committee on low capacity utilization of owned godowns."

1.22 The Committee had earlier desired that a review/study be made to suggest remedial measures to increase capacity utilization of owned storage of FCI viz-a-viz the hired storage. In their Action Taken Reply, the Department has stated that RFP has been prepared by the FCI and also advised FCI to make the specific provisions in the proposed study to address the issues raised by the Committee on low capacity utilization of owned godowns. The Committee desire that the Department/FCI should complete the study in a specific timeframe and suggest suitable measures to increase maximize utilization of owned capacity throughout the country so as to not only improve the capacity utilization of owned godowns but also save for other uses the amount being spent on rentals for hired godowns. They desire to be apprised of the action taken in this matter.

G. Need for expeditious liquidation of cane price arrears.

Recommendation (Para No.6.13)

1.23 The Committee in their earlier report recommended as:

"The Committee note that the Sugarcane (Control) Order, 1966 stipulates payment of cane price arrears within 14 days of supply, failing which interest @ 15% per annum on amount due for the delayed period beyond 14 days is payable. Considering this, the Committee are deeply concerned to note that as on 31.01.2017 huge cane price arrears to the tune of Rs. 11758.97 crore is outstanding since the year 2013-14 onwards, out of which Rs. 9402 crore pertain to sugar season 2016-17 alone. The various steps taken by the Government to clear the cane price arrears such as incentives for exporting raw sugar, remunerative price for supplies of ethanol, interest subvention @ 10% per annum on soft loan etc. appears to have an impact on clearing the cane price arrears. While they note that various incentives etc. are doled out to the sugar mills, yet the sugarcane arrears payable to the farmers are mounting over the years which is a matter of serious concern and in their considered opinion could adversely effect the acreage under sugarcane cultivation in the coming years. The Committee, therefore, strongly urge the Department of Food and Public Distribution to prevail upon the State Governments to take immediate steps to clear all outstanding cane price arrears at the earliest possible so that acreage of cultivation does not dip which might force the Government to resort to imports and avoidable outgo of foreign exchange in future."

1.24 The Ministry in their action taken reply stated as under:

"The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable. The powers for enforcing this provisions are delegated and vested with the State Govts./UT Admns. who have necessary field formations for implementation of the said provision. The Central Government advices the State Governments from time to time to ensure timely payment to the cane growers and take strict action against the defaulting sugar mills for non-payment of cane price dues. The State Governments takes necessary action like filing FIR, issue of Recovery Certificates etc. against the defaulting sugar mills for recovery of pending sugarcane dues. Due to various measures taken by the Government, as on 11.04.2017, 99.3% of cane dues payments of farmers for 2014-15 sugar season and 98.4% for 2015-16 sugar season have already been cleared. Cane price arrears for 2016-17 season has come down to Rs. 9149 crores which is lowest

during last five corresponding sugar seasons. Current sugar season 2016-17 is still going on and payment of sugarcane dues to farmers is an ongoing process. The dues position of farmers changes continuously on account of fresh supplies received and payment made for previous supplies.”

1.25 The Committee in their original report had desired the Department to prevail upon State Governments to take immediate steps to clear all cane price arrears. The Department in its Action Taken reply has stated that due to various measures taken by the Government, as on 11.04.2017, 99.3% of cane dues payments of farmers for 2014-15 sugar season and 98.4% for 2015-16 sugar season have already been cleared. Cane price arrears for 2016-17 season has come down to Rs. 9149 crores which is lowest during last five corresponding sugar seasons. Current sugar season 2016-17 is still going on and payment of sugarcane dues to farmers is an ongoing process. The Committee urge the Department to continue to make sincere efforts so that cane price arrears for 2016-17 season also come to a minimum level and do not rise further.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 4.52)

2.1 The Committee note that the Department is implementing an umbrella scheme of 'Strengthening of PDS' comprising five components viz. Computerization of TPDS operations, Strengthening of PDS and capacity building; consultancy, training and Research; Financial Assistance for State Food Commission for non-building assets; and Strengthening of Quality Control Mechanism. The Committee are, however, surprised to note that no allocation has been provided in the BE of 2017-18 for the umbrella scheme despite seeking allocation of Rs. 51.33 crore. The Committee are of the view that all the five components under the umbrella scheme are very important for the socio-economic development of the people of the country. The Committee, therefore, strongly recommend the Department to vigorously pursue the matter with the Ministry of Finance to make sufficient allocation of funds for all the five components in the interest of the socio-economic development of the citizens of the country as also to remove the bottlenecks in the effective implementation of all these five components of the scheme.

Reply of the Government

2.2 Based on appraisal and approval of various components of the umbrella scheme for its continuation beyond March, 2017, the Ministry of Finance has been requested for necessary budgetary allocation and is being followed up.

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Recommendation (Para No. 4.53)

2.3 The Committee further note that the 'End-to-End Computerization of TPDS Operations' scheme is a Mission Mode Project (MMP) under the National e-Governance programme. Under the scheme, online allocation of foodgrains has

been implemented fully in 29 States/UTs, Supply Chain has been computerized in 19 States/UTs, Online grievance redressal mechanism for registration and tracking is now available in 33 States/UTs and Toll free helpline for TPDS has been established in all 36 States/UTs. Though the achievements under the scheme appear very encouraging, the Committee are constrained to note that implementation of online allocation is pending in Arunachal Pradesh, Lakshadweep, Meghalaya, Mizoram and Nagaland due to challenges of network connectivity and power supply issues. Supply Chain automation is also similarly pending in North-Eastern and hilly States except Rajasthan and Uttar Pradesh. Further, seeding of Aadhaar Card Number in Ration Cards in Assam and Meghalaya is NIL while it is only 17% in Bihar, 62% in J&K, 1.28% in Manipur, 11.99% in Mizoram, 6.5% in Nagaland and 73% in Uttar Pradesh. The Committee regret to observe that a lot more work remains to be done on the ground in order to claim a satisfactory progress/achievement in the End-to-End Computerization of TPDS operations in the country. The Committee, therefore, very strongly feel that the Department should continuously focus their attention for completion of the project in all States/UTs of the country in a time bound manner to complete implementation in this fiscal year at least.

Reply of the Government

2.4 The department is making vigorous efforts to complete the all key activities under computerization scheme in all States/UTs. In addition to meetings and VCs held with the officers of the State/UT governments, a conference of Food Ministers and Secretaries of the state governments was also held under the chairmanship of Hon'ble Minister for CA, F&PD on 19.01.2017 wherein progress made by various states was reviewed and it was emphasized that all key activities under computerization scheme should be completed at the earliest. So far 30 States/UTs have computerized Online Allocation and 20 States including Tripura and Himachal Pradesh have Computerized Supply Chain Management of TPDS operations. Since UTs of Chandigarh and Puducherry have been implementing Cash transfer scheme for foodgrains, they are not required to implement online allocation and supply chain management. Further, due to its geographical condition and connectivity issues UT of Lakshadweep has been exempted for supply chain management. Overall seeding of Aadhaar in Ration cards across the country has now increased from 73% to 77%. At present seeding of Aadhar in Ration Cards is 55% in Bihar, 62% in Jammu & Kashmir, 1.28% in Manipur, 11.99% in Mizoram, 6.5% in Nagaland and 76% in Uttar Pradesh. Hon'ble Minister for CA, F&PD has also written to Chief Ministers of States to expedite completion of pending activities.

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Comments of the Committee

(Please see Para No.1.16 of Chapter -I of the Report)

Recommendation (Para No. 5.7)

2.5 The Committee note with concern that an amount of Rs. 2876.90 crore is outstanding against the Ministry of Rural Development and Ministry of Human Resource Development and others on account of foodgrains provided to them by FCI for various welfare schemes on payment basis. The Committee have been informed that outstanding amount against Ministry of Rural Development as on 30.11.2016 is Rs. 2452.96 crore excluding Rs. 221.99 crore pertaining to the State of Chhattisgarh. The amount outstanding against Ministry of Human Resource Development as on 30.11.2016 is Rs. 285 crore. The problem of outstanding dues with respect to Ministry of Rural Development has arisen due to non-availability of the bills for which advice of CGA and CCA has been sought. On the advice of O/o CGA and CCA DFPD, vide this Deptt. letter dated 15.07.2016, FCI and Ministry of Rural Development were requested to settle the outstanding dues. To take care of regular dues of FCI towards Mid-day-Meal (MDM) Scheme, a revolving fund of Rs.400 crore has been maintained by Ministry of HRD. The Committee have also been informed that FCI has raised part bills with Ministry of HRD. The outstanding amount is yet to be received by FCI. The Committee find that despite various steps taken by the Department of Food and Public Distribution, huge amount is still outstanding for several years. The Committee once again urge the Department/FCI to take necessary steps for the expeditious settlement of outstanding amount with Ministry of Rural Development and Ministry of HRD in a time bound manner to avoid undue burden on an ever increasing food subsidy bill.

Reply of the Government

2.6 The distribution of food grains under various welfare schemes of Ministry is a continuous process and the dues arriving out of this distribution are reimbursed regularly as per the frequency of the bills preferred by FCI from time to time against various Ministries.

At present, there are two major issues of outstanding dues related with Ministry of rural Development and Ministry of HRD. As on 31.01.2017, an

amount of Rs.2452.96 crore is outstanding against MoRD. FCI has raised bills with MoRD and outstanding amount is yet to be received by FCI.

In so far as dues of FCI with MoHRD for allocation of foodgrains under MDM scheme is concerned, it is mentioned that after introduction of decentralized payment system as well as regular monitoring by MoHRD, FCI and Department of Food & PD, an amount of Rs.289.80 crore was outstanding against MoHRD as on 31.01.2017.

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Comments of the Committee

(Please see Para No.1.19 of Chapter -I of the Report)

Recommendation (Para No. 5.15)

2.7 The Committee observe that the capacity utilization of FCI for covered storage capacity owned during the last four years is 58% whereas hired storage was 80% respectively. In case of CAP storage capacity owned and utilization was 33% while hired storage was utilized to an extent of 105%. The Committee are of the view that a more proper planning and management of owned storage capacity utilization could result in saving a good amount of revenue on hiring storage facilities. The Committee, therefore, recommend that Department/FCI should take effective steps to make maximum use of owned storage capacity, before hiring the godowns of private parties and other agencies. They desire that a review/study be made on this aspect to suggest remedial measures to increase capacity utilization of owned storage of FCI vis-à-vis the hired storage.

Reply of the Government

2.8 With reference to kind observation of Standing Committee on low capacity utilization of FCI own godowns, FCI has submitted that owing to following reasons their Godowns are not utilized upto optimum capacity:-

(i) The utilization of hired capacities is given priority as in case of Godowns constructed under Pvt. Entrepreneurship Guarantee (PEG) Scheme, FCI has to pay fixed rentals for these godowns irrespective of utilization.

(ii) Some of the FCI owned godowns remain under Zero Physical verification and stocks are completely issued out to verify shortages etc. if any.

(iii) In order to control high cost of handling in FCI owned depots due to departmental labour, the low cost hired depots are preferred.

(iv) Non- utilization of FCI owned silos which were constructed in 1960 and 1970 and have become non-operative, 21,000 MT (Mayapuri under Delhi region) and 72,000 MT (Chanderi, under UP Region), 32,000 MT (Gaya under Bihar Region) and 20,000 MT (Khurja under UP region) also contribute in low capacity utilization.

(v) While some depots have come within city premises, some remain under repair & maintenance and hence these depots cannot be utilized effectively.

As regards review/study to be made to suggest remedial measures for increasing higher capacity utilization of FCI's owned storage vis-à-vis hired storage, an RFP has been prepared by the FCI. The Department has also advised FCI to make the specific provisions in the proposed study to address the issues raised by the Standing Committee on low capacity utilization of owned godowns.

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Comments of the Committee

(Please see Para No.1.22 of Chapter -I of the Report)

Recommendation (Para No. 6.9)

2.9 The Committee note that BE for the year 2016-17 under Sugar Development Fund was Rs. 550 crores and it was reduced to Rs. 491.95 crore at RE stage and the Actual Expenditure was only Rs. 327.12 crore. According to the Sugar Development Fund (SDF) Act, the fund has to be utilized for the purpose of loans for the rehabilitation and modernization of any sugar factory, undertaking any scheme for development of sugarcane, carry out any research project for promotion and development of sugar industry, defraying expenditure to a sugar factory on internal transport and freight charges etc. The Committee

further observe that there are about 136 Sick Sugar Units in the country that could avail loan from the SDF for their revival and modernization. Considering this, the Committee fail to understand how the Department could not fully utilize even the Revised Estimate of Rs. 491.95 crore that was reduced from the BE of Rs. 550 crore in the year 2016-17. The Committee, therefore, strongly recommend the Department to fruitfully utilize the 2017-18 BE allocation under the SDF with a view to not only revive the Sick Sugar Mills in the country but also to ensure maintenance of buffer stock to stabilize the price of sugar and defray all other expenditure provided for under the provisions of the SDF Act.

Action taken by the Government

2.10 As regards to utilization of funds during financial year 2016-17, it may be noted that Rs.550.00 cr. was allocated under BE 2016-17 for the Sugar Development Fund Loan Schemes namely, Modernization/Rehabilitation, Bagasse based Cogeneration of power, Production of anhydrous alcohol or Ethanol from alcohol or molasses, conversion of existing ethanol plant into Zero Liquid Discharge and Development of Sugarcane in the area of sugar factory. Against this, RE 2016-17 of Rs. 491.95 cr. was made and Actual Expenditure (AE) of Rs. 473.24 cr. (i.e. 96.20% of RE) was incurred during 2016-17 for these SDF loan schemes.

Further, for enabling maximum utilization of the allocated amount BE 2017-18 of SDF loan schemes, this Department has taken several steps to optimize the utilisation of funds under SDF. This Department assures that the 2017-18 BE allocation will be fruitfully utilized to support the Sugar Mills in accordance with the SDF Act/Rules.

As regards the issue of maintaining buffer stock to stabilize the price of price of sugar, it is stated that since the sugar sector has been deregulated and there are no levy requirements & release mechanism, the maintenance of buffer stock is not practicable.

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Recommendation (Para No. 6.13)

2.11 The Committee note that the Sugarcane (Control) Order, 1966 stipulates payment of cane price arrears within 14 days of supply, failing which interest @ 15% per annum on amount due for the delayed period beyond 14 days is payable. Considering this, the Committee are deeply concerned to note that as

on 31.01.2017 huge cane price arrears to the tune of Rs. 11758.97 crore is outstanding since the year 2013-14 onwards, out of which Rs. 9402 crore pertain to sugar season 2016-17 alone. The various steps taken by the Government to clear the cane price arrears such as incentives for exporting raw sugar, remunerative price for supplies of ethanol, interest subvention @ 10% per annum on soft loan etc. appears to have an impact on clearing the cane price arrears. While they note that various incentives etc. are doled out to the sugar mills, yet the sugarcane arrears payable to the farmers are mounting over the years which is a matter of serious concern and in their considered opinion could adversely effect the acreage under sugarcane cultivation in the coming years. The Committee, therefore, strongly urge the Department of Food and Public Distribution to prevail upon the State Governments to take immediate steps to clear all outstanding cane price arrears at the earliest possible so that acreage of cultivation does not dip which might force the Government to resort to imports and avoidable outgo of foreign exchange in future.

Reply of the Government

2.12 The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable. The powers for enforcing this provisions are delegated and vested with the State Govts./UT Adms. who have necessary field formations for implementation of the said provision. The Central Government advices the State Governments from time to time to ensure timely payment to the cane growers and take strict action against the defaulting sugar mills for non-payment of cane price dues. The State Governments takes necessary action like filing FIR, issue of Recovery Certificates etc. against the defaulting sugar mills for recovery of pending sugarcane dues. Due to various measures taken by the Government, as on 11.04.2017, 99.3% of cane dues payments of farmers for 2014-15 sugar season and 98.4% for 2015-16 sugar season have already been cleared. Cane price arrears for 2016-17 season has come down to Rs. 9149 crores which is lowest during last five corresponding sugar seasons. Current sugar season 2016-17 is still going on and payment of sugarcane dues to farmers is an ongoing process. The dues position of farmers changes continuously on account of fresh supplies received and payment made for previous supplies.

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Comments of the Committee

(Please see Para No. 1.25 of Chapter -I of the Report)

CHAPTER III

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

Recommendation (Para No. 3.8)

3.1 The Committee note that BE for plan expenditure during the year 2016-17 was Rs. 150 crore which was reduced to Rs. 147 crore at RE stage but actual expenditure was only Rs. 104.1951 crore. In case of non-plan schemes also, BE during the year 2016-17 was Rs. 152554.11 crore which was raised at RE stage to Rs. 192045.51 crore but actual expenditure as on 31.12.2016 was only Rs. 155330.62 crore. This trend of increases in BE at RE stage and less than actual projected expenditures had been viewed seriously by the Committee in their earlier Reports which in their considered opinion reflects poorly and is indicative of lack of proper planning by the Department that needs to be avoided. The Committee are also not convinced with the reasons cited by the Department for less than projected expenditure on factors such as identification and acquisition of land by States, difficult terrains, inclement weather, law and order problem in North-East regions etc. The Committee are of the considered opinion that such issues should be taken care of at the planning stage and with better coordination with State/UTs. The Committee are, therefore, not satisfied with the overall performance of the Department in so far as expenditure during 2016-17 is concerned.

The Committee further note that BE for 2017-18 shows a quantum jump over that of 2016-17 at Rs. 150952.64 crore on the Revenue side and Rs. 50523.05 crore on the Capital side and a total of Rs. 201475.69 crore against Rs. 152704.11 crore in BE 2016-17 an increase of Rs. 48771.58 crore while the expenditure with respect to BE 2016-17 stands at 83.84% only. The Committee feel this situation needs a massive improvement when viewed in the context of the increase of about Rs. 50,000 crore in the outlay for 2017-18. The Committee, however, hope that with the merger of plan and non-plan activities from the year 2017-18, the Ministry will now focus on revenue and capital expenditure instead of Plan and Non-plan expenditure and thereby improve the overall performance in the ensuing financial year. The Committee further expect the Ministry to make all out effort to further strengthen its monitoring over the implementation of all the schemes/projects and ensure timely completion.

Reply of the Government

3.2 1. Construction of Godowns by FCI/ State Governments:

Allocation against Plan Scheme “Construction of food storage godowns by FCI and State Govts. under BE 2016-17 was Rs.52.00 Crore and the same was also retained in RE 2016-17 also. As on 31/03/2017, the whole allocated funds have been released and hence expenditure made was 100%. Hence, the entire funds which was projects under BE 2016-17 have been released to FCI and State Governments to carry out ongoing construction works. Similarly for BE 2017-18, the projection of funds have been made to Rs.60.00 crore increasing by 15% only from BE 2016-17 in view of additional anticipated expenditure of Rs.8.04 Crore to be made to Govt. of Arunachal Pradesh for construction of PDS godowns in the border areas of the State pursuant to Department of Border Management, Ministry of Home Affairs letter No. 12/42/2014-BADP(Part-I) dated 05/08/2016. It is also projected that the entire BE allocation would be utilized in 2017-18.

2. Assistance to Warehousing Development and Regulatory Authority:

Under Plan Scheme namely, Assistance to WDRA, BE for 2016-17 was Rs. 18 crore which was reduced at RE stage to Rs. 15 crore. Funds available for RE 2016-17 was released in full and no funds were surrendered at end of the year. BE 2017-18 is of Rs. 15 crore against the proposed BE of Rs. 30 crore, which appears to be insufficient. As for monitoring mechanism, there is already a suitable monitoring mechanism in place for the said scheme. Progress of the scheme is monitored by Secretary (FPD) in every month during Senior Officers’ Meeting as well as by concerned Joint Secretary at division level from time to time. Being a central sector scheme, grants-in-aid are released to WDRA and not to States/ UTs.

3. Strengthening of PDS Operations:

(i) End to end Computerization of TPDS Operations:

Under Plan Scheme Component “End-to-end Computerization of TPDS Operations”, Rs. 75 crore was provided during BE 2016-17 which was increased to Rs.75.28 crore in RE 2016-17. However, the department could issue sanction orders only for an amount of Rs. 53.64 crore for releasing payments to States/UTs, NIC, NICSI, etc. The variation is due to non-submission of financial proposals by States/UTs. It is submitted that the computerization scheme is

being implemented on cost sharing basis with States/UTs. Central share of funds is released to States/UTs in three installments of 60%, 30% and 10% on fulfillment of following conditions:-

First Installment (60%) –

- i. Submission of State specific proposal as per template provided by DoFPD.
- ii. Signing of MoU between State/UT and DoFPD.
- iii. Setting up of institutional mechanism at State/UT level i.e. formation of State Apex Committee and SPeMT.
- iv. Furnishing of Utilization Certificates (UCs) by States/UTs concerned for funds released under the two pilot schemes

Second Installment (30%) –

- i. Submission of Utilization Certificates (UCs) to the extent of 60% of the funds released by DoFPD as first installment.
- ii. Release of matching funds i.e. 60% of State/UTs share.
- iii. Operationalization of following components under the Scheme across the State/UT-
 - a) Complete digitization of beneficiary and other databases,
 - b) Online allocation of foodgrains up to FPS level based on the digitized beneficiary data,
 - c) Setting up of Transparency Portal,
 - d) Grievance redressal mechanism.
- iv. Security audit of state portal through STQC or any agency empanelled by CERT-In.

Third (Final) Installment (10%)-

- i. Submission of Utilization Certificates (UCs) of the funds released by DoFPD as first & second installment duly supported by annual audited statement of accounts.
- ii. Release of matching funds (balance 40%) of State/UTs share.
- iii. Completion of activities under Supply Chain Management.
- iv. Quality certification of the portal by any agency empaneled by CERT-In
- v. Compliance of the data formats used in the portal to be validated by NIC.
- vi. Assessment of the scheme as per DoFPD's guidelines/ instructions.

Second installment of Central share could be released only to 17 States/UTs as no other States/UTs fulfilled the conditions for release of 2nd installment. Further, no States/UTs fulfilled the condition for release of 3rd installment of central share. As a result funds provisioned for release of 2nd/3rd installment in respect of some States/UTs had to be surrendered.

Since some States/UTs could not complete some of the key activities under component-I of the computerization scheme, it has been decided with the approval of Ministry of Finance to extend validity of the scheme by one year upto 31.03.2018. Matter is being pursued vigorously with States/UTs requesting them to complete pending activities at the earliest and also submit claims for release of central share at the earliest.

(ii) Strengthening of PDS and Capacity Building:

(A) PDS – Training –

Under the Plan Scheme component i.e. PDS-Training, funds are released to the State/UT Government on receipt of appropriate and complete proposals from the State/UT Governments. Release of funds is further subject to receipt of Utilization Certificates (UCs) from these State/UTs for the releases made to them under the scheme in the past. As proposals received from some States were incomplete, the same could not be considered for release of funds and the matter has been vigorously followed up with the State/UTs for sending appropriate and complete proposals and also for furnishing Utilization Certificates for the releases made under the schemes in the past, in time.

(B) PDS - Evaluation, Monitoring and Research:

Under the Plan Scheme component i.e. PDS-Evaluation, Monitoring and Research, funds are released to Agencies/Institutions/Organizations for conducting evaluation study of implementation of TPDS/NFSA after finalization of appropriate Agency/Institution/Organization through inviting of bids or outsourcing by choice and finalization of term of references with them which takes time. Bids were received from 08 interesting institutes/agencies for carrying out an evaluation study on implementation of NFSA in 12 States. 06 institutes/agencies could technically qualify. However, appropriate Agency/Institution/Organization could not be finalized during F.Y. 2016-17 and funds could not be released

(C) Financial Assistance to States for Generating Awareness amongst TPDS beneficiaries about their entitlement and redressal mechanism:-

Plan Scheme component “Financial Assistance to States for Generating Awareness amongst TPDS beneficiaries about their entitlement and redressal mechanism”, the expenditure is dependent on submission of proposal by States and receipt of UCs for the funds allocated during the previous years. In BE and RE 2016-17, there was a provision of Rs. 50.00 lakhs in the Financial Year 2016-17. Out of Rs. 50.00 lakhs, Rs. 22.50 lakhs was released/sanctioned under three Major Heads of the Scheme during 2016-17.

(iii) Consultancies, Training and Research:

(A) Consultancies for Research/ monitoring in domestic / global markets for foodgrains:

The table showing Budget Estimate (BE), Revised Estimate (RE) and Actual Expenditure for the last few years is given below. It may be seen that BE was never raised at the RE Stage and the actual expenditure was always lesser than the corresponding RE.

(Rs. Lakh)

Sl. No.	Subject	Information			Percentage Utilization
1.	Name of the Central Sector Scheme	Consultancies for Research/monitoring in domestic/global markets for foodgrains			
	Year	BE	RE	Actual Expenditure	
1.	2011-12	29.22	28.01	13.39	
2.	2012-13	30.00	12.00	9.79765	81.60 %
3.	2013-14	18.00	10.86	10.48	96.50 %
4.	2014-15	40.00	15.00	12.56181	83.73 %
5.	2015-16	25.00	9.00	7.81088	86.67 %
6.	2016-17	12.00	12.00	9.9964*	83.30%
7.	2017-18	13.00	--	--	

* Payment till December, 2016 has been done.

(B) e-Governance:

e-Governance, a part of Sub-Scheme; Consultancy Training & Research under umbrella Plan Scheme; Strengthening of PDS Operations. Out of total allocation Rs. 40 lakhs under Major Head 2408, Food and Ware Housing, 01.004-Research and Evaluation, (Minor Head) 03.01-Technical Studies, Consultancy; 03.01.50 –Other Charges” expenditure of Rs. 30.80659 lakhs has been incurred on behalf of ICT Division against BE of Rs. 28 lakhs keeping in view RE, 2016-17 of Rs. 35 lakhs and Rs. 9.99640 lakhs has been incurred by Policy Section. Thus total expenditure goes to Rs. 40.80299 lakhs. Accordingly re-appropriation was done by Budget Section.

(Rs. lakh)				
Financial Year	BE	RE	Actual Expenditure	Surrendered
2016-17	28.00	35.00	30.80659	Nil

(iv) Strengthening of Quality Control Mechanism:-

(i). Details showing B.E., R.E. and Actual Expenditure for the year 2016-17 made under the Plan components are as follows:-

(Rs Crore)				
2016-17	B.E.	R.E.	Actual Expenditure	% against R.E.
Plan component “Strengthening of Quality Control mechanism”	2.00	1.8	1.78	99.99

(ii). Strict monitoring has been done to ensure budgetary expenditure as per MEP of the allotted budget. Accordingly the actual expenditure for 2016-17 is more than 99% of R.E. as denoted in the table above.

(iii) Instructions have been issued to IGMRI and field stations of QCC to strictly comply with the expenditure proposed under B.E for the year 2017-18.

(v) Financial Assistance to States/UTs Food Commission for Non-Building Assets:

During 2016-17 an allocation of Rs.1.0 crore was made for the component - Financial assistance to States/UTs for non-building assets for State Food Commissions. Funds under this component are released on the basis of

proposals of State Governments. During the year, based on complete proposals received from State Governments of Bihar and Odisha, Rs.55.62 lakh was released to them. The balance amount was surrendered for want of complete proposal from other States.

Non-Plan Expenditure 2016-17:

BE 2016-17 in case of Non-Plan schemes was increased from ₹ 152554.11 crores to ₹ 192045.51 crores at RE 2016-17 stage and actual expenditure was ₹ 139947.89 crores (provisional) in respect of Non-Plan Schemes as on 31.03.2017.

Increase in RE 2016-17 was mainly due to increase in the limit of non-plan loan 'Ways & Means Advance Payable to FCI' from ₹ 10,000 crores to ₹ 50,000 crores through 1st Supplementary Demands for Grants 2016-17 by Ministry of Finance. It is to mention that this loan is released to FCI as per its cash flow requirement and is repaid by FCI with interest within the same financial year. The net expenditure under 'Ways & Means Advance (WMA) Payable to FCI' comes to NIL at the close of every financial year.

So far as the less expenditure during 2016-17 is concerned, it is submitted that in a policy decision taken by the Cabinet, NSSF loan of ₹ 45000 crores was sanctioned to FCI in the month of March, 2017 to clear the arrears in a phased manner, withholding Ways and Means Advance of ₹ 27000 crores. Further, in an another policy decision, Ministry of Finance vide letter No. 5/5/2016-NS dated 31.03.2017 sanctioned additional NSSF loan of ₹ 25000 crores to FCI with direction to surrender the Food Subsidy of ₹ 25000 crores from total food subsidy of ₹ 103334.61 crores already released to FCI by Oct, 2016. Accordingly, ₹ 25000 crores was surrendered on 31.03.2017 from food subsidy and final expenditure for 2016-17 came down to ₹ 139947.89 crores (provisional).

Excluding surrender of WMA of ₹ 27000 crores and Food Subsidy of ₹ 25000 crores (due to policy decision), % of expenditure for 2016-17 (Non-Plan) comes to 99.93%.

Non-Plan Budget 2017-18:

(₹ in crores)

	Demand for 2017-18 #	BE 2017-18
Revenue	179115.35	150952.64
Capital	10523.05	50523.05*
Total	189638.40	201475.69

* due to increase in the limit of non-plan loan 'Ways & Means Advance (WMA) Payable to FCI' from ₹ 10,000 crores to ₹ 50,000 crores

excluding anticipated arrears/shortfall in allocation of ₹ 85000 crores approx. under food subsidy up to 31.03.2017

It is clear from the above table that the budget allocation for 2017-18 of ₹ 151475.69 (excluding loan provision under WMA) is much less than the demand of ₹ 179638.40 crores. During 2016-17, several efforts were made by the Department from higher level to clear the arrears accumulated under food subsidy scheme which resulted in the sanction of NSSF loan of ₹ 70000 crore to clear the arrears in a phased manner.

The Department always pushes its utmost effort to keep the budget realistic and the expenditure is regularly monitored at the higher level vis-à-vis Monthly Expenditure Plan (MEP). In the monthly review meeting of the senior officers held on 19.04.2017, the Secretary (F&PD) directed all the grant controlling authorities to incur expenditure strictly as per MEP. During April, 2017 against MEP of ₹ 50581.77 crores the Department has already released ₹ 64071.77 crores in consultation with Ministry of Finance. It is also expected that after the merger of Plan and Non-Plan expenditure, the overall performance of the Department will improve even more during current financial year.

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Recommendation (Para No. 4.39)

3.3 The Committee note that the Public Distribution System has become, over the years, an important part of the Government's policy for management of food economy in the country. Further, the National Food Security Act, 2013 (NFSA) that entitles upto 75% of the rural population and 50% of the urban population for receiving subsidized foodgrains under the Targeted Public Distribution System (TPDS) has been implemented by all States/UTs. The Committee further note that digitization work has been completed in all States/UTs and upto 73% ration cards have been seeded with Aadhaar Numbers. Public Distribution System (Control) Order, 2001 and TPDS Control order 2015 mandates the State/UT Governments to issue ration cards to eligible applicants and to conduct periodical checking of ration cards to weed out ineligible and bogus ration cards as well as bogus units in ration cards. As per reports available from States/UTs, 2.33 crore bogus/ineligible ration cards have been deleted in 29 States/UTs. While

appreciating the steps taken by the Government in this regard, the Committee, however, urge the Department to conduct such periodical checking on a regular basis to eliminate bogus ration cards as well as bogus units in the ration card with a view to curb the various problems in the existing Public Distribution System such as leakages and diversion and improve the transparency and efficiency in the functioning of PDS for the benefit of the intended beneficiaries i.e. poorest of the poor.

Reply of the Government

3.4 Targeted Public Distribution System (TPDS) is operated under the joint responsibility of the Central and the State/ Union Territory (UT) Governments. Central Government is responsible for procurement, allocation and transportation of foodgrains upto the designated depots of the Food Corporation of India. The operational responsibilities for allocation of foodgrains within the States/UTs, identification of eligible beneficiaries under TPDS and supervision over and monitoring of functioning of fair Price Shops (PFPSs), etc. rest with the concerned State/UT Governments.

TPDS (Control) Order, 2015 stipulates that State/UT Governments are required to review the lists of beneficiaries every year for the purpose of deletion of ineligible families and inclusion of eligible families. State/UT Governments have been requested from time to time to carry out drives for reviewing the list of beneficiaries under TPDS. The exercise of deletion of bogus/ineligible cards and inclusion of eligible families is a continuous process and State/UT Governments are to periodically carry out the same.

All States/UTs have also been requested to seed the Aadhar numbers in Ration Card database. This will enable removal of bogus/ineligible ration cards and better targeting of food subsidy, facilitate availability of foodgrains to intended beneficiaries a fair price Shops (FPS), check leakages and diversions etc. As on 09.05.2017, 100% digitization of ration cards and approx 77% seeding of Aadhar has been achieved.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/8/2017-AC Dated the 13th June, 2017]

Recommendation (Para No. 5.10)

3.5 The Committee in their Tenth Report on Demands for Grants for 2016-17 had earlier opined that meeting the establishment cost of FCI out of food subsidy

is erroneous and urged the Department/FCI to devise other means to recoup its establishment cost from the current financial year. The Committee are surprised to note that the Ministry had ignored the Committee's advise in this regard as the BE for the Establishment Cost of FCI has shown an upward trend in 2016-17 i.e. Rs. 2584 crore as compared to the year 2015-16 i.e. Rs. 1749 crore. The Committee, therefore, again urge the Department to take steps not only to bring down the establishment cost of FCI but also to devise other means of meeting the same. They further implore upon the Ministry to desist from disregarding/fail to implement their instant recommendation without any sound reasoning. They desire to be apprised of the concrete steps taken in this direction.

Reply of the Government

3.6 The Establishment Cost of Food Corporation of India in F.Y-2015-16 was Rs. 1749 Crores and the Revised Budget estimation for 2016-17 was Rs. 2584 Crores whereby anticipated increase of Rs. 835 Crores was made.

Element-wise increase in Establishment Cost considered in 2016-17 (R.E) as compared to 2015-16 is enclosed herewith at **Annexure-II**. As is evident, the factors considered for increase in 2016-17 (R.E) in Establishment Cost are primarily as under:-

PARTICULARS/DISCRPTION	AMOUNT (Rs.in Crores)
Post-Retirement Medical Scheme had been introduced in the Corporation duly approved by Department of Food and Public Distribution under Ministry of Consumer Affairs, Food and Public Distribution conveyed vide its letter dated 11 th November'2016.	46.50
Provision of 50% of arrears for Defined Contribution Pension Scheme duly approved by Department of Food and Public Distribution under Ministry of Consumer Affairs, Food and Public Distribution conveyed vide its letter dated 11 th November'2016.	469.50
Upward revision of Productivity Linked Incentive (PLI).	70.22
Provision for anticipatory increase in Pay Bill due to proposed Fresh Recruitment of 9295 employees in 2016-17.	65.36
Annual increase in D.A/Other Allowances	145.96
Proportionate increase in Contribution towards Provident Fund vis-à-vis increase in Pay Bill/D.A.	25.12
TOTAL	822.66

A statement showing Establishment Cost of Food Corporation of India for the past 6 years i.e. from 2011-12 to 2016-17(R.E) vis-à-Vis Annual Turnover is enclosed at **Annexure- III** which clearly depicts that efforts had been instigated so as to restrain Establishment Cost at its minimal on percentage basis to Annual Turnover of the Corporation.

Food Corporation of India is implementing food programs of Govt. of India. It is apparent that for implementation of any welfare program some cost of administrative cost is bound to happen. Even the State procuring agencies are given 2.5% of M.S.P as administrative cost on procurement operation only. Whereas in FCI operations it includes Procurement / take over from State agencies, movement of foodgrains to other states, Storage of Buffer Stocks and distribution to State Governments/UTs as well.

There have been continuous efforts and practices adopted in Food Corporation of India so as to keep the Establishment Cost at its minimal. Hence, the observation that the demand raised by FCI for subsidy is erroneous appears not to be justified.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/8/2017-AC Dated the 13th June, 2017]

Recommendation (Para No. 6.5)

3.7 The Committee note that India is one of the largest producers of sugarcane and is also the largest consumer of sugar in the world. The Committee are, therefore, concerned to note that acreage under sugarcane cultivation has been declining over the years from 50.67 lakh hectare in 2014-15 to 45.17 lakh hectare in 2016-17. As a result thereof, sugar production in the country will be less in proportion to the fall in acreage of sugarcane. The Committee, therefore, urge the Department to make earnest efforts to encourage sugarcane farmers to take all possible steps to increase sugar production in the country by devising incentives including timely declaration of Fair and Remunerative Price of Sugarcane so as to meet domestic demand and consumption of sugar and avoid possible imports of sugar.

Reply of the Government

3.8 During the current sugar season 2016-17, the production of sugar decreased due to impact of drought in some major sugar producing States namely, Maharashtra, Karnataka, Tamil Nadu, Telangana, Andhra Pradesh and Gujarat during last season. However, as reported by Directorate of Sugarcane

Development, Ministry of Agriculture and Farmers Welfare, the plantation area under sugarcane is likely to increase for the coming sugar season 2017-18 due to ample rainfall in the country during the current rainy season.

The Fair and Remunerative Price of Sugarcane is determined by the Central Government for every sugar season, which is uniform throughout the country and linked to recovery. The FRP, so fixed, is based on the recommendation of Commission for Agricultural Costs and Price (CACP) and after consultation with State Governments and other stake holders. Various factors indicated in Clause 3(1) of the Sugarcane Control Order, 1966, including sugar prices, are taken into account by CACP while recommending the FRP. The FRP of Sugarcane is determined well in advance before commencement of the every sugar season.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/8/2017-AC Dated the 13th June, 2017]

CHAPTER IV

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

Recommendation (Para No. 4.9)

4.1 The Committee regret to note that even after 20 years of launching of the Decentralized Procurement Scheme (DCP) and despite the various steps taken to convince the States/UTs to adopt it, the scheme has been adopted by only 14 States/UTs for Rice and 8 States for Wheat respectively. Considering that the DCP Scheme has the objective to ensure MSP to farmers, encourage procurement in non-traditional States besides enabling procurement of foodgrains more suited to local taste, the Committee are fully convinced that the remaining States/UTs should also adopt the DCP Scheme at the earliest. It has become all the more essential for the States/UTs to adopt the scheme in order to save the transportation cost as a result thereof to reduce food subsidy bill. The Committee, therefore, strongly desire that the Department should make all possible efforts to convince the remaining States/UTs and to provide maximum assistance to enable them to adopt DCP Scheme in this fiscal itself. The Committee further feel that to encourage the remaining States to adopt the DCP Scheme, the Department need to interact proactively with States to ascertain reasons for their lack of interest to adopt the scheme and suggest remedial measures including extending some concessions or incentives for limited period till those States are able to implement the scheme in a satisfactory manner.

Reply of the Government

4.2 States are being encouraged to take up Decentralized Procurement System (DCP) for foodgrains. As on date 14 States have adopted DCP mode of procurement for Rice and 8 States adopted DCP mode for Wheat. Jharkhand (One district only) and Maharashtra have adopted DCP for rice from Kharif Marketing Season (KMS) 2016-17. Recently, the State Government of Haryana was again requested to adopt DCP operations for wheat.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/8/2017-AC Dated the 13th June, 2017]

Comments of the Committee

(Please see Para No.1.7 of Chapter -I of the Report)

Recommendation (Para No. 4.28)

4.3 The Committee note that under Hill Transport Subsidy, (HTS) the Union Government reimburses the transportation cost of foodgrains from base depot of FCI upto the designated principal distribution centres in States which are predominantly in hilly areas. The Committee note that an amount of Rs. 4464.51 crore is pending with FCI for being paid to States/UTs viz. Mizoram, Tripura, Arunachal Pradesh, Himachal Pradesh, J&K, Lakshadweep and Sikkim, while no claim has been received from Meghalaya and Nagaland on account of transportation of foodgrains under HTS. The Department did not indicate the reasons for non-submission of HTS bills by the two States of Meghalaya and Nagaland which proves that Government is not serious towards settlement of claims. The Committee, therefore, recommend that Department/FCI should find out the reasons for non-submission of HTS claims by these two States and make sincere efforts for liquidation of outstanding dues of these States/UTs so that State/UT Governments are able to lift the foodgrains regularly for distribution to the poor and needy population in the States/UTs. They further recommend that the entire amount pending settlement be reimbursed to the concerned States within six months of presentation of this Report. They desire to be apprised of the progress made in this regard.

Reply of the Government

4.4 With regard to speedy settlement of pending claims, States have been requested to submit their HTS claims in time with FCI along with requisite documents. From the status of HTS claims submitted by FCI (**at Annexure-I**) from 2006-07 onwards, it can be seen that FCI has been reimbursing admissible claims regularly to the different States.

Reasons for pendency of HTS claim of **Mizoram and Tripura** is given in annexed status. In case of **Arunachal Pradesh**, the amount of HTS claims of Government of Arunachal Pradesh rose from Rs. 64.36 crores in 2002-03 to Rs. 410 crores in 2003-04 and 338.27 crores in 2004-05 without any substantial change in quantity of food grains delivered in the State. This has resulted in audit objections and subsequently recovery of excess payment made against HTS claims. In this connection, a High Level Committee under chairmanship of Shri Saumitra Choudhuri was formed in year 2010 by Gol and thereafter, detailed guidelines for processing HTS bills were issued by FCI RO (Northeast) on 19.2.2014. Accordingly, State Governments have been requested to comply and to ensure guidelines instructions issued are followed by them. Efforts have been made to resolve the issue for speedy settlement of HTS claims by holding meeting at Krishi Bhawan on 15.06.2016 & meeting at the field level on 27.06.2016 between FCI & State Government officials.

For **Himachal Pradesh**, meetings along with FCI officials from Headquarter and field have been organized with State by this Department to resolve the issues related with HTS. A Cell has been created by FCI for speedy settlement of long pending HTS bills. In various meetings held with Government of **Jammu & Kashmir**, State was informed for non-submission of HTS claims with relevant documents/records and was requested to raise HTS claim on monthly basis with supporting documents such as copies of release orders, gate passes issued by FCI, proof of payment to transporters, copies of GRs for transporters, proof of receipt of foodgrains at PDC, etc. In case of **Lakshadweep (UT)**, FCI informed that release of foodgrains has commenced from FSD, Androth from 2014-15 and there will be no claims for HTS from 2014-15 onwards. Government of **Sikkim** has furnished HTS bills till December, 2015 for which reimbursement had been made. FCI has informed that there is no simplification required for **Andaman & Nicobar** Islands because of no HTS claims is pending.

It has been informed by FCI that **Nagaland** has submitted their HTS claims which have been returned to the State Government for rectification. Similarly, once the claims are received from State of **Meghalaya**, FCI will be settling their HTS claims as per guidelines. As such most of the HTS claims of the States have been reimbursed by FCI. In case of any deficiency in the claims, FCI has been requesting State Governments to submit their bills after rectification of the deficiency.

Sincere efforts are being made by this Department for liquidation of outstanding HTS bills by FCI. In this regard, in a meeting held on 09.05.2017 in the Department with the officials from FCI, NFSA & Finance division of this Department, FCI has been requested to take action for liquidation of outstanding HTS claims of concerned States as per extant guidelines and provide action taken report immediately. In fact, this Department has been repeatedly requesting all concerned State Governments for timely submission of their claim with appropriate documentations. As per procedure of HTS claims, it is for the concerned States to submit HTS claims with complete documents in time with FCI. FCI has reported that most of the HTS bills could not be settled on account of non submission of bills by State Governments, submission of improper bills or without proper documentation by States. It is submitted that HTS claims are reimbursed regularly to the State Government once they submit their claims with FCI as per laid down guidelines and documents.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/8/2017-AC Dated the 13th June, 2017]

Comments of the Committee

(Please see Para No.1.13 of Chapter -I of the Report)

CHAPTER V

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

Recommendation (Para No. 4.20)

5.1 The Committee note that the amount of food subsidy related to FCI and DCP States is continuously on the rise due to increase in MSP of Wheat and Rice vis-à-vis Central Issue Price (CIP), increased off take of foodgrains under TPDS etc. Implementation of NFSA in all States/UTs has also considerably contributed to ever increasing food subsidy bill. While appreciating the various steps taken by the Department to reduce food subsidy bill such as issue of bonds by FCI at lower coupon rates, improving the operational efficiency of FCI, negotiating with the bank of the consortium of food credit to reduce the rate of interest on cash credit etc., the Committee, however, desire the Department to make vigorous efforts to explore all possibilities of containing food subsidy bill without compromising on the regular supply and availability of subsidized foodgrains. They further note that the assertion of the Department that involvement of private sector in procurement and storage of foodgrains at comparative rates could help in lowering the pace of increase in food subsidy and the expenses at comparative rates towards incidentals like transportation, storage etc. could result in lower food subsidy. However, they also note that no study has been initiated by the Department on this aspect. The Committee, therefore, desire the Department to initiate a study from independent consultants on this aspect so that food subsidy outgo could be reduced to some extent.

Reply of the Government

5.2 The private agencies have been engaged for a period of three years through a competitive bidding process by FCI in Eastern Uttar Pradesh, Jharkhand and West Bengal for paddy/rice procurement and to expand the coverage of MSP operations to such identified clusters of Districts/ Parts of the Districts, where outreach of Government agencies has been weak and State Governments have consented for FCI to engage the private agencies to reach out to the paddy farmers for improvement. Private agencies engaged for 3, 2, 4 clusters in Uttar Pradesh, Jharkhand and West Bengal respectively.

NITI AAYOG is already conducting a comprehensive study for evaluation of Decentralized Procurement (DCP) Scheme for procurement of wheat/paddy under Minimum Support Price (MSP).

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/8/2017-AC Dated the 13th June, 2017]

Comments of the Committee

(Please see Para No.1.10 of Chapter -I of the Report)

**NEW DELHI;
23 October, 2017
1, Kartika1939(Saka)**

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

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

As on: 31.05.2017

(Amount in Rupees Lakh)

State/UT	Year	Amount claimed	Amount reimbursed	Amount disallowed	Bills returned	Amount pending for less than 6 months	Amount pending for more than 6 months upto 1 year	Amount pending for more than 1 year	Total Amount pending	Reasons for pendency
Mizoram	2006-07	558.19	544.28	13.91	0	0	0	0	0	
	2007-08	217.77	212.25	5.52	0	0	0	0	0	
	2008-09	60.09	57.52	2.57	0	0	0	0	0	
	2009-10	534.99	384.46	150.53	0	0	0	0	0	
	2010-11	312.32	304.47	7.84	214.06	0	0	0	0	
	2011-12	95.77	88.5	7.27	1.15	19.95	0	237.06	257.01	Certificate of 1) Distance, 2) Rate, 3) Approved PDC list, 4) Contractor appointment letter not available
	2012-13	63.31	59.88	3.43	0	0	0	317.86	317.86	Certificate of 1) Distance, 2) Rate, 3) Approved PDC list, 4) Contractor appointment letter not available
	2013-14	0	0	0	0	0	0	612.27	612.27	Certificate of 1) Distance, 2) Rate, 3) Approved PDC list, 4)

	2014-15	0	0	0	0	0	0	0	0	
	2015-16	0	0	0	0	0	0	0	0	
	2016-17	0	0	0	0	0	0	0	0	
	Total	363.34	0	0	185	0	0	0	0	
Arunachal Pradesh	2006-07	21031	3938	17093	21031	0	0	0	0	Gol conveyed approval of Rs.39.38 crore for claims upto 2006-07 subject to adjustment against outstanding amount as per the Internal Audit of FCI. However, on scrutiny it is found by FCI, RO that (i) no proof of payment to the transporters and (ii) no acknowledgement receipt of stock from each PDC recipient centres has been furnished by Govt. of Arunachal Pradesh, for want of which, the bills amount could not be settled. ZO (NE), then based on the report of RO (Assam) instructed to return all HTS claims pertaining to 2004-05 to 2006-07 to Govt. of AP for necessary rectifications. 2088 HTS bills for the period

										of 2004-05 to 2006-07 were handed over to Govt. of AP.
	2007-08	3671	2407	0	0	0	0	0	0	FCI, Assam Region paid Rs. 45.76 crores as Prov. Advance to Govt. of Ar. Pradesh as per instruction of GOI. Accordingly, State Govt. had submitted claim bills numbering 1256 to FCI. The claim bills were all duplicate in nature. However, on scrutiny by the concerned District offices all bills bear deficiencies and hence the same were returned to GOAP for necessary rectification. But the returned bills were not re-submitted to FCI for further course of action. In this regard, request was made vide this office letter no. S&S 4(129)/2012-13/HTS/Ar.Pr/Part XIV dated 16.09.2013 & 01.11.2013 to Govt. of Arunachal Pradesh to re-submit the HTS bills with required rectification/ documentation within 30th Sept'2013 as
	2008-09	2430	2169	0	0	0	0	0	0	

										instructed by ZO (NE) and FCI Hqrs. But till date no response is received from State Govt.
	2009-10	251.63	0	0	0	0	0	0	0	These bills were returned to State Govt. by FCI on account deficiencies noticed. Some of the bills did not comply with the guidelines laid down as per recommendatons of Suamitra Choudhary committee, which are under review by Joint committee of FCI and State Govt.
	2010-12	850.42	0	0	0		0	0	0	
	2012-13	2204.79	0	0	0		0	0	0	
	2013-14	1164.54	0	0	0		0	0	0	
	2014-15	0	0	0	0	0	0	0	0	No bill received.
	2015-16	0	0	0	0	0	0	0	0	No bill received.
	2016-17	0	0	0	0	0	0	0	0	No bill received.
	Total	31603.38	8514	17093	21031	0	0	0	0	
Himachal Pradesh	2006-07	164.32	155.42	8.90	0.00	0.00	0.00	0.00	0.00	
	2007-08	338.68	315.87	22.81	0.00	0.00	0.00	0.00	0.00	
	2008-09	291.99	283.98	8.01	0.00	0.00	0.00	0.00	0.00	
	2009-10	351.37	337.22	14.15	0.00	0.00	0.00	0.00	0.00	

	2013-14	0	0	0	0	0	0	0	0	No claims received
	2014-15	0	0	0	0	0	0	0	0	No claims received
	2015-16	0	0	0	0	0	0	0	0	No claims received
	2016-17	0	0	0	0	0	0	0	0	No claims received
	Total	4420.01	1408.22	616.12	2395.67	0	0	0	0	
Sikkim	2006-07	87.03	53.95	11.69	21.39	0.00	0.00	0.00	0.00	No pending
	2007-08	106.81	84.18	8.98	13.65	0.00	0.00	0.00	0.00	No pending
	2008-09	111.19	93.30	12.60	5.30	0.00	0.00	0.00	0.00	No pending
	2009-10	111.15	90.25	13.55	7.34	0.00	0.00	0.00	0.00	No pending
	2010-11	131.60	88.89	33.03	9.67	0.00	0.00	0.00	0.00	No pending
	2011-12	168.57	119.92	26.04	22.61	0.00	0.00	0.00	0.00	No pending
	2012-13	165.00	121.92	41.92	1.16	0.00	0.00	0.00	0.00	No pending
	2013-14	173.32	113.25	60.07	0.00	0.00	0.00	0.00	0.00	No pending
	2014-15	189.98	160.45	29.53	0.00	0.00	0.00	0.00	0.00	No pending
	2015-16	170.63	119.29	51.35	0.00	0.00	0.00	0.00	0.00	Claims for the year 2015-16 has been settled upto Dec 2015
	2016-17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	No claims lying pending after Dec 2015

	Total	1415.28	1045.40	288.76	81.12	0.00	0.00	0.00	0.00	
Lakshadweep	2006-07	17.16	17.16	0	0	0	0	0	0	
	2007-08	16.19	16.19	0	0	0	0	0	0	
	2008-09	11.07	11.07	0	0	0	0	0	0	
	2009-10	3.66	3.66	0	0	0	0	0	0	
	2010-11	13.1	13.1	0	0	0	0	0	0	
	2011-12	16.86	14.77	2.09	0	0	0	0	0	
	2012-13	15.69	14.72	0.97	0	0	0	0	0	
	2013-14	14.95	0	2.36	12.59	0	0	0	0	Amount is pending for want of proof of payment made.
	2014-15	0	0	0	0	0	0	0	0	From 2014-15 onwards release of foodgrains in respect of UT of Lakshadweep have commenced from FSD Androth and henceforth no HTS claims arise.
	2015-16	0	0	0	0	0	0	0	0	
	2016-17	0	0	0	0	0	0	0	0	
	Total	108.68	90.67	5.42	12.59	0	0	0	0	
A&N Islands	There are no claims of HTS as FCI is directly delivering wheat and rice under PDCs through a private liner.									
Grand Total		<u>45670.44</u>	<u>16084.77</u>	<u>19200.71</u>	<u>25919.25</u>	<u>600.81</u>	<u>22.95</u>	<u>1167.19</u>	<u>1790.95</u>	

Staff Cost

Amount (Rs. in Crores)

Particulars	2015-16	2016-17 (RE)	Difference
Pay	474.64	540.00	65.36
D.P	0.43	0.00	-0.43
CDA/IDA	502.04	648.00	145.96
Cash award	0.00	0.00	0.00
CCA	0.00	0.00	0.00
Contribution to PF etc.	117.48	142.60	25.12
Contribution towards Post-retirement Medical Scheme	0.00	46.50	46.50
Contribution towards Post-retirement Pension Scheme	0.00	469.50	469.50
Conveyance Reimbursement/Transport Subsidy	14.87	20.00	5.13
Dusting Operator Allowances	0.33	0.50	0.17
E.L. (During service)	57.43	65.00	7.57
Education Allowances	7.76	9.00	1.24
Fringe Benefit	63.44	65.00	1.56
HRA	87.56	97.00	9.44
Incentive on family Planning	1.07	2.00	0.93
IR on IDA	0.00	0.00	0.00
LTC Encashment	1.11	3.00	1.89
LTC Home town/Bharat Darshan	4.18	6.00	1.82
Others Allowances	7.77	10.00	2.23
Pay arrears	2.57	0.00	-2.57
PLI	34.78	105.00	70.22
Station C.A	0.00	0.00	0.00
Tiffin Allowances	5.87	6.00	0.13
VRS Deferred Expenditure	0.34	0.00	-0.34
Washing Allowances	0.75	1.50	0.75
Sub Total	1384.42	2236.60	852.18

Medical Expenses	53.26	60.00	6.74
OTA	35.33	40.00	4.67
Pending OTA	0.00	5.00	5.00
Welfare Expenses	27.72	30.00	2.28
Sub Total	116.31	135.00	18.69
Establishment Cost	1500.73	2371.60	870.87
DCRG	190.33	153.20	-37.13
E.L. (on retirement)	60.46	60.00	-0.46
Total Establishment Cost	1751.52	2584.80	833.28
Estt. Cost Capitalised	2.53	1.00	-1.53
Net Staff Cost	1748.99	2583.80	834.81

Annexure III

Establishment Cost of Food Corporation of India

Amount (Rs. in Crores)							
S.No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (RE)
1	Sales	26,145	39,294	38,264	29,755	29,269	20,008
2	Subsidy	68,697	80,563	89,492	1,05,007	1,02,425	1,15,693
3	Turnover	94,842	1,19,857	1,27,756	1,34,762	1,31,694	1,35,701
4	Establishment Cost	2,263	2,198	2,061	2,034	1,749	2,584
5	Establishment Cost as a Percentage of Turnover	2.39%	1.83%	1.61%	1.51%	1.33%	1.90%

APPENDIX I

MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2017-18) HELD ON MONDAY, 23 OCTOBER, 2017

The Committee sat from 1530 hrs. to 1615 hrs. in Committee Room 'B',
Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri J.C. Divakar Reddy - Chairperson

Members

Lok Sabha

2. Shri R.K.Bharathimohan
3. Shri Babu Lal Chaudhary
4. Shri Sanjay Haribhau Jadhav
5. Shri Dinesh Kashyap
6. Shri Dharmendra Kumar
7. Smt. Sakuntala Laguri
8. Dr. Swami Sakshiji Maharaj
9. Shri Sunil Kumar Mondal
10. Shri Bhola Singh
11. Shri Sukhbir Singh Jaunpuria
12. Shri Nandi Yellaiah

Rajya Sabha

13. Shri Shadi Lal Batra
14. Shri Ripun Bora
15. Shri Vinay Katiyar
16. Shri Ravi Prakash Verma
17. Shri Veer Singh

SECRETARIAT

1. Shri Lovekesh Kumar Sharma - Director
2. Shri Khakhai Zou - Additional Director

2. 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 Action Taken by the Government on the observations/recommendations contained in the 15th and 16th Reports of the Committee on Demands for Grants (2017-18) of the Ministry of Consumer Affairs, Food and Public Distribution pertaining to the (i) Department of Food and Public Distribution, and (ii) Department of Consumer Affairs respectively.

3. Thereafter the Committee took up for consideration the Draft Reports. After due deliberations, the Committee unanimously adopted the said two Action Taken Reports without any amendment/modification.

4. The Committee then authorized the Chairperson to finalize the aforesaid Draft Reports and present the same to Parliament in the ensuing Winter Session of Parliament.

The Committee then adjourned.

APPENDIX II

(Vide Para No. 4 of Introduction of the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE FIFTEENTH REPORT OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2016-17)

(SIXTEENTH LOK SABHA)

- (i) Total number of Recommendations: 13
- (ii) Observations/Recommendations which have been accepted by the Government :

Para Nos. :- 4.52, 4.53, 5.7, 5.15, 6.9 and 6.13

(Chapter – II, Total - 6)

Percentage : 46.16%

- (iii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government

Para Nos. 3.8, 4.39, 5.10 and 6.5

(Chapter – III, Total - 4)

Percentage : 30.76%

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

Para Nos. 4.9 and 4.28

(Chapter – IV, Total -2)

Percentage : 15.38%

- (v) Observations/Recommendations in respect of which the interim replies of the Government have been received.

Para No.:- 4.20

(Chapter – V, Total - 1)

Percentage : 7.7%