

**PREPAREDNESS FOR IMPLEMENTATION OF  
NATIONAL FOOD SECURITY ACT, 2013**

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

**PUBLIC ACCOUNTS COMMITTEE  
(2018-19)**

**ONE HUNDRED AND THIRTY THIRD REPORT**

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**SIXTEENTH LOK SABHA**



**LOK SABHA SECRETARIAT  
NEW DELHI**

PAC NO. 2172

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## **PUBLIC ACCOUNTS COMMITTEE (2018-19)**

(SIXTEENTH LOK SABHA)

<b>PREPAREDNESS FOR IMPLEMENTATION OF NATIONAL FOOD SECURITY ACT, 2013</b>
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**MINISTRY OF CONSUMER AFFAIRS, FOOD AND  
PUBLIC DISTRIBUTION (DEPARTMENT OF FOOD AND  
PUBLIC DISTRIBUTION)**



*Presented to Lok Sabha on:* .....

*Laid in Rajya Sabha on:* .....

**LOK SABHA SECRETARIAT  
NEW DELHI**

December, 2018 /Agrahayana, 1940 (Saka)

## CONTENTS

### PAGE

#### COMPOSITION OF SUB-COMMITTEE –VI OF THE PUBLIC ACCOUNTS COMMITTEE (2017-18)

#### COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2018- 19)

#### INTRODUCTION .....

#### REPORT

- A IDENTIFICATION OF BENEFICIARIES AND  
ISSUANCE OF RATION CARDS
- B PREPAREDNESS IN LOGISTICS:  
ALLOCATION, MOVEMENT AND STORAGE  
OF FOODGRAINS
- C REFORMS IN THE TARGETED PUBLIC  
DISTRIBUTION SYSTEM (TPDS)
- D GRIEVANCE REDRESSAL AND  
MONITORING MECHANISM

#### PART II

#### OBSERVATIONS/RECOMMENDATIONS

#### APPENDICES\*

- I Minutes of the sitting of the Sub-Committee VI of  
Public Accounts Committee (2017-18) held on  
7<sup>th</sup> September, 2017
- II Minutes of the 21<sup>st</sup> sitting of the Public Accounts  
Committee (2018-19) held on  
14<sup>th</sup> December, 2018

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*\*Not appended to the cyclostyled copy of the Report*

### **Sub-Committee – VI (Social Sector)**

Convenor	:	1.	Shri Shivkumar C. Udasi
Alternate Convenor	:	2.	Shri P. Venugopal
Members	:	3.	Shri Neiphiu Rio
		4.	Shri Naresh Agrawal
		5.	Shri Gajanan Chandrakant Kirtikar
		6.	Shri Bhubaneswar Kalita

## COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2018-19)

**Shri Mallikarjun Kharge - Chairperson**

### **M E M B E R S** **L O K S A B H A**

2. Shri Subhash Chandra Baheria
3. Shri Sudip Bandyopadhyay
4. Shri Prem Singh Chandumajra
5. Shri Gajanan Chandrakant Kirtikar
6. Shri Bhartruhari Mahtab
7. Smt. Riti Pathak
8. Shri Ramesh Pokhriyal "Nishank"
9. Shri Janardan Singh Sigiwal
10. Shri Abhishek Singh
11. Shri Gopal Shetty
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar Chanabasappa Udasi
15. Dr. Ponnusamy Venugopal

### **R A J Y A S A B H A**

16. Prof. M. V. Rajeev Gowda
17. Shri Bhubaneswar Kalita
18. Shri Shwait Malik
19. Shri Narayan Lal Panchariya
20. Shri Sukhendu Sekhar Roy
21. Shri C.M. Ramesh
22. Shri Bhupender Yadav

### SECRETARIAT

1. Shri A.K. Singh - Additional Secretary
2. Shri Sanjeev Sharma - Director
3. Smt. Anju Kukreja - Under Secretary
4. Shri Ashikho Alemo - Senior Executive Assistant

## INTRODUCTION

I, the Chairperson, Public Accounts Committee (2018-19), having been authorised by the Committee, do present this One Hundred and Thirty Third Report (Sixteenth Lok Sabha) on **"Preparedness for Implementation of National Food Security Act, 2013"** relating to Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Sub-Committee VI of Public Accounts Committee (2017-18) took up the subject for detailed examination and report. The Sub-Committee-VI was constituted under the Convenorship of Shri Shiv Kumar Udasi, M.P and Member of PAC that took evidence of the representatives of the Department of Food and Public Distribution on the subject at their sitting held on 7<sup>th</sup> September, 2017. The Public Accounts Committee (2018-19) took evidence of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on 5<sup>th</sup> December, 2018. Accordingly, a draft Report was prepared and adopted by the Public Accounts Committee (2018-19) on 14<sup>th</sup> December, 2018. Minutes of the sittings are appended to the Report.

3. For facility of reference and convenience, the Observations/Recommendations of the Committee have been printed in bold and form Part II of the Report.

4. The Committee would like to express their thanks to the representatives of the Ministries of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) for tendering evidence before them and furnishing information in connection with the examination of the subject.

5. The Committee place on record their appreciation of the assistance rendered to them in the matter by the office of the Comptroller and Auditor General of India.

NEW DELHI;  
20 December, 2018  
29 Agrahayana, 1940 (Saka)

MALLIKARJUN KHARGE  
Chairperson,  
Public Accounts Committee

## **REPORT PART – I**

### **I INTRODUCTION**

This Report is based on C&AG Report No.54 of 2015 on the "Preparedness for Implementation of National Food Security Act, 2013", pertaining to the Ministry of Consumer Affairs, Food and Public Distribution.

2. The Sub-Committee –VI (Social Sector) of Public Accounts Committee (2017-18) and Public Accounts Committee (2018-19) took up the subject for detailed examination, took oral evidences of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution and obtained written replies on the subject. Based on the oral evidence and written replies, the Sub-Committee examined the subject in detail.

3. The Committee have stated that National Food Security Act, 2013 (NFSA) which came into effect from July 5, 2013 aims to provide foodgrains to 81.34 crore beneficiaries at highly subsidized rates. One of the major implications of NFSA is that the identified beneficiaries have the right to get subsidized foodgrains. NFSA provides a statutory basis for a framework which assures food security for nearly two-thirds of the population and seeks to make the right to food a legal entitlement by providing subsidized foodgrains on the existing Targeted Public Distribution System (TPDS). NFSA suffered from several deficiencies such as errors in targeting, inefficient delivery mechanisms resulting in high leakages and lack of transparency in its operations. Up to 75 per cent of the rural and 50 per cent of urban population as per Census 2011 at all India level is envisaged to be covered under NFSA and the States/UT (Union Territory) shall be allocated foodgrains as specified for the above coverage. The annual allocation of the State were to be protected in case the allocation under NFSA was less than the average annual off take of foodgrains for last three years. The implementation of NFSA implies an additional subsidy of ₹ 26,780 crore per year.

#### **The Salient features or provisions of the National Food Security Act, 2013**

- Identification of beneficiaries under NFSA to be completed in one year's time i.e. by 4 July 2014.
- Within the coverage determined for each State, the State Governments were to identify the Antyodaya Anna Yojana (AAY) and the Priority Households; Entitlement of existing AAY households to be protected at 35 kg per household per month, while each member of such priority household to get 5 kg of foodgrains per month.

- Subsidized prices- ₹3, ₹2, ₹1 per kg for rice, wheat and coarse grain respectively fixed for a period of 3 years from the date of commencement of NFSA and is to be suitably linked to the Minimum Support Price (MSP) thereafter.
- Protection of annual average off-take of foodgrains for last the three years under normal TPDS in case annual allocation of foodgrains under NFSA to any State was less than their average annual off-take of foodgrains.
- Pregnant women and lactating mothers are entitled to meals and maternity benefit of not less than ₹ 6,000 per delivery.
- Children in the age group of 6 months to 14 years are entitled to meals under Integrated Child Development Services (ICDS) and Mid Day Meal (MDM) schemes being implemented by Ministry of Women and Child Development and Ministry of Human Resource Development respectively.
- Eldest woman of the household of 18 years or above is to be treated as the head of the household for the purpose of issuing ration cards.
- Provisions for food security allowance to entitled beneficiaries in case of non-supply of foodgrains as per their entitlement.
- Establishment of Grievance Redressal Mechanism at the district and state levels, with states having the flexibility to use the existing machinery or set up separate mechanism.
- Central Government to provide assistance to the State in meeting the expenditure incurred by it towards intra-state movement, handling of foodgrains and margins paid to the fair price shop (FPS) dealers. Provisions for transparency and accountability by placing TPDS related records in public domain, Social Audit and Vigilance Committees.
- Provision for penalty on public servant or authority, to be imposed by the State Food Commission, in case of failure to comply with relief recommended by the District Grievance Redressal Officer.
- In case of short supply of foodgrains from the central pool to a State, the Central Government shall provide funds to the extent of short supply to the State Government.

#### **Time-Frame for implementation of NFSA**

4. The Committee have learnt State Governments were to identify the eligible households within one year from the commencement of the NFSA i.e. upto 4 July 2014. The Ministry later extended this timeframe in June 2014 by



three months. It was subsequently extended for a period of another six months and then again by six months up to 30 September 2015. As of October 2015, 18 States/UTs were reported to have implemented the NFSA by covering 41.57 crore (51 per cent) beneficiaries against the total 81.34 crore beneficiaries to be covered in all 36 States/UTs.

5. Therefore, before implementation of the NFSA, Audit carried out an evaluation on the preparatory measures for the implementation of the Act with reference following specific objectives:

- i) Whether the States/UTs identified the eligible households and issued ration cards to all the identified eligible beneficiaries.
- ii) Whether the States/UTs had the requisite infrastructure and were augmenting the same for increased requirement in transportation and storage capacity.
- iii) Whether the States initiated reforms in the Targeted Public Distribution System with regard to doorstep delivery and computerization.
- iv) Whether the States/UTs had put in place a grievance redressal system including Food Security Allowance as per the provisions of NFSA and whether an effective monitoring mechanism was put in place.

6. The Committee found from the Report of C&AG that following irregularities have been pointed out in the implementation of national Food Security Act, 2013 (NFSA):

#### **Identification of beneficiaries and issuance of ration cards**

- Eleven States/UTs reported identification of eligible households within the stipulated timeline of 365 days whereas seven States/UTs reported identification of eligible households under NFSA during June-October 2015 taking the figure of implementing States/UTs to 18. Only 51 per cent of the eligible beneficiaries had been identified and 49 per cent beneficiaries were yet to be identified in all the States/UTs.
- The reasons for delay in implementation of NFSA by non-implementing States/UTs were non-finalization of figures under Socio Economic Caste Census, lack of infrastructural facilities, insufficient funds and manpower. Ministry extended the timeline for implementation thrice, latest being till September, 2015, though there was no such provision under NFSA.

- Most of the implementing States did not identify the Antyodaya Anna Yojana (AAY) and priority household's beneficiaries as per the provisions of the NFSA but used the old database of beneficiaries for extending the benefits.
- In Himachal Pradesh, 6.9 lakh old ration cards were stamped as priority household and AAY households and re-issued as NFSA compliant. In Karnataka, 8.90 lakh bogus and ineligible ration cards were found (June 2015) in the existing system during seeding of Elector's Photo Identity Card details. However, instead of cancelling these bogus or ineligible ration cards, State Government continued to issue foodgrains to them. In Maharashtra, the ration cards were revalidated by merely affixing stamps on the existing ration cards under different categories.

### **Preparedness in Logistics: Allocation, Movement and Storage of Foodgrains**

- National Foodgrains Movement Plan was not prepared despite being decided in the year 2012.
- In the test checked States the storage capacity of foodgrains was not adequate for holding three months requirement and the condition of existing storage capacity with the States/UTs needed upgradation.

### **Reforms in Targeted Public Distribution System**

- Doorstep delivery of foodgrains was not implemented in Assam, whereas in Uttar Pradesh and Maharashtra it was implemented partially. In Himachal Pradesh and Karnataka, doorstep delivery was being done by FPS dealers themselves against the provision of NFSA.
- Computerization of TPDS operations was not completed in the selected States/UTs and was at different stages of implementation.
- Unavailability of required computer application and hardware were the limiting factors in the selected States/UTs. Inadequate digitization of the identified beneficiaries' data was observed in the States/UTs.

### **Grievance Redressal Mechanism and Monitoring**

- The grievance redressal system was constituted in most of the states, albeit not till the last tier. Though, six out of nine selected States/UTs were found to have put in place the grievance redressal mechanism, these were not fully functional. Vigilance committees at all the four levels were not in existence in any of the selected States\UTs. Ministry did not have the information on grievance redressal mechanism and vigilance committee, and was not in position to monitor the

implementation. Similarly, monitoring done by the States was inadequate and there were shortfalls in inspections.

The aforesaid findings of Audit are discussed in the succeeding Paragraphs:

**A. IDENTIFICATION OF BENEFICIARIES AND ISSUANCE OF RATION CARDS**

7. In their Report, Audit pointed out that as per Section 10 (1) (b) of NFSA, identification of eligible households/units was to be completed by the State within 365 days of commencement of NFSA. AAY Households were to be identified by States/UTs in accordance with the guidelines applicable to the scheme and remaining households as priority households in accordance with the guidelines framed by the respective State/ UT Governments. NFSA provides for coverage of 75 per cent and 50 per cent of the rural and urban population at the all India level, corresponding to which the State-wise coverage was determined by the Planning Commission. However it was found that only 11 States/UTs had reported identification of eligible households within the stipulated timeline of 365 days and were getting foodgrains under NFSA during September 2013 - March 2014; Seven more States/UTs reported identification of eligible households under NFSA during June-October 2015 taking the figure of implementing States/UTs to 18. In effect, only 51 per cent of the eligible beneficiaries had been identified. It was further noted that out of the above 18 States, eight States/UTs fully completed the identification as per coverage under NFSA. However, it was noted that in the case of 10 States/UTs NFSA was implemented even though these States did not complete identification of required number of beneficiaries under NFSA. In these 10 States/UTs, as against the total 2621.29 lakh beneficiaries, only 2077.88 lakh were identified. This resulted in benefit of subsidized foodgrains under NFSA not reaching 543.41 lakh remaining unidentified of the targeted beneficiaries. For 18 States/UTs which had not reported completion of the identification, Ministry extended the timeline for implementation thrice latest being till September, 2015.

8. When enquired about the reasons behind the non-identification and delay in the identification of beneficiaries, the Ministry intimated as under:-

“Delays in identification of eligible households in States/UTs was due to non-availability of complete data, time being taken to conduct survey/verification, completion of requisite preparatory activities for implementation of NFSA, formation of new State (in the case of Andhra Pradesh and Telangana), imposition of Model Code of Conduct due to General Elections, etc. Due to above factors, the identification exercise was delayed. Subsequently, with the passage of time as and when

States/UTs completed the exercise of identification and their preparatory activities, implementation of NFSA was started. It is also to be kept in view that Identification is a continuous process, which involves exclusion of ineligible/ fake/ duplicate ration cards and inclusion of genuine left-out households. The list of eligible households requires regular updation due to various factors like corrections, births, deaths, migrations, etc. At present, the Act is being implemented in all the 36 States/UTs covering 80.57 crores beneficiaries out of the total estimated coverage of 81.34 crore. Thus, the present coverage is almost complete, being 99.05% of the total estimated coverage under NFSA.”

9. When asked as to what steps have been taken by the Ministry to ensure complete identification of beneficiaries by all States/UTs under the NFSA, the Ministry stated as follows:-

“This Department had circulated guidelines to all the State Governments detailing the preparatory work to be done by them before they start implementation of the NFSA. This inter-alia included the steps to be taken by them for evolving criteria for inclusion/exclusion of eligible households/beneficiaries within the State-wise coverage, process of actual identification of households, display of eligible households/beneficiaries, issue of ration cards under NFSA, etc. A Proforma was also sent to the State Governments in which they had to certify their preparedness to implement the provisions of the Act. Besides the above mentioned pre-requisites pertaining to identification, the State Governments had to certify other essential parameters like door-step delivery of foodgrains upto fair price shops, sufficient and scientific storage capacity, computerisation of beneficiary data and grievance redressal mechanism. The Department regularly reviewed the status of preparedness of various States to implement the Act through meetings, Conferences at the level of Secretary, F&PD and the Hon’ble Union Minister of Food. Based on the issues raised by the State Governments, clarifications were also issued from time to time. As a result of the concerted efforts of the Department, in close co-ordination with States/UTs, NFSA is presently being implemented by all the 36 States/UTs with an overall all India coverage of 99.05% of the total estimated coverage under NFSA.”

A comparative analysis with the earlier Targeted Public Distribution System (TPDS) with that of NFSA, note that against 99.22 crore beneficiaries coverage under TPDS, only about 81.34 crore beneficiaries as per Census 2011 had been covered under NFSA. The Committee also note that out of the 99.22 crore beneficiaries under TPDS, 63.22 crore were APL beneficiaries. To remove the deficiencies in the existing TPDS and ensure food security to intended beneficiaries, certain new features have been incorporated in the TPDS under NFSA.

### **Irregular extension of time for identification of beneficiaries**

10. The Committee found through Audit Report that as per Section 10 (1) of the NFSA, State Governments were to identify the eligible households within one year from the commencement of the NFSA i.e. upto 4 July 2014. However, it was noted that only 11 States/UTs reported completion of this preparatory work within the stipulated one year. The Ministry later extended this timeframe in June 2014 by three months. Since no other states had reported completion of identification of the beneficiaries during the extended period, it was further extended for a period of another six months and then again by six months up to 30 September 2015. It was found that without any enabling provision in the NFSA, the Ministry extended the time frame for identification of beneficiaries which was irregular. Ministry stated that States/UTs highlighted delays in identification of eligible households due to various reasons such as non-availability of complete data, time being taken to conduct survey/verification, completion of requisite preparatory activities for implementation of NFSA, and so on, hence a decision was taken to extend the time limit for identification of eligible beneficiaries under NFSA and satisfactory completion of other preparatory activities by the State Governments. Ministry further stated that as of November 2015, the NFSA was being implemented in 23 States/UTs, and considering that a long time had passed since the NFSA came into force, it had now been decided not to extend the time period further so that complete responsibility for any further delay in implementing the NFSA was borne by the respective State/UT. NFSA had no provision for extension of time. However, Section 42 (1) of the NFSA, stipulated that if any difficulty arises in giving effect to the provisions of the NFSA, the Central Government may, by order, published in the Official Gazette, make such provisions, for removing the difficulty, within two years from the commencement of the NFSA. Every such order was to be laid before the each House of the Parliament. Audit noted that the Ministry did not take recourse to resolve the problems faced by the states in identification of eligible households. Instead, it extended the time limit of 365 days laid down in the NFSA thrice, despite no such provision for extension available under NFSA.

11. Apprising the Committee about the cases in which the Ministry extended time for identification of beneficiaries, the Ministry submitted as follows:

"NFSA is now being implemented by all the States/UTs after completion of the exercise of identification of beneficiaries and other preparatory activities. However, earlier, the timelines for identification of beneficiaries and other preparatory measures was extended three

times upto 30.09.2015. No extension was given thereafter and States/UTs were expected to join NFSA without any delay. However, the State Governments, which were yet to join NFSA, continued to receive allocation of foodgrains under the erstwhile Targeted Public Distribution System (TPDS) as per second proviso below Section 10(1)(b). Allocation of foodgrains to such States under NFSA was started only after ensuring that they had completed all the specified preparatory activities."

12. On being asked as to whether the Ministry had obtained Parliamentary approval for all extensions of timelines, the Ministry stated as under:

"During review of the status of implementation of the Act, the States/UTs highlighted delays in identification of eligible households due to non-availability of complete data, time being taken to conduct survey/verification, completion of requisite preparatory activities for implementation of NFSA, formation of new State (in the case of Andhra Pradesh and Telangana), imposition of Model Code of Conduct due to General Elections, etc. Keeping all such factors in view and also the fact that majority of the States/UTs were yet to join NFSA, at the end of one year period, these States/UTs were requested vide letter dated 30.6.2014, with the approval of Hon'ble Minister for Consumer Affairs, Food & Public Distribution (CAF&PD), to complete the exercise of identification and ensure implementation of the act within three months, after completing other preparatory measures

The issue of extension of time for identification of eligible households was examined in consultation with Department of Legal Affairs. Opinion of that Department was sought on the course of action available to the Central Government in the event of States/UTs not completing the identification of households within the stipulated time line and start implementation of the Act and whether the period can be extended through an executive order. With reference to the power of the Central Government to remove difficulties under Section 42 of the Act, opinion was also sought on whether the executive order for extending the timeline will be construed as order issued under Section 42 and the period upto which order under Section 42 can be issued as such an order could not be issued after expiry of two years from the commencement of the Act.

The Department of Legal Affairs advised that a statutory notification can only be issued under Section 42 of the Act to remove

the difficulties arising in giving effect to the provisions of the Act, and that for how long, is a pure executive discretionary power and, therefore, the administrative Ministry may decide on the basis of the existing circumstances.

The matter was examined in the Department and it was noted that as per advice of D/Legal Affairs, Notifications can be issued under Section 42 only for removal of difficulties. In the present case, it was clear that so far as Central Government was concerned, there was no problem. Since the main responsibility for implementation of the Act lied with the State Governments, it was not considered appropriate to treat this matter under 'removal of difficulties' under Section 42. Further, such action under Section 42 could only be taken within the time limit of 2 years.

Considering the above facts and the fact that by that time only 11 States/UT had started implementation of the Act, it was decided with the approval of Hon'ble Minister, CAF&PD to extend the time limit by 3 months without issuing a Notification under Section 42 of NFSA and to inform such decisions to the concerned State Governments through D.O. letters as and when such decisions are taken. Such extensions of time have been given on three occasions, the last one being upto 30.09.2015."

13. During the oral evidence on the subject, the representatives of the Ministry stated as follows:-

"About the extension of timelines on the identification of beneficiaries by the State Governments, the Act definitely provides that the State Governments are expected to identify the beneficiaries under the NFSA within 365 days from the commencement of the Act. It is true that only eleven States had done the identification of beneficiaries by that deadline and the remaining States which came under the fold of NFSA, they came much later, that is, after the prescribed one year time. Actually the identification of beneficiaries by those States are done after the deadline prescribed under the Act. At that point of time, in 2014-15, the department had taken a conscious decision with the approval of the hon. Minister to allow the other States also to come on board under the NFSA and thereby extending the deadline for identification of beneficiaries. Strictly going by the provision of the Act, the Act provided for 365 days for identification of beneficiaries. We might have exceeded the mandate of the legislature but the other point which need to be noted is that the Act also provide till the time the beneficiaries are selected, the States are to be supplied with the quantity of foodgrains

which is entitled to them before coming into the force of the National Food Security Act.”

### **Coverage in the selected States**

14. Audit highlighted that details of coverage of beneficiaries against the total beneficiaries as per NFSA in the selected implementing States/UTs, revealed delay in implementation of NFSA by the States due to non-finalization of SECC figures, lack of infrastructural facilities, insufficient fund and manpower, delay in finalization of criteria for identification of priority households as the State Governments and incomplete survey for identification. Audit also noted that most of the implementing States did not identify the Antyodaya Anna Yojana (AAY) and priority household's beneficiaries as per the provisions of the NFSA but used the old database of beneficiaries for extending the benefits and the State Governments did not carry out fresh exercise for identification of AAY households but included the existing AAY families under TPDS as AAY households that too without any survey/verification. Ministry contended that it was not necessary to undertake fresh identification exercise, as the AAY was an ongoing scheme and the number of AAY households as well as the criteria for their identification was already specified for each State. For priority households, the States already had a universe of population comprising of BPL, AAY and APL households under the erstwhile TPDS. The States were required to evolve guidelines/criteria for identifying priority households within the number determined for it. However, audit noted that the Section 10 of NFSA used the word 'identify' which denoted that a process of identification is required. Further, the Ministry's instructions to the States/UTs of 17 July 2013 clearly indicated that fresh identification exercise was to be carried out.

15. On being asked as to whether the Ministry has resolved the contradiction by issuing appropriate orders, the Ministry replied as under:

"Section 10 of the Act states that the State Government shall identify the households to be covered under AAY in accordance with the guidelines applicable to the said scheme, the remaining households as priority households in accordance with such guidelines as the State Government may specify. The Ministry's reference dated 17.07.2013 conveys that the State Governments are required to evolve their own criteria for inclusion/exclusion of households/beneficiaries. All the States/UTs have, accordingly, evolved their State specific criteria for identification of eligible households/beneficiaries under NFSA. As regards identification exercise, it was upto the States to carry out fresh survey or utilize any ongoing/recently concluded reliable survey to



identify eligible households/beneficiaries for the purpose of coverage under the Act. Thus, there is no contradiction as the identification of beneficiaries under NFSA has been done by the States/UTs in accordance with the guidelines evolved by them."

### **Issue of Ration Cards to identified households**

16. In their Report Audit pointed out that as per the directions, relating to necessary preparatory action for implementation of NFSA, issued by the Central Government (17 July 2013) new ration cards were required to be issued with eldest women as head of the household by the States/UTs.

17. On the matter of recognizing the eldest woman in every household as head of the household and issuance of new ration cards under the Act, and instructions issued in this regard, the Ministry stated as follows:-

"The Department vide its letter dated 17.07.2013 inter-alia instructed the States/UTs to issue ration cards under NFSA with eldest woman as head of household. The Proforma for certifying preparedness of the States to implement NFSA also sought confirmation from the State Governments on whether ration cards under NFSA have incorporated the provisions relating to empowerment of women (Section 13 of the Act). Though all the States/UTs had replied in affirmative to this point, it was noted from the digitized data of beneficiaries on the PDS portal that the said provision has not been complied with by some States. Since this is a mandatory provision aimed at empowerment of women, the Department vide its letter dated 30.11.2015 again requested the States/UTs to review the status of implementation and take all requisite measures to ensure that the ration cards issued to NFSA beneficiaries specifically show eligible female member as head of household. These instructions were also reiterated in the conferences/meetings held with States/UTs at various levels."

18. In their report Audit found that in the State of Himachal Pradesh, 6.9 lakh old ration cards were stamped as priority household and AAY households and re-issued as NFSA compliant. In Karnataka, 8.90 lakh bogus and ineligible ration cards were found (June 2015) in the existing system during seeding of Elector's Photo Identity Card details. However, instead of cancelling these bogus or ineligible ration cards, State Government continued to issue foodgrains to them. In Maharashtra, the ration cards were revalidated by merely affixing stamps on the existing ration cards under different categories.

19. During oral evidence, the representatives of the Ministry had submitted that not all ration cards without authentication can be treated as bogus cards. Apart from bogus cards and ghost cards, cards without authentication can also arise in the event of migration of families from one State/District to another or temporary movement of the beneficiary on employment or any other reason from one place to another. To plug this portability loophole, the Ministry are making efforts to ensure portability across all States and the State of Andhra Pradesh have achieved portability of ration card. For example a beneficiary from Nellore can collect his/her ration in Krishna District.

20. With regard to the action taken by the Ministry against diversion of food grains to bogus and ineligible ration card holders, the Ministry stated as follows:-

“For checking of leakages and diversions of foodgrains, Central Govt. has asked States/UTs to opt for any of the two models of Direct Benefit Transfer – Cash transfer of food subsidy into the bank account of beneficiaries or Fair Price Shop (FPS) automation, which involves installation of Point of Sale (PoS) device at FPS, for authentication of beneficiaries and electronic capturing of transactions. The cash transfer of food subsidy is being implemented in 3 UTs on pilot basis namely Chandigarh, Puducherry w.e.f. 1.9.2015 and partially in Dadra & Nagar Haveli w.e.f. 1.3.2016. So far 2.74 lakh FPSs out of total 5.26 lakh FPSs have been automated across the country.

Apart from the above, in order to identify and weed-out duplicate/ineligible beneficiaries from the TPDS, and to enable better targeting of food subsidies – Government is undertaking Seeding of Aadhaar number in ration cards / beneficiaries database in all the States and Union Territories. Presently, overall seeding of Aadhaar with ration cards stands at 80% at National level.”

To bring about portability of ration cards, the Committee were also apprised as follows:-

“The Department are now implementing a new scheme called, IMPDS, where we are also thinking of inter-State portability. The scheme has been started to be implemented in the current financial year but this scheme basically envisages that inter-State portability will also be possible. Presently, if a migrant labour from UP goes to Maharashtra, he has to draw his ration in the home State only but we will have the provision that once we have inter-State portability, the migrant from UP going to Maharashtra can utilize his own original ration card issued in the State of UP and still draw food grains under the National Food Security Act from any fair price shop in the State of Maharashtra. So, we are looking forward to that kind of state where

inter-State portability will be possible and that will be very beneficial for the migratory population, especially, the migrant labour.”

21. Apprising the Committee about State-wise position of identification of ration cards, the Ministry submitted as follows:

**"Himachal Pradesh**

The NFSA has been implemented in the State of HP w.e.f October, 2013. The State Government has informed that the existing paper based ration cards were continued due to non-availability of digital ration cards and no cards were digitized at that time.

Now the State Government has issued QR Coded PVC Digital Ration Cards to all the beneficiaries in the State. The State Government has also informed that fresh forms are still being received by them for digitization, which are being digitized.

**Karnataka**

The State had initiated a special drive for cancellation of ineligible ration cards from August 2015 and around 8,59,736 ineligible cards were identified and cancelled. As and when cancelled, food grain allocation has been discontinued to these cards.

**Maharashtra**

In Maharashtra, for implementation of NFSA, the State Government revalidated the ration cards by affixing stamps on the existing ration cards under different categories and foodgrains are being supplied to eligible beneficiaries from February, 2014 onwards. Once seeding of Aadhaar numbers into the ration cards will be completed, then only the new ration cards will be issued. As on 19.09.2017, the level of Aadhaar seeding is 87%."

**Implementation of provisions relating to women empowerment in the ration cards**

22. In their Report Audit noted that aiming at women empowerment, Section 13(1) of NFSA, 2013 provides that in every eligible household, the eldest woman not below 18 years of age was to be recognised as head of the household for the purpose of the issue of ration cards. Where a household at any time, did not have a woman or a woman of eighteen years of age or above, only then the ration cards could be issued to male member of the household and even in such cases the female member, on attaining the age of eighteen years, would become the head of the household. The ration cards under NFSA were also to be compliant with the entitlement norms on per

person basis. A test check of records at the field level revealed the observations brought out in the succeeding paragraphs.

23. In Himachal Pradesh it was noted that existing old ration cards, which did not specially identify the eldest women as head of household, were being used. In Karnataka, it was noted that the State Government issued 21.14 lakh ration cards with male member as head of family despite having a female member of 18 years and above. The State Government replied that while issuing new online ration cards to these families, eldest women would be made head of household. In Assam, the situation was similar. Though there were women member in the households, 207 ration cards were prepared in the name of male member. Cases were noticed in which, the ration cards were prepared in the name of women member other than the eldest women of the households. In Maharashtra, the provision of NFSA aimed at empowerment of women was not complied with, as fresh ration cards were not issued and existing cards were revalidated.

#### **Maternity benefits provided under NFSA not extended across the country**

24. The Committee have also learnt that as per section 4 (b) of NFSA, subject to such schemes as may be framed by the Central Government, every pregnant woman and lactating mother shall be entitled to maternity benefit of not less than rupees six thousand in such instalments as may be prescribed by the Central Government. The Ministry of Women and Child Development (MWCD) has been implementing Conditional Cash Transfer scheme, namely, Indira Gandhi Matritva Sahyog Yojana (IGMSY), for Pregnant and Lactating (P&L) women, on pilot basis in 53 districts across the country since October, 2010. After the implementation of NFSA, maternity benefit was revised from ₹ 4,000 to ₹ 6,000 from 5 July 2013 under the scheme. However, it was noted that the scheme was being implemented only in the 53 pilot districts as the cost sharing pattern between Central Government and State/UT Governments was not finalized by Ministry of Finance. The MWCD stated (December, 2015) the cost sharing pattern for IGMSY was decided by Ministry of Finance in October, 2015. MWCD further added that it initiated the action for obtaining approval of the Cabinet Committee on Economic Affairs for expansion of the IGMSY to all districts of the country. Thus the maternity benefit, though made mandatory through NFSA, were yet to be extended to pregnant woman and lactating mothers in the country and was available to a few chosen districts.

25. When asked as to whether the maternity benefits under NFSA has been implemented across the country, the Ministry intimated as under:

"Government of India has announced Pan-India implementation of Pradhan Mantri Matru Vandana Yojana (PMMVY), a conditional cash transfer scheme for Pregnant Women & Lactating Mothers (PW&LM) with effect from 01.01.2017. The Administrative Approval has been conveyed to the States/UTs vide this Ministry's letter dated 19.05.2017 (**Annexure-1**). Scheme implementation Guidelines, PMMVY-CAS and its User Manual have been launched by Ministry of Women & Child Development (MWCD) on 01.09.2017."

The representatives of the Ministry further stated as under:-

"Pradhan Mantri Matru Vandana Yojana (PMMVY) has been introduced in January 2017 on a pan India basis. Under this scheme, the pregnant and lactating mothers are provided the maternity benefits in three instalments of Rs.1000, Rs.2000 and Rs.2000 respectively. First instalment is given at the time of registration of pregnancy; second instalment is given at least at one antenatal check-up and the third one is given when the child is born and is given immunization injections.

The beneficiary is also entitled to get the benefits which are available under Janani Suraksha Yojana, which ranges from Rs.700 to Rs.1400 per beneficiary. All eligible pregnant women for first living child of the family are entitled for benefits under this scheme. All the Government/ PSU employees or those who are in receipt of similar benefits under any law for the time being are excluded from the scheme.

This is a Centrally-sponsored scheme and the funds are allocated to the States in the prescribed cost sharing ratio, that, 60:40 for all States; 90:10 for all Northeast and Himalayan States and 100 per cent for all UTs without legislature."

26. The Ministry further submitted that so far 25 States/UTs have opened dedicated Escrow Account to be maintained at State/UT level and intimated the details to MWCD. An amount of ₹.880.00 Crore (approx.) has been released to 24 States/UTs.

**B. PREPAREDNESS IN LOGISTICS: ALLOCATION, MOVEMENT AND STORAGE OF FOODGRAINS**

**Allocation of foodgrains**

27. The Committee have learnt from Audit Report that as per Section 22(1) of NFSA, the Central Government shall, for ensuring the regular supply of foodgrains to persons belonging to eligible households, allocate from the central pool the required quantity of foodgrains to the State Governments under the TPDS. For allocation of foodgrains, States/UTs were required to certify their preparedness for implementation of NFSA through a proforma devised by the Ministry, as referred to in Para 1.5. After examining the proforma furnished by the States/UTs, Ministry started allocating wheat and rice at ₹ 2 per kg and ₹ 3 per kg respectively to them. The Ministry allocated wheat and rice to the rest of the non-implementing States at the central issue prices under the normal TPDS.

**Movement of foodgrains**

28. It was also pointed out that as per section as per Section 22(4) (e) of NFSA, the Central Government shall provide for transportation of foodgrains, as per allocation, to the depots by the Central Government in each State/UT. Distribution of foodgrains under TPDS and Other Welfare Schemes (OWS) is carried out on the basis of monthly allocation made by the GOI and off-take of foodgrains from the Central Pool by various states. Stock of foodgrains is also to be moved to consuming states irrespective of consumption requirement to create buffer stocks as a measure of food security.

28. The information relating to requirement of rakes by FCI for transportation of foodgrains and making available of the same by the Railways during the years 2010-11 to 2014-15 revealed that there was shortfall in the range of 13 per cent to 18 per cent in arranging the rakes by the Railways. On this being pointed out, Ministry stated in October, 2015 that variation in rakes planned vis-à-vis actual dispatch is mainly due to inadequate availability of rakes by the railways and heavy traffic and sometimes also due to operational constraints of FCI like non availability of vacant space at recipient depots, less lifting by State Governments and increase in procurement in consuming regions etc. Audit noted that on full implementation of NFSA, the quantity of foodgrains required to be moved from procuring States to consuming States would increase considerably and requirement of rakes would also increase by about 20 per cent as noted by the Standing Committee.

29. On being asked about the steps taken by the Ministry to ensure that there is no mismatch between the availability of foodgrains and availability of rakes, the Ministry informed as under:

"In order to ensure that there is no mismatch between the availability of food grains and availability of rakes, an Inter-Ministerial Co-ordination Committee with Joint Secretary (P&FCI) Department of Food & Public Distribution, Executive Director (T), Food Corporation of India and Executive Director (TTF), Railway Board as members has been working since January 2013 to actively take up the operational issues with Railways.

In addition, coordination committees at Zonal and Regional levels have also been formed to increase the coordination between Railways and FCI.

There is daily review of loading by FCI as per plan and is discussed with Railways to sort out operational issue, if any."

30. The Ministry further apprised that in 2015-16, as against the plan of 12486 rakes, 11111 rakes were dispatched.

#### **Non-preparation of National Foodgrains Movement Plan**

31. While examining the subject, the Committee took note of the fact that the Ministry (in October, 2012) while submitting information to Standing Committee on National Food Security Bill, had informed that a National Foodgrains Movement Plan to address the road movement related problem in the North Eastern States, mechanization of FCI godowns to reduce rake handling time, priority god sheds for development of basic facilities by railways, etc. supply of rakes, levying of demurrage charges movement by the Railways, upgradation of infrastructure at unloading railway stations was under preparation and a study was entrusted to M/s Pricewaterhouse Coopers Pvt. Ltd. by FCI for this purpose. The Ministry stated (November, 2015) that study report of M/s Pricewaterhouse Coopers Pvt. Ltd. on Supply Chain Management has been received. Report has been taken into account by FCI for improving the movement of foodgrains. Ministry further stated that there was no major bottleneck in the movement of food grains, as sufficient food grains are available in different states for distribution in TDPS/OWS/NFSA. However, the Ministry neither indicated the specific steps taken by FCI to address the above issues nor provided any evidence of consideration of the Report by FCI/Ministry and action taken.

32. When the Committee sought to know as to whether the National Foodgrains Movement Plan has been prepared and implemented, the Ministry replied:

"No specific National movement Plan has been prepared, however monthly movement plan is always prepared on regular basis and acted upon. This is dynamic plan depending on quantity available in surplus regions, quantity demanded by deficit region, likely procurement, vacant storage capacity & monthly allotment/off-take of foodgrains etc."

33. On being asked to know about the recommendations of M/s Price Waterhouse Coopers Pvt. Ltd. on supply chain management, the Ministry stated:

"M/s Price Waterhouse Coopers Pvt. Ltd recommended for improvement in FCI systems and support required from Railways and State Governments. The major recommendation was development of Movement Monitoring System (MMS). Accordingly, System Requirement Specification (SRS) in respect to MMS has been prepared which has been integrated into Depot Online System (DOS) as Movement Module."

#### **Storage capacity for foodgrains**

34. In their Report Audit observed that as per Section 22(4) (e), the Central Government shall create and maintain required modern and scientific storage facilities at various locations. Further, in terms of obligation of state government for Food Security, Section 24(5) (a) of NFSA provides that every State Government shall create and maintain required number of modern and scientific storage facilities at various levels, being sufficient to accommodate foodgrains required under the TPDS, for ensuring uninterrupted supply of foodgrains to the entitled beneficiaries, the state would require storage of sufficient foodgrains. However, NFSA did not fix any timeline for upgradation of storage facilities nor were any instructions issued by the Ministry in this regard.

35. With regard creation and maintenance of suitable and sufficient storage facilities for food grains at the Centre and State levels and monitoring mechanism in place to ensure compliance, the Ministry stated as under:-

"In order to augment the storage facilities in the country a scheme called Private Entrepreneurship Guarantee (PEG) Scheme was introduced for non-DCP (Decentralized Procurement Scheme) States in 2008 and then extended to DCP states in 2010, under which godown to be constructed in various states with the help of private parties in Public Private Partnership (PPP) mode. As per guidelines issued for the scheme, a State level committee (SLC) was required to examine storage needs considering procurement and consumption of the foodgrains in the state and send recommendation to FCI headquarter for approval of projects.



The SLC is headed by Secretary (Food) of the state in case of DCP state and ED, Zone, FCI in case of non-DCP states with representative of the state govt. in the SLC. In consuming states capacity upto 4 months requirement could be created. In procuring states, the highest stock level of preceding three years was to be considered for capacity augmentation. In case of DCP states capacity to be created was to be restricted to maximum of 14 months requirement and minimum of 4 months requirement. The High level committee (HLC) at FCI headquarter headed by CMD, FCI and has representatives from State Governments. Thus, suitable instructions to State Governments were already in place at the time of enactment of NFSA. Many godowns have already been constructed as per the guidelines before enactment of NFSA. Under this Scheme, storage capacity is created by private parties, Central Warehousing Corporation (CWC) and State Agencies for guaranteed hiring by FCI. No funds are given for construction. This scheme is operational in 21 States and a capacity of 138.51 lakh MT in the country has been completed as on 31.07.2017 since inception of the scheme.

In addition, this Department is also implementing a Central Sector (CS) Scheme for construction of godowns with a focus on the North Eastern States. Funds are released by the Government to FCI and also directly to the State Governments for construction of godowns. During 12th Five Year Plan (2012-17), a capacity of 1,17,680 MT in North Eastern (NE) States and 20,000 MT in other than NE States has been completed by FCI. Further, a capacity of 46,495 MT has been created by State Governments. This scheme will be continued for next three years (2017-20). Total 2,52,330 MT capacity is envisaged to be created with a budget outlay of about ₹ 455.72 Cr during these three years.

With a view to modernize storage infrastructure with bulk handling of foodgrains, Model Concession Agreement was finalized in consultation with NITI Aayog and Department of Economic Affairs and issued to FCI in September, 2014, for floating of tenders. Further, guidelines have been issued in February, 2016, for construction of 100 LMT silos. HLC has been constituted specifically for silo to consider proposal of SLCs. The State Governments were requested to take up construction of silos through letters in February, 2016, followed by video conferences and meetings with State Food Secretaries. Thus, suitable instructions have been issued for creation of sufficient storage capacities by Central and State Agencies."

36. With regard to upgradation of existing storage facilities, the Ministry informed the Committee as follows:-

"It is informed that routine repairs and upgradation is undertaken by FCI & Central Warehousing Corporation (CWC) for their godowns

regularly. Besides, augmentation of storage facilities in the country is an ongoing process and is being implemented by the schemes run by this Department viz. PEG Scheme, Central Sector Scheme & construction of steel silos. Under PEG Scheme as on 31.07.2017 a total capacity of 138.51 LMT has been created. While under the Central Sector Scheme (Plan Scheme) during 12<sup>th</sup> Five Year Plan (2012-17), a capacity of 1,17,680 MT in North Eastern (NE) States and 20,000 MT in other than NE States has been completed by FCI. Further, a capacity of 46,495 MT has been created by State Governments. With regard to action plan for construction of steel silos, tenders have been awarded for 38.50 LMT and 6.25 LMT silos have been constructed so far.

FCI & CWC continuously keep modernizing/upgrading their godowns to ensure scientific storage of foodgrains. Godowns of SWCs are hired by FCI only when the services offered by them are at par with the standards of FCI/CWC. Similarly, new godowns which are constructed through private parties under PEG Scheme are hired by FCI only if they meet the specifications of FCI. This ensures that any godown hired by FCI for storage of central pool stock meet the required standards & specifications for safe storage of foodgrains. In so far as godowns of State Governments/State Warehousing Corporation (SWCs)/State Agencies are concerned they are the primary responsibility of State Governments.

The year wise details of godowns upgraded/improved by FCI and CWC are given below:

Year	No. of godowns improved/upgraded			Capacity of these godowns (in LMT)			Amount spent ( in Rs Cr)		
	FCI	CWC	Total	FCI	CWC	Total	FCI	CWC	Total
2013-14	100	-	100	31.00	-	31.00	153.17	-	153.17
2014-15	21	-	21	9.14	-	9.14	181.90	-	181.90
2015-16	53	23	76	10.98	5.27	16.25	256.95	40.00	296.95
2016-17	41	16	57	6.60	3.85	10.45	232.26	38.50	270.76
2017-18 (as on 31.08.2017)	6	12	18	2.50	1.80	4.30	11.30	20.00	31.30

### **Shortfall in storage capacity with FCI for the Central Pool Stock**

37. Audit also observed that with the increasing foodgrains stock in the central pool held by FCI and State Government Agencies {excluding foodgrains procured by Decentralized procurement (DCP) states}, there was shortfall in the storage capacity with the FCI in the range of 9 to 35 per cent during the years 2010-2014 except in the year 2015, in which the stock of foodgrains in the central pool was less due to increase in procurement by DCP

states and less foodgrains in the central pool. Moreover, physical verification of FPS and godowns in the test checked States, revealed shortfalls like inadequate storage capacity, storage of foodgrains in damp condition and in open area, damage godowns and construction of godowns in remote location rendering it unfit for use, incomplete construction of godowns etc.

**C. REFORMS IN THE TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)**

38. The Committee learnt that as per Section 12 of NFSA, the Central and State Governments shall endeavour progressively to undertake necessary reforms in the TPDS. The areas of reforms identified included doorstep delivery of foodgrains to the TPDS outlets for ensuring supply to entitled persons, application of information and communication technology tools including end-to-end computerization in order to ensure transparent recording of transactions at all levels and to prevent diversion and ensuring full transparency.

**Doorstep Delivery Of Foodgrains**

39. Through the Audit Report the Committee noted that as per Section 24 (2) of NFSA, it shall be the duty of the State Government to:

- Take delivery of foodgrains from the designated depots of the Central Government in the State, at the prices specified in Schedule I of NFSA;
- Organise intra-state allocations for delivery of the allocated foodgrains through their authorised agencies at the doorstep of each fair price shop; and
- Ensure actual delivery or supply of the foodgrains to the entitled persons.

Further, as per Clause 7(12) of TPDS (Control) Order 2015, the State Government shall furnish a report regarding doorstep delivery on quarterly basis to the Central Government. The Ministry based on the information obtained prior to the notification of TPDS (C) Order 2015 informed that it had received reports from 27 states/UTs only. Further, an online system for getting information has been introduced since September 2015.

40. Audit however brought out that in the test checked States/UTs, some States had not taken up doorstep delivery, in cases where doorstep delivery was implemented, there were inconsistencies in reports generated through e-PDS and reports obtained from the offices of the District Managers, weak implementation of door-to-door due to software problem of the system integrator, absence of real-time monitoring of movement of foodgrains with the help of GPS enabled devices and load sensors, transportation of foodgrains by the FPS dealers from the godowns even though transportation of foodgrains was to be done by the State Government, engagement of

contractors for door-to-door delivery of foodgrains etc. It was also found that computerization of TPDS operations was at different stages of implementation in the States/UTs. Cases of unavailability of required computer application and hardware were found to be the limiting factors in some of the selected States/UTs. Digitized data of beneficiaries was not uploaded on the States/UTs portal. Doorstep delivery of foodgrains was found to be implemented in Uttar Pradesh on only pilot basis. In Himachal Pradesh and Karnataka, doorstep delivery was being done by FPS dealers themselves and not by the State Governments. With regard to the status on doorstep delivery, the Ministry instituted an online system of monitoring only in September 2015.

41. When enquired on the latest status on the implementation of door to door delivery food grains, the Ministry in a written replies stated as under:-

“Under NFSA, the issue price for allocation of foodgrains to States/UTs and the final issue price to be charged from beneficiaries are the same. Therefore, any expenditure incurred in the distribution of foodgrains through FPSs including on its transportation upto FPSs cannot be charged from beneficiaries. Accordingly, the provision of door step delivery has been made under the Act, so that FPS dealers are not required to incur the expenditure on transportation.

As per certificate of preparedness furnished by the State Governments before implementing NFSA, the door step delivery upto the fair price shops is being implemented in all the States/UTs. It is being done either by the concerned State Government Department or their authorized Agencies after lifting the foodgrains from the FCI Depots. In a few cases where foodgrains are lifted by the Fair Price Shop Dealers, the State Government reimburses the expenditure to them. The requirement of door step delivery is met as long as FPS dealers are not made to bear the expenditure for transporting the foodgrains upto their shops.

As regards, the expenditure incurred on intra-State transportation and FPS dealers’ margin, the Act provides for Central assistance to States/UTs for meeting this expenditure. Accordingly, The Food Security (Assistance to State Governments) Rules, 2015 has been notified under NFSA prescribing norms of Central assistance and pattern of Central sharing.”

### **End-to-End Computerization of TPDS**

42. The Committee found that the Ministry had launched in December, 2012 a plan scheme on ‘end-to-end Computerization of TPDS’ for implementation during 12th five year plan period. The Scheme had two components; Component I comprised digitization of ration cards/beneficiaries and other database, computerization of supply chain management, setting up of transparency portal and grievance redressal mechanism and Component II included FPS automation which involved installation of Point of Sale (PoS)

devices at FPS for authentication of beneficiaries, recording of sales to beneficiaries at the FPS and uploading of transaction data in central server. Central Government issued directions in July 2014 that States/UTs intending to implement NFSA will be required to certify completion of component I of the end to end Computerisation. Central Government approved ₹ 884.07 crore out of which Government of India share was ₹ 489.37 crore and States/UTs share was ₹ 394.70 crore. The timelines stipulated for implementation of digitization of beneficiaries and other database and computerization of supply chain management were March 2013 and October 2013 respectively.

43. In the test checked States Audit found delay in releasing of funds, under utilization of fund, digitization of ration cards without allocating ration card number, incomplete implementation of online supply chain management, non-availability of electronic equipments for implementation of computerization, incomplete digitization of details of beneficiaries, delay in development of modules for digitization of ration cards and real-time reporting of the movement of grains, activities of computerization of TPDS operation not implemented, limited cover of computerization activities etc.

44. In regard to the status of end-to-end computerization of beneficiary data, the Ministry informed the Committee as under:-

“Under the end-to-end computerization scheme, there is emphasis on complete digitization of beneficiary data along with other essential parameters like online allocation of foodgrains, computerization of supply chain management, Aadhaar Seeding, installation of e-PoS (electronic point of sale) devices etc. This scheme is being implemented by the Department in close coordination with all the States/UTs and every aspect is being monitored by the Department.

Considerable progress has been made under the scheme, as can be seen from the table below:

Sl. No.	Component	No. of States/UTs	
		As on 30.04.2014	As on 03.10.2017
1	Complete digitization of beneficiary data base	15	36
2	Online allocation of foodgrains	6	30
3	Online grievance redressal facility/Toll free No.	27	36
4	Automation of supply chain	4	20
5	PoS installation (No. of fair price shops)	4,368	2,74,834

Computerization of TPDS has brought transparency in its implementation and facilitated online monitoring. As can be seen from the table above, ration cards have been completely digitized in all the States/UTs and Aadhaar seeding in the ration cards data is about 80%. In the run upto implementation of NFSA, 2.48 crore ration cards have been deleted due to detection of ghost/fraudulent/duplicate/ineligible/migration/death etc. This has

resulted in better targeting of fund subsidy amounting to ₹ 15,300/- crore annually.

One of the components of the scheme is computerization of supply chain, under which entire movement of foodgrains from the designated depots of the FCI in the State upto the fair price shop can be tracked online. This has been implemented in 20 States/UTs and remaining are at different stages of implementation.

45. When asked whether the Ministry have real time data on procurement and distribution of foodgrains, the Ministry through written replies informed:-

“Real time data on procurement of foodgrains in different States is maintained by Food Corporation of India and is available in the Department. The data of distribution of foodgrains is provided by the States/UTs to the FCI on monthly basis. The distribution data on real time basis in respect of those FPSs where ePoS devices have been installed, is available in State PDS Portal. A software named Ann Vitran has been developed by NIC in this regard, which is being tested at present.”

46. When asked as to what steps have been taken by the Ministry to remove the bottlenecks in computerization of TPDS operations in all States/UTs for efficient implementation of NFSA, the Ministry stated as under:-

“The scheme of computerization of TPDS is being executed through States/UTs and the Central Government provides technical and financial assistance. Progress of the scheme varies across States/UTs depending upto initiatives taken by the State Governments. As far as Central Government is concerned, this Department is making vigorous efforts through constant monitoring of the project through meetings, Video Conferences, visits, letters and advisories with States/UTs to review their progress/problems being faced etc. Any technical issue raised by States/UTs are resolved on priority by National Informatics Centre (NIC). Further, best practices adopted by good performing States were shared with other States/UTs in the conferences held on 23.11.2015, 16<sup>th</sup>-17<sup>th</sup> September, 2016 and 19.01.2017. A special workshop was organized for NE states in Guwahati on 18<sup>th</sup>-19<sup>th</sup> November, 2015 and 03<sup>rd</sup>-4<sup>th</sup> October, 2016. As a result of regular persuasion and monitoring, there has been significant progress under the scheme, as can be seen from the table at **Annexure-2**.”

47. During oral evidence, noting that though the Government of India gives 90 per cent of the subsidy, some State Governments are projecting it as its own project, the Committee desired to be apprised of any guidelines and action taken by the Ministry in this regard, the representatives of the Ministry during evidence stated:-

“There is no name given except that it is under NFSA. Our Hon. Minister has also written to all the States that in every FPS, they should display the share of the Central Government in food grains. We are also trying to do that through social media and through some advertisements of and on.”

**D. GRIEVANCE REDRESSAL AND MONITORING MECHANISM**

48. The Committee found through Audit Report found that As per NFSA, the following system has been evolved to monitor and redress grievances.

- i) As per Section 14 of the NFSA, every State Government shall put in place an internal grievance redressal mechanism which may include toll free call centres, State web portal, help lines, designation of nodal officers or such other mechanism as may be prescribed.
- ii) As per Section 15 of the NFSA, the State Government shall appoint or designate an officer to be District Grievance Redressal Officer (DGRO) for each district for expeditious and effective redressal of grievances of the aggrieved persons in matters relating to distribution of entitled foodgrains under TPDS and prescribe the qualification, power, terms and conditions of the office of the DGROs.
- iii) As per Section 16 of NFSA, for the purpose of monitoring and review of implementation of NFSA, every State shall, by notification, constitute a State Food Commission (SFC). Further as per sub-Clause 8 under Clause 11 of TPDS (Control) Order, 2015 an appeal against the order of the DGRO shall be preferred before the SFC constituted under NFSA.

49. When asked as to what mechanism have been introduced by the Ministry to ensure that States comply with the provisions of NFSA regarding grievances redressal mechanism and Vigilance Committees at various levels, the Ministry stated as under:-

“Under NFSA, the States/UTs are responsible for effective implementation of the Act, which inter-alia includes identification of eligible households, issuing ration cards to them, distribution of foodgrains entitlements to eligible households through Fair Price Shops (FPS), setting up effective grievance redressal mechanism, and necessary strengthening of Targeted Public Distribution System (TPDS) including its end-to-end computerization. Implementation of the Act was reviewed on regular basis through official communications, meetings with States/UTs at various levels and advisories were issued, wherever necessary. The States/UTs were asked to confirm and send report about the status of implementation action taken by them on each issue.

Recently meetings were taken by Secretary (F&PD) with Food Secretaries of all States/UTs on 25.07.2017, 17.08.2017 and 31.08.2017 (video conferencing) to review the status of implementation of provisions of the Act pertaining to appointment of District Grievance Redressal Officer, constitution of State Food Commission, putting in place grievance redressal mechanism, etc. All these aspects are being monitored by the Department on regular basis. The Hon'ble Supreme Court is also monitoring these issues in WP(C) No.857 of 2015 – Swaraj Abhiyan Vs. UoI and others.

Most of the States/UTs have taken steps in this direction to implement various provisions of the Act.”

50. State-wise position of Internal Grievance Redressal, appointment of District Grievance Redressal Officers (DGROs) and constitution of State Food Commission in the test checked States/UTs indicated varied levels of preparedness in implementing the provision of NFSA is given below:-

State	Internal Grievance Redressal	District Grievance Redressal Officers	State Food Commission
Assam	The State Government reported about launching of toll free numbers. However, the numbers were not found to be active. Similarly online registration of complaint and SMS alerts were not found to be active.	The State Government designated the Additional Deputy Commissioners (Development) of the districts as DGROs in February 2014 for all districts of the State. However, the qualification, power, terms and conditions of the office of the DGROs and allowances had not been prescribed in the notification.	The State Government designated (February 2014) the Assam State Woman Commission as SFC as an interim measure and a regular SFC was yet to be constituted as of June 2015.
Bihar	Toll Free number has been operationalized for registering complaints. However, the details of complaints received and addressed were not made	Additional District Magistrates (ADMs) were designated as DGRO (February 2014). Posts of its support staff were created in April 2015.	The State Government constituted State Food Commission in January 2014. However, it was not functioning as posts of its support staffs were created in



	available to audit. SMS facility was not started. Appointment of nodal officer was notified but no work was observed to have been done		April 2015.
Chhattisgarh	Internal Grievance redressal mechanism was in existence. During the period 2010-11 to 2014-15, the State Government received 7170 complaints out of which 1218 complaints were pending for three months to five years.	The State Govt. designated Collector of every district as a DGRO. However, the rules and regulations regarding functioning of DGRO were not notified	The State Government designated the Chhattisgarh State Consumer Dispute Redressal Commission to exercise the powers and perform the functions of the State Food Commission. However, the appointment of members of the State Food Commission was not done (June 2015).
Delhi	Toll Free number has been operationalized for registering complaints	In one of the two test checked districts, District Grievance Redressal Officer was not appointed till June 2015.	The State Government designated (July 2013) Public Grievance Commission (PGC) as State Food Commission as an interim measure. Regular SFC was yet to be constituted as of June 2015. However, no work related to functioning of State Food Commission was observed to have

			been done in the state.
Himachal Pradesh	Toll Free numbers have been operationalized for registering complaints	The State Govt. had appointed a DGRO in each district.	SFC had not been constituted in the State as of October 2015.
Jharkhand	Toll Free number has been operationalized for registering complaints. Facility to lodge complaint was available in portal with auto escalation of grievances.	The State Government nominated Additional Collector of the district as District Grievance Redressal Officer in May 2015 but no work related to grievance redressal was observed in district and block levels in the sample districts.	State Food Commission was not constituted in the State as of July 2015.
Karnataka	Toll Free number has been operationalized for registering complaints	DGROs have not been appointed by the State.	The State Government constituted (May 2014) an SFC. However, no work related to functioning of State Food Commission was observed to have been done in the State.
Maharashtra	Toll Free number has been operationalized for registering complaints	Toll Free number has been operationalized for registering complaints	The State Government decided (January 2014) to establish a committee headed by Secretary, Food, Civil Supply and Consumer Protection Department.
Uttar Pradesh	Toll Free number has been operationalized for	Appointment of DGRO was yet to be made.	State Food Commission was not constituted as

	registering complaints. However, unresolved complaints were not escalated to higher authority for redressal.		of May 2015.
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### **Vigilance Committees**

51. The Committee found that in their Report, Audit observed that as per Section 29(1) of the NFSA, for ensuring transparency and proper functioning of the TPDS and accountability of the functionaries in such system, every State Government was to set up Vigilance Committees (VCs) at the State, District, Block and FPS levels. Further, this has also been mentioned in Sub-clause (6) under Clause 11 of TPDS (Control) Order 2015. The State Governments had to send a report annually to the Central Government on the functioning of vigilance committees.

52. It was also found that no State Government out of the test checked States, had submitted annual reports to the Ministry under the aforesaid Control Order. It was also noted that Ministry issued online formats to States for submission in September 2015 only. Ministry stated the information from most of the States/UTs on functioning of vigilance committees was awaited in the prescribed format under the TPDS (Control) Order, 2015. State-wise position of the test checked States on the status of Vigilance Committee is given below:-

State	Status of Vigilance Committees
Assam	The State Government has constituted State level vigilance committee and vigilance and monitoring committee at district/block and circle level in August 2014. However details of irregularities detected and observations made by the vigilance committees were not found on records in the test checked districts.
Bihar	Records showed that State level vigilance committee was constituted and only one meeting was held up to March 2015. In test checked districts, district level VC was constituted only in Muzaffarpur district and in two blocks, but no meeting was held. The VC was not constituted in any panchayat/ward level in all test checked blocks.
Chhattisgarh	Though the order for constitution of VC was issued, records relating to minutes of meetings of the VC were not found maintained.
Delhi	State level Vigilance Committee was not set up and two committees constituted at the district level were found to be non-functional.

Himachal Pradesh	Vigilance Committees at the State level and in all the 12 districts of the State were formed. No meeting of VC was, however, convened at the State level between September 2013 and March 2015. However, such committees in 77 blocks as per the norms of NFSA had not been constituted as of June 2015.
Jharkhand	District level Vigilance Committee was formed in Giridih district only and in only 18 out of 49 Block level Vigilance Committees were formed.
Karnataka	Set up in 14 out of 30 districts. However, copy of the minutes of meetings was not furnished to audit and hence their effectiveness in discharging the duties could not be verified in audit.
Maharashtra	State level committee was set up but only two state-level meetings of Vigilance Committee were conducted during 2013-15.
Uttar Pradesh	Vigilance committees were not set up at any level.

53. When enquired as to what monitoring mechanism is in place to ensure periodical reporting by the States and action taken against the States for non-submission of quarterly reports, the Ministry stated as under:-

“Under TPDS (Control) Order, 2015 quarterly reports are required to be sent by States/UTs to DFPD. These reports are compiled and updated from time to time and used for the purpose of monitoring PDS and for facilitating policy framing etc. Reminders are sent to State/UT Governments from time to time for seeking this information. States/UTs are also requested through advisories to provide timely information in this regard.

It is pertinent to mention that NFSA is being implemented under the joint responsibility of the Centre and States/UTs and the responsibilities of both have been defined under the Act. It is expected that the States will also fulfill their responsibility under the Act while implementing it. In a federal structure, it is not possible to initiate any coercive action against State Governments.

The solution lies in use of technology in monitoring and to ensure accountability and transparency. In this regard, Government is implementing a scheme of TPDS computerization in close coordination with States/UTs and regularly monitoring the progress of the scheme for its early completion. The scheme covers essential parameters like digitization of beneficiary data base along with Aadhaar seeding, online allocation of foodgrains, computerization of supply chain management, online grievance redressal facility and installation of e-PoS devices at fair price shops for authentication of beneficiaries and electronic capturing of transactions.”

54. In their report Audit found that the grievance redressal system was constituted in most of the States, albeit not till the last tier. Though, six out of nine selected States/UTs were found to have put in place the grievance redressal mechanism, these were not fully functional. Audit further highlighted that Vigilance committees were found to be constituted only at few districts/blocks in the selected States/UTs. Further, due to non-availability of information on grievance redressal mechanism and vigilance committees, the Ministry was not in position to monitor the implementation of the same in all the States/UTs. Audit found that monitoring done by the States was not satisfactory as either there were no inspections or less than targeted inspections.

55. When inquired about the constitution of independent State Food Commission and appointment of independent District Grievance Redressal Officers (DGROs), the Ministry through written note informed as under:-

“As per Section 16 of NFSA, every State Government shall, by notification, constitute a State Food Commission (SFC) for the purpose of monitoring and review of implementation of this Act. Further, Section 18 of the Act provides that the State Government may designate any statutory commission or body to exercise the powers and perform the functions of SFC.

In pursuance of the above provisions of NFSA, all the State Governments/ UTs, except Himachal Pradesh, Tamil Nadu and West Bengal have either constituted independent SFCs or designated any other statutory Commission to exercise the powers and perform the functions of SFC for the purpose of monitoring and reviewing the provisions of NFSA.

In the Writ Petition (Civil) 857 of 2015 Swaraj Abhiyan Vs UoI & Ors by States/UTs pertaining to National Food Security Act, 2013 (NFSA), the Hon'ble Supreme Court, vide their Orders dated 1.12.2016 and 21.7.2017 has directed that the SFC, whether independently constituted by a State Government or some other body designated to act as State Food Commission, must meet the requirements of Section 16 of NFSA. The Supreme Court has also directed the State Governments and Union Territories to constitute, establish and make fully functional a State Food Commission under the provisions of the NFS Act before the end of the year. The directions also mention that it would not be appropriate to appoint another Commission or Body to function as SFC unless it is absolutely necessary and completely unavoidable and only as a last resort.

In the light of the directions of the Hon'ble Supreme Court, several States/UTs who had designated an existing Commission/ Forum to act as SFC, are in the process of appointing an independent SFC or are in the process of finding an alternative mechanism. The State Governments of Himachal Pradesh, Tamil Nadu and West Bengal

have also informed that they are in the process of constituting an independent SFC.”

56. During oral evidence, the representatives of the Ministry submitted:-

“In 16 States, an independent State Food Commission has been constituted. They are Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Punjab, Telangana, Uttar Pradesh, Uttarakhand and Andaman and Nicobar Islands. Setting up an independent SFC is in the process in West Bengal, Tamil Nadu, Himachal Pradesh, Kerala, Rajasthan and Sikkim. Sir, two small UTs, Dadra and Nagar Haveli and Daman and Diu, have constituted the Food Commissions but they have constituted it under the Food Secretary. We have advised them to make it independent. It should not be under the Food Secretary. There are 12 States in which currently some other Commission has been designated as State Food Commission. These are mainly smaller States, namely, Arunachal Pradesh, Assam, Delhi, Goa, J&K, Manipur, Mizoram, Nagaland, Tripura, Lakshadweep, Chandigarh and Puducherry. North-Eastern States have slight issues in the sense that since they are very small States, they are consulting their own Legal Departments as to whether adding some member could serve the purpose. Then, as the Supreme Court said, as a last resort, you can designate the existing Commission also. So we will be submitting that to the Supreme Court.”

57. Pointing out that Deputy Commissioners and Additional Deputy Commissioners also act as District Grievance Redressal Officers (DGROs) in some States, the Committee expressed the need to maintain the independent functioning of District Grievance Redressal Officers (DGROs). In this regard, the representatives of the Ministry during evidence stated:-

“The Act says that the DGROs are to be either appointed or designated by the State Government. But the Supreme Court has clarified on this that the officer to be designated as the DGROs should be independent of a person against whom complaints can be made or he should not be subordinate to him. Our understanding is that the Deputy Commissioners or the ADMs, who are looking after Administration or work other than civil supplies, are independent of civil supplies; and it has been made abundantly clear to all the State Governments that if any officer has been designated as DGRO, it should be changed immediately. We have been told that the DCs are not involved in the day to day functioning of BDS in the State. About the overall functioning, the DCs look after everything. But they are not the licensing authority. They are not the disciplinary authority”

### **Monitoring by the States**

58. In their Report Audit pointed out that as per Clause 8 of the TPDS (Control) Order, 2001 read with paragraph 6 of the annexure, the State Governments shall ensure regular inspections of fair price shops not less than once in six months by the designated authority. State Governments may issue orders specifying the inspection schedule, list of check points and the authority responsible for ensuring compliance with the said orders.

### **Role of the Ministry**

59. The Committee note that under Clause 11 of TPDS (Control) Order, 2015, the Ministry monitored the grievance redressal mechanism by requiring the States/UTs to report at the end of each quarter the number of unsettled/outstanding grievances at the level of call centres, State portal and DGRO. A test checks of records at the level of the Ministry it was observed that no State/ UT submitted quarterly report to the Ministry under aforesaid Control Order. It was also noted that Ministry had initiated online formats to be furnished by the States only in September 2015. Ministry stated that information related to handling of grievance redressal mechanism had been received from 4 State/UTs and remaining states were yet to submit the same.

60. When asked about the present position in regard to receiving of information related to handling of grievance redressal mechanism from the States/UTs and the progress made in this regard, the Ministry intimated as under:-

“The Department has been continuously interacting with States/UTs for ensuring implementation of various provisions of NFSA, including putting in place the Grievance Redressal Mechanism as envisaged in Chapter VII of the Act before the Department starts allocation of foodgrains as per entitlements under NFSA.

The matter is also being reviewed by Hon'ble Supreme Court in the Writ Petition (Civil) 857 of 2015 Swaraj Abhiyan Vs UoI & Ors by States/UTs pertaining to National Food Security Act, 2013 (NFSA). As directed by the Hon'ble Supreme Court in its Order dated 21.7.2017, two meetings and a video conference were held under the Chairmanship of Secretary, F&PD with the States/UTs on 25.07.2017, 17.08.2017 and 31.08.2017. In these meetings, the States/UTs who had not implemented the provisions of NFSA pertaining to putting in place Grievance Redressal Mechanism including appointment of District Grievance Redressal Officer, constitution of State Food Commission, constitution of Vigilance Committees at four levels, etc. were asked to take immediate action to comply with the provisions of the Act, keeping in view the directions of Hon'ble Supreme Court. They were asked to make sure that provisions of the Act pertaining to grievance redressal should be implemented at the earliest and in any case, before the end of this year as per directions of the Apex Court.

As per information available, all the States/UTs have appointed District Grievance Redressal Officer (DGRO) as per provisions of Section 15 of NFSA for expeditious and effective redressal of grievances in matters relating to distribution of entitled foodgrains or meals under the Act. It has been ensured that such officers have no link with the distribution of entitlements under the Act.

All the State Governments/ UTs, except Himachal Pradesh, Tamil Nadu and West Bengal have either constituted independent SFCs or designated any other statutory Commission to exercise the powers and perform the functions of SFC for the purpose of monitoring and reviewing the provisions of NFSA. The State Governments of Himachal Pradesh, Tamil Nadu and West Bengal have also informed that they are in the process of constituting an independent SFC.

Further, under End-to-end Computerisation Scheme, all the States/UTs have established Transparency Portal and also have functional Toll Free Helplines. All the States/UTs, except Arunachal Pradesh have put in place software for online redressal of grievances under NFSA.

The matter is being regularly reviewed by the Department for time bound implementation of provisions of the Act by all the States/UTs keeping in view directions of Hon'ble Supreme Court."



**PART II**  
**OBSERVATIONS/RECOMMENDATIONS**  
**IDENTIFICATION OF BENEFICIARIES UNDER THE NFSA**

1. The current examination of the Committee is based the Report of Comptroller & Auditor General of India, which has scrutinised the National Food Security Act, 2013 (NFSA). After gleaning through the material and information available with the Committee as well as the evidence tendered before them, the Committee's recommendations/ observations are reproduced in the succeeding Paras.

In regard to the non-identification and delay in identification of beneficiaries of NFSA, 2013, the Committee note that the reasons as given to them were non-availability of complete data, time taken to conduct survey/verification, completion of requisite preparatory activities for implementation of NFSA, formation of new State (in the case of Andhra Pradesh and Telangana), imposition of Model Code of Conduct due to General Elections, etc. The Committee find the reply of the Ministry untenable as the Committee observe that Section 10 of the Act enjoins upon the State Governments to identify the eligible households to be covered under Antyodaya Anna Yojana (AAY) in accordance with guidelines applicable to the scheme and the remaining households as priority households in accordance with such guidelines to be specified by the State Government. The Committee are of the view that since the beneficiary data of AAY, a Government of India sponsored scheme to provide highly subsidized food to millions of the poorest families, which was under implementation since December, 2000, is readily available with the Ministry and the State Governments, non-identification of beneficiaries is not acceptable as a bona fide reason for the inordinate delay. The Committee have every reason to believe that identification and registration of eligible beneficiaries under the NFSA ought to have been completed efficiently within the stipulated time of 365 days from the commencement of the Act. They are astonished to note that a majority of the States/UTs had not adhered to the deadline for identification of beneficiaries and a number of States had included existing AAY households under the NFSA without carrying out any fresh exercise for identification of AAY households under the Act. The Committee are disheartened to see the non-committal attitude of the State Governments/UTs which goes not only against the spirit of the Act but also against the residents of their own respective States. The Committee feel that it is evident that there existed conspicuous lack of a systematic planning, coordination and integration of data in the implementation of NFSA. The Committee, at this delayed stage, cannot but recommend that punitive action should be taken against the erring officials at all levels who were responsible for the lapses that hindered efficient and timely implementation of the Act. The Committee desire that they be kept abreast with all developments that ensue on this recommendation.

2. The Committee note that the initial timeline for identification of the eligible households under the Act was within one year, i.e., upto 4<sup>th</sup> July, 2014. However, they are disconcerted to note that after a prolonged period of more than 3 years, the Act is now being implemented in all 36 States/UTs covering 80.57 crore beneficiaries out of the total estimate of 81.34 crore, thus bringing the coverage to 99.05%. In a populous country like India, even 1% of the poor and weaker sections translate into a big number. In the opinion of the Committee, the States cannot keep such a section deprived of food security which is the very basis of this Act. They, therefore, in unequivocal terms recommend that all-out efforts should be made under strict monitoring of the Ministry so as to achieve cent per cent coverage of the beneficiaries. Then only the true objectives of the Act would be accomplished.

3. The Committee, while drawing comparison with the earlier Targeted Public Distribution System (TPDS) with that of NFSA, note that against 99.22 crore beneficiaries coverage under TPDS, only about 81.34 crore beneficiaries as per Census 2011 had been covered under NFSA. The Committee also note that out of the 99.22 crore beneficiaries under TPDS, 63.22 crore were APL beneficiaries. Since coverage of beneficiaries under NFSA is more towards reducing the unintended beneficiaries, the Committee impress upon the Department that all out effort should be taken towards ensuring rightful targeting of beneficiaries and recommend necessary measures to bring all eligible beneficiaries of NFSA under TPDS immediately.

#### **IRREGULAR EXTENSION OF TIME FOR IDENTIFICATION OF BENEFICIARIES**

4. As brought out in the preceding paragraph, the Committee find that as per the provisions contained in Section 10 (1) of the NFSA, the State Governments were entrusted with the responsibility to identify the eligible households within a period of one year from the commencement of the NFSA i.e. upto 4 July 2014. However, they note with concern that only 11 States/UTs reported completion of this preparatory work within the stipulated one year. The Committee further note that without any enabling provision in the NFSA, the Ministry extended the timeframe in June 2014 by three months. They are pained to witness a scenario wherein no State reported completion of identification of the beneficiaries during the extended period. What can be further disquiet for the Committee to learn that instead of coming out with any concrete solutions for the laxity on the part of States/UTs, the Ministry further extended the period for six months twice and finally giving extension upto 30<sup>th</sup> September, 2015. When sought clarification for such repeated extensions, the Ministry stated that the issue of extension of time for identification of eligible households was examined in consultation with Department of Legal Affairs advised that a statutory notification could

only be issued under Section 42 of the Act to remove the difficulties arising in giving effect to the provisions of the Act. It was also opined by the Department of Legal Affairs that the time for giving extension was a purely discretionary power of the executive and, therefore, the administrative Ministry may decide on the basis of the circumstances. From the reply of the Ministry it is clear that so far as Central Government was concerned, they had no difficulty in implementing the legal advice.

The Committee note with surprise that the Ministry landed itself in a dichotomous situation by stating that the main responsibility for implementation of the Act lied with the State Governments and hence it was not considered appropriate to treat this matter under 'removal of difficulties' under Section 42. Further, such an action under Section 42 could only be taken within the time limit of 2 years. The Committee are of the firm opinion that had the Ministry put in place a system to ensure identification of beneficiaries within the stipulated timeframe of 365 days from the commencement of the Act and instructed each States/UTs to strictly comply to the system, the need for extension of time would not have arisen *per se*. The Committee are appalled to note that the Ministry had extended the deadline for identification of beneficiaries three times without taking effective measures to ensure no further extension of time was granted to non-compliant States. It is evident from going through all the information submitted to the Committee that the Ministry, had instead, surrendered the onus of implementing the Act to the State Governments and failed to take necessary measures to ensure that all States/UTs adhere to the provision of the Act for timely identification of beneficiaries. The Committee, therefore, aver that the Ministry should adopt a more pragmatic approach in future in implementing such important flagship programmes which affect the life of millions of citizens belonging to the weaker sections of the society and at least now ensure effective review, monitoring and vigilance in the implementation of the Act. They also recommend that the Ministry devise a mechanism under intimation to the Committee whereby propitious conditions are created for the smooth and seamless implementation of the Act in all the States/UTs.

#### **PORTABILITY OF RATION CARDS ACROSS DISTRICTS/STATES**

5. The Committee note that in the test-checked States of Himachal, Karnataka, Maharashtra a huge number of old, ineligible, bogus and ghost ration card holders were found. However, to the utter dismay of the Committee rather than cancelling such cards, the State Governments revalidated the cards and continued issuance of food-grains. The Committee are not contented with the reply of the Ministry that not all cards without authentication can be categorized as bogus cards and ghost cards. The Committee also treat the assertion of the Ministry that

the cards without authentication can also arise in the event of migration of families from one State/District to another or temporary movement of the beneficiary on employment or any other reason from one place to another. To plug this portability loophole, efforts are being made to ensure portability across all States and the State of Andhra Pradesh have achieved portability of ration card so as to ensure that all entitled beneficiary are catered to under the NSFA. The Committee would have accepted the version of the Ministry had such authenticated cards been quantified and a system established for their timely authentication so as to include the genuine card holders.

While being appreciative of the efforts of the Ministry to achieve portability in all States/Districts, the Committee feel that necessary prior review and validation checks on the questionable ration cards should have been done before distribution of ration.

The Committee in no uncertain words recommend that a thorough review and revalidation check of all bogus and ghost ration cards in all States/UTs may be carried out in tandem with the efforts of achieving ration card portability across Districts/States and aadhaar seeding so as to get rid of the problem of bogus ration cards once and for all. It may also be ensured that rightful targeting of beneficiaries and easy access to place of sale for collection of ration are put in place. The Committee be apprised about the details of bogus ration cards found during the last three years along with the action taken against FPS dealers/State Government agencies in the case of diversion of foodgrains to bogus or ineligible card holders. It is needless to point out at this stage that the Committee would have been more satisfied had the details of the efforts being made to ensure portability across the State been provided to them for scrutiny.

#### **ISSUE OF RATION CARDS TO THE ELDEST WOMAN AS HEAD OF THE HOUSEHOLD**

6. The Committee find that the Ministry had instructed all States/UTs to issue ration cards under NFSA to eldest woman as head of household. In the proforma of certifying preparedness of the States/UTs to implement NFSA, the Ministry also sought confirmation from the State Governments on whether ration cards under NFSA have incorporated the provisions relating to empowerment of women. The Committee note that though all the States/UTs had replied in affirmative, it was found from the digitized data of beneficiaries on the Public Distribution System (PDS) portal that the said provision has not been complied with by some States. However the Committee are informed that the Ministry vide letter dated 30.11.2015, had again requested the States/UTs to review the status of implementation and take all requisite measures to ensure that the ration cards issued to NFSA beneficiaries specifically show eligible

female member as head of household. The Ministry had also reiterated these instructions in conferences/meetings held with States/UTs at various levels. Notwithstanding the fact the Committee would like to be apprised of the action taken by the Ministry since 30.11.2015 in this regard to ensure compliance of the provisions of the Act by the States in letter and spirit. The Committee are of the view that non-compliance to Section 13 of the Act despite affirmative response for the same by the States/UTs, indicate an apparent gap/lacunae and passive attitude towards strict adherence to the provisions of the Act by the implementing States/UTs. The Committee, therefore, recommend that the Ministry should undertake a survey to quantify the data, bring out the implicit and explicit figures, and based on that evaluate actual implementation of the provision of the Act. On this issue also, the Committee have no option but to recommend that issue should be vigorously followed with the States/UTs in order to put on record submission of wrong information to the Ministry and obviously to initiate inquiry and mull on fixing the responsibility against the officers on whose negligence this predicament was created.

#### **MATERNITY BENEFITS PROVIDED UNDER NFSA NOT EXTENDED ACROSS THE COUNTRY**

7. The Committee note that as per section 4 (b) of NFSA, subject to such schemes as may be framed by the Central Government, every pregnant woman and lactating mother is entitled to maternity benefit of not less than six thousand rupees in such instalments as may be prescribed by the Central Government. The Committee find that the Ministry of Women and Child Development (MWCD) had been implementing Conditional Cash Transfer Scheme, namely, Indira Gandhi Matritva Sahyog Yojana (IGMSY), for Pregnant and Lactating (P&L) women, on pilot project basis in 53 districts across the country since October, 2010. The Committee note that after the implementation of NFSA, maternity benefit was revised from Rs.4,000 to Rs.6,000 from 5 July 2013 under the scheme.

However, the Committee are again astonished to note the scheme, which was being implemented only in 53 pilot districts as the cost sharing pattern between Central Government and State/UT Governments was not finalized by Ministry of Finance. The MWCD stated (December, 2015) that the cost sharing pattern for IGMSY was decided by Ministry of Finance in October, 2015 and the MWCD had initiated action for obtaining approval of the Cabinet Committee on Economic Affairs for expansion of the IGMSY to all districts of the country. In this regard, the Committee note that the Government had introduced a Pan-India

implementation of Pradhan Mantri Matru Vandana Yojana (PMMVY), a conditional cash transfer scheme for Pregnant Women & Lactating Mothers (PW&LM) with effect from 01.01.2017 and the Scheme implementation Guidelines, PMMVY-CAS and its User Manual have also been launched by Ministry of Women & Child Development (MWCD) on 01.09.2017. The Committee, however note that so far only 25 States/UTs have opened dedicated Escrow Account, maintained at State/UT level and details of the same intimated to the MWCD and an amount of ₹ 880.00 Crore (approx.) has been released to 24 States/UTs. The Committee in this regard emphatically recommend that they be apprised of the present status of the expansion of erstwhile IGMSY (since re-christened as Pradhan Mantri Matru Vandana Yojana) in all districts of the country, especially to note the developments which have taken consequently almost after one year since the Committee was last apprised. Noting that maternity benefits envisioned under the NSFA have not been implemented in all States/UTs, the Committee recommend that the Ministry, in close co-ordination with the Ministry of Women and Child Development and concerned States/UTs should take all tenable measures to ensure that maternity benefits are provided to all beneficiaries across the country.

#### **ALLOCATION AND TRANSPORTATION OF FOODGRAINS**

8. The Committee note that requirement of rakes by Food Corporation of India (FCI) for transportation of foodgrains and making available of the same by the Railways during the years 2010-11 to 2014-15 revealed that there was shortfall in the range of 13 per cent to 18 per cent in arranging the rakes by the Railways. The Ministry stated that in October, 2015 that variation in rakes planned vis-à-vis actual dispatch is mainly due to inadequate availability of rakes by the railways and heavy traffic and sometimes also due to operational constraints of FCI like non availability of vacant space at recipient depots, less lifting by State Governments and increase in procurement in consuming regions etc. The Committee also note that an Inter-Ministerial Co-ordination Committee with Joint Secretary (P&FCI) Department of Food & Public Distribution, Executive Director (T), Food Corporation of India and Executive Director (TTF), Railway Board as members, had been working since January 2013 to actively take up the operational issues with Railways, however 11111 rakes were dispatched against the plan of 12486 rakes in 2014-15. The Committee are concerned to note the consistent shortage of rakes for transportation of foodgrains. Emphasizing on the need to ensure adequate supply and distribution of foodgrains despite shortage of rakes, the Committee recommend that they be apprised whether the Ministry and FCI have put in place a

system to ensure adequate transportation of foodgrains despite shortage in availability of rakes and recommend that a contingency plan within a timeframe may be devised and put in place to obviate this predicament too. This assumes significance for the reason that in the absence of adequate transportation facilities, the real intent of the Act would not be achieved and the sufferers would again be the beneficiaries.

#### **PREPARATION OF A NATIONAL FOODGRAINS PROCUREMENT, MOVEMENT AND STORAGE PLAN**

9. The Committee find that the Ministry (in October, 2012) informed the Standing Committee on National Food Security Bill that a National Foodgrains Movement Plan to address the road movement related problem in the North Eastern States, mechanization of FCI godowns to reduce rake handling time, priority good sheds for development of basic facilities by railways, etc. supply of rakes, levying of demurrage charges movement by the Railways, upgradation of infrastructure at unloading railway stations was under preparation and a study was entrusted to M/s Pricewaterhouse Coopers Pvt. Ltd. by FCI for this purpose. They further find that on the recommendation of M/s Price Waterhouse Coopers Pvt. Ltd, the Ministry prepared a System Requirement Specification (SRS) in respect to Movement Monitoring System (MMS) and integrated into Depot Online System (DOS) as Movement Module. Despite the above development, the Committee note with concern that no specific National Movement Plan has yet been prepared, rather a monthly movement plan is prepared on a regular basis depending on quantity available in surplus regions, quantity demanded by deficit regions, likely procurement, vacant storage capacity, monthly allotment/off-take of foodgrains etc. The Committee are of the view that while region specific short term plan like the monthly plans are necessary, an exhaustive and comprehensive plan for the entire country is an inevitable requirement. The Committee, therefore, recommend that the Ministry should put in place a national contingency plan for procurement, movement and storage of foodgrains for unforeseen events like natural disasters, destruction of crops, droughts, inaccessible regions due to landslides/floods etc. to ensure adequate and timely distribution of foodgrains to all eligible beneficiaries even in times of emergency/crisis which includes man-made and natural disasters both.

#### **STORAGE CAPACITY FOR FOODGRAINS**

10. The Committee note that as per Section 22(4) (e), the Central Government shall create and maintain required modern and scientific storage facilities at various locations. Further, in terms of obligation of State Government for Food Security, Section 24(5) (a) of NFSA enjoins upon every State Government to create and maintain required number of modern and scientific storage facilities. Such facilities at various levels

should be sufficient to accommodate foodgrains procured under the TPDS, for ensuring uninterrupted supply of foodgrains to the entitled beneficiaries. However, NFSA did not fix any timeline for upgradation of storage facilities and there has been consistent shortage of storage capacity from 2011-2015. To bridge the storage gap the Ministry had introduced the Private Entrepreneurship Guarantee (PEG) Scheme for non-DCP (Decentralized Procurement Scheme) States in 2008 and then extended to DCP States in 2010 to augment the storage facilities in the country. In addition to the PEG, the Ministry is also implementing a Central Sector (CS) Scheme for construction of godowns with a focus on the North Eastern States with a budget outlay of Rs. 455.72 crore for construction of 2,25,330 MT storage capacity in three years (2017-2020). The Committee, however, find that the DCP Scheme was only operational in 21 States and a storage capacity of 138.51 lakh MT has been completed around the country as on 31 July, 2017. The Committee also note that physical verification of FPS and godowns in the test checked States, revealed shortfalls like inadequate storage capacity, storage of foodgrains in damp condition and in open area, damage godowns and construction of godowns in remote location rendering it unfit for use, incomplete construction of godowns etc. The Committee are of the view that the Ministry ought to have undertaken a survey to assess the requirement for storage and godowns, fixed a target and a timeline for completion of construction/upgradation of required storage facilities in each States/UTs at the time of introducing the Act. The Committee desire to be apprised whether the Ministry along with FCI had undertaken a survey to assess the progress of construction and upgradation of storage facilities as well as the quality of existing storage facilities across the country. The Committee, at this stage, recommend that the Ministry and FCI should undertake a survey to assess the requirement of storage facilities so as to ensure adequate and quality storage of foodgrains in every State/UT. The Committee also recommend that a strict timeline be fixed for completion of storage facilities and also ensure completion of construction of storage facilities under the Central Sector Scheme within the timeframe under intimation to the Committee.

**PILOT PROJECT TO MINIMISE PROCUREMENT,  
TRANSPORTATION AND DISTRIBUTION COST OF FOODGRAINS**

11. The Committee note that foodgrains are procured on Minimum Support Price (MSP) across the country by Government agencies and there is no difference in the procurement price payable to the farmers in different States. The Committee also note that the total cost of procurement differs from State to State depending on State's taxes/levies and different rates of expenditure on other items such as mandi labour, Arhatiya charges (agricultural produce commission agents) and transportation charges. With the intention of ensuring maximum benefit to farmers by minimizing the total cost of procurement,



transportation and distribution of foodgrains, the Committee recommend that the Ministry should implement a pilot programme in a State by notifying tenders and inviting interested private businesses/players for procurement, transportation and distribution of foodgrains at a lower cost than that of the Government agencies and apprise the Committee of the outcome of the exercise and extend such practices to other States/UTs too, if found viable and beneficial to the farmers.

### **END-TO-END COMPUTERISATION OF PDS OPERATIONS**

12. The Committee observe that the Ministry, in close coordination with the States/UTs, had given emphasis on complete digitization of beneficiary data along with other essential parameters like online allocation of foodgrains, computerization of supply chain management, Aadhaar Seeding, installation of e-Point of Sale (PoS) devices etc. While the Ministry had achieved 100% digitization of ration cards and online grievance redressal facility with toll free number has been set up in all 36 States/UTs, the Ministry had fallen short on other parameters like online allocation of food-grains, computerization of supply food chain management, Aadhaar seeding, installation of PoS devices etc. The Committee also note that one of the components of the scheme is computerization of supply chain, under which entire movement of foodgrains from the designated depots of the FCI in the State upto the fair price shop can be tracked online. However, computerization of supply chain has been implemented only in 20 States/UTs and is at different stages of implementation in the remaining States/UTs. The Committee are of the view that successful and efficient implementation of NFSA can be guaranteed only after ensuring complete end-to-end computerization of all other relevant parameters. Moreover, educating the beneficiary of the benefits of digitization and dissemination of information regarding the grievance redressal facility and fair price shops in the locality etc. is an important component in ensuring smooth and successful implementation of the Act. The Committee, therefore, desire to be apprised of the latest status of computerization of the supply chain. In this regard, the Committee recommend that the Ministry, in close co-ordination with the States/UTs, undertake immediate steps for completion of computerization of all other parameters without any further delay. The Committee also recommend that the Ministry impress upon all States/UTs to maintain and provide complete and updated information in the online monitoring system to facilitate efficient implementation of the Act. Here, it is important to mention that the computerized system should be as secured and foolproof as it should be to disable the hackers from penetrating into the website and siphoning off the data for their benefit as has appeared in the recent news.

## **ADVERTISEMENT AND INFORMATION DISSEMINATION ON THE ACT**

13. The Committee find that the Central Government is funding 90% of the subsidy in the implementation of the NFSA and the State Governments are entrusted the responsibility of implementing the Act. However, the Committee are surprised to note that State Governments have been projecting the schemes under NFSA as their own project. The Committee desire that the information on the subsidy share of the Central Government should be clearly advertised on each bag of foodgrains distributed under the Act and it be ensured that the State Governments do not project the schemes under NFSA as their own and thereby misuse of the Act is avoided. The Committee, therefore, recommend that the Ministry issue necessary instructions and guidelines to the State Governments in this regard. In this sequel, the Committee desire that information boards on the NSFA, price of foodgrains, fair price shop dealers etc. be installed at each and every Fair Price Shops (FPS). The Committee also recommend that the Ministry along with States/UTs should undertake an awareness and information dissemination campaign to educate the beneficiaries of their rights and benefits under the Act by all possible means including print, audio-visual aids, especially radio, and social media fora.

## **INTERNAL GRIEVANCE REDRESSAL**

14. The Committee note that as per Section 14 of the NFSA, every State Government shall put in place an internal grievance redressal mechanism which may include toll free call centres, State web portal, help lines, designation of nodal officers or such other mechanism as may be prescribed. The Committee, however, find that in some of the test checked States, toll free numbers, online registration of complaints, SMS alerts were not found or were inactive, details of complaints received and addressed were not made available to Audit, nodal officers were not appointed, there was long pendency of unresolved complaints and non-escalation of unresolved complaints to higher authority for their redressal. Noting the inefficient implementation of the provisions of the Act despite setting up an Internal Grievance Redressal mechanism by the States, the Committee are constrained to observe that the Ministry and the State/UTs are not committed to ensuring efficient implementation of the provisions of the Act. The Committee are unable to comprehend as to how the Ministry and States could ensure transparency and efficiency in the implementation of the Act and fix accountability if required on the functionaries without even having a robust grievance redressal mechanism in place. The Committee, in unequivocal terms recommend that the Ministry may persuade all States/UTs to undertake an internal review of the working of the grievance redressal system and ensure its smooth functioning by

appointing a nodal officer for the same and initiate necessary action and fix responsibility against those officials responsible for pendency of unresolved complaints, non-activation of toll free numbers, SMS alerts and online registration of complaints.

#### **SETTING UP OF STATE VIGILANCE COMMITTEE AND TIMELY SUBMISSION OF ANNUAL REPORT ON ITS FUNCTIONING**

15. The Committee note that to ensure transparency and proper functioning of the TPDS and accountability of the functionaries, every State Government was to set up Vigilance Committees (VCs) at the State, District, Block and FPS levels as per the Sub-clause (6) under Clause 11 of TPDS (Control) Order 2015. The State Governments had to send a report annually to the Central Government on the functioning of Vigilance Committees. The Committee, however find that no State Government out of the test checked States, had submitted annual reports to the Ministry under the aforesaid Control Order. Moreover, the Ministry issued online formats to States for submission of such reports in September 2015 only and information from most of the States/UTs on functioning of Vigilance Committees as per the prescribed format under the TPDS (Control) Order, 2015 is still awaited. In addition, the Committee find non-functional VCs, irregular vigilance meetings, non-maintenance of records etc. even in those States where VCs have been constituted. The Committee desire to be apprised of the mechanism put in place by the Ministry to ensure timely submission of annual reports on the functioning of the Vigilance Committee and the course of action taken against those States/UTs that have not complied to the Control orders, 2015. The Committee recommend that the Ministry issue necessary instructions to impress upon all States/UTs to urgently set up the Vigilance Committee and submit a report on the functioning of the same within three months of presentation of the Report.

#### **CONSTITUTION OF INDEPENDENT STATE FOOD COMMISSION**

16. The Committee note that 16 States namely Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Punjab, Telangana, Uttar Pradesh, Uttarakhand and Andaman and Nicobar Islands have constituted independent State Food Commission. Six States namely West Bengal, Tamil Nadu, Himachal Pradesh, Kerala, Rajasthan and Sikkim are in the process of setting up independent State Food Commissions. However, two small UTs namely Dadra and Nagar Haveli and Daman and Diu, had constituted their Food Commissions under the charge of Food Secretary. The Committee are not oblivious of the fact that the Ministry had though instructed the UTs to constitute independent Food Commission. The Committee also note that as per Supreme Court orders dated 1.12.2016 and 21.7.2017, the State Governments and Union Territories were to constitute, establish and make fully functional a State

Food Commission under the provisions of the NFS Act before the end of the year. The directions also mentioned that it would not be appropriate to appoint another Commission or Body to function as SFC unless it is absolutely necessary and completely unavoidable and recourse to it be taken only as a last resort. The Committee express displeasure on the non compliance to the Court Orders and desire that States/UTs concerned take immediate action for setting up of an independent Food Commission without further delay. The Committee impress upon the Ministry to issue necessary directions to the concerned States/UTs and ensure establishment of fully functional independent Food Commissions in all States/UTs within 3 months of presentation of their Report in Parliament.

#### **INDEPENDENT FUNCTIONING OF DGROS**

17. From the scrutiny of the subject, the Committee are unable to comprehend the rationale behind the functioning of Deputy Commissioners (DC) and Additional Deputy Commissioners (ADC) as District Grievance Redressal Officers (DGROs) in some Districts. The Committee opine that by virtue of designating the DC/ADC as DGRO, accountability of the DC, who is the administrative head of the District, cannot be ensured and the situations of conflict of interest are bound to arise. Independent functioning and the impartiality of the office of DGRO in such a scenario is sine qua non and is in the benefit of all stakeholders. The Committee, therefore, recommend that the practice of DCs/ADCs functioning as DGROs may be discontinued to ensure transparency and accountability of all concerned officials. The Committee also recommend that the Ministry may take due diligence in the appointment of DGROs so as to ensure impartial and independent functioning of DGROs without undergoing into conflicting situations.

#### **CONSTITUTION OF A ROBUST CENTRAL VIGILANCE/MONITORING COMMITTEE**

18. The Committee note that despite putting in place grievance redressal systems and setting up of vigilance and monitoring committees in some States, most of them were non-functional and there was little or no information on the grievance redressal mechanism and vigilance committees, due to which the Ministry were unable to assess and monitor the implementation of the Act in the States/UTs. The Committee are disheartened to note the non-committal attitude of the States/UTs and its apparatus towards smooth and efficient implementation of the Act. Noting the sorry state of affairs of the functioning of vigilance and monitoring committees in the Audit test checked States, the Committee desire that National level vigilance/monitoring committee consisting of representatives from the District level, State level and the Central level, headed by the Central representative may be constituted to oversee the functioning of all

District and State level committees and ensure strict compliance to the guidelines of the Act. The Committee recommend that the Ministry undertake regular inspections and follow up with respective States/UTs by obtaining quarterly reports from the States/UTs to ensure strict vigilance and compliance to all guidelines of the Act. The Committee also recommend that the vigilance and monitoring committee should conduct surprise field inspections to ensure rightful targeting of beneficiaries, distribution of foodgrains at the subsidized rate fixed as per the Minimum Support Price (MSP), provision of meals and maternity benefit of ₹ 6,000 per delivery to the pregnant women and lactating mothers, provision of meals to children in the age group of 6 months to 14 years under the Integrated Child Development Services (ICDS), Mid-Day Meal (MDM) schemes and issuance of ration cards to the eldest woman of the household of 18 years or above as the head of the household etc. as envisioned in the NSFA.

In summation, the Food Security Act is not only a vox populi but the need of the hour to build a strong a responsible nation. The Committee as such desire that their recommendations be taken in a true spirit and action taken notes be furnished within the stipulated timeframe.

## Annexure-1

**F. No. 11-9/2017-MBP**  
**Government of India**  
**Ministry of Women and Child Development**  
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*Shastri Bhawan, New Delhi*  
*Dated the 19th May 2017*

To

**Principal Secretaries/Secretaries/Administrator**  
**Social Welfare / Women & Child Development / Health & Family Welfare Department,**  
**All States/UTs (As per the list attached)**

**Subject:** Administrative Approval on Pan-India Implementation of Maternity Benefit Programme (MBP) –  
a Conditional Maternity Benefit (CMB) Programme

Sir/Madam

I am directed to inform that Pan-India implementation of Maternity Benefit Programme – Conditional Maternity Benefit (CMB) Programme, a scheme for Pregnant Women and Lactating Mothers (PW&LM) has been approved by the Government of India to be implemented in all the districts across the country with effect from 01.01.2017. The scheme will help in improving health seeking behavior and nutrition among the Pregnant Women & Lactating Mothers to reduce the effects of under-nutrition namely stunting, wasting and other related problems. The Scheme will be implemented using the platform of Integrated Child Development Services (ICDS) under Women & Child Development/Social Welfare Department of the respective State/UT. However, it will be implemented by respective Health Department in Andhra Pradesh, Chandigarh, Meghalaya, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal.

2. Maternity Benefit Programme would be a Centrally Sponsored Scheme under which the grant-in-aid would be released to States/UTs in cost sharing ratio between the Centre and the States & UTs with Legislature 60:40, for North-Eastern States & Himalayan States it will be 90:10 and 100% for Union Territories without Legislature.

3. The Scheme envisages providing cash incentive amounting to Rs.5,000/- directly to the Bank/Post Office Account of PW&LM during pregnancy and lactation in response to individual fulfilling specific conditions as detailed below:


Cash Transfer	Conditions	Amount in Rupees
First Installment	<ul style="list-style-type: none"><li>Early Registration of Pregnancy</li></ul>	1,000/-
Second Installment	<ul style="list-style-type: none"><li>Received at least one antenatal Check-up (after 6 months of pregnancy)</li></ul>	2,000/-
Third Installment	<ul style="list-style-type: none"><li>Child birth is registered</li><li>Child has received first cycle of BCG, OPV, DPT and Hepatitis-B or its equivalent/substitute</li></ul>	2,000/-

The eligible beneficiaries would receive the remaining cash incentive as per approved norms towards Maternity Benefit under existing scheme after institutional delivery so that on an average, a women will get Rs.6,000/-.



4. The objectives of the scheme are as follows:-
  - i. Providing partial compensation for the wage loss in terms of cash incentive so that the woman can take adequate rest before and after delivery of the first child.
  - ii. The cash incentive provided would lead to improved health seeking behavior amongst the Pregnant Women & Lactating Mothers (PW&LM).
5. All eligible Pregnant Women and Lactating Mothers for first live birth are entitled for benefits under the scheme. All Government/PSUs (Central & State/UT) employees or those who are in receipt of similar benefits under any law for the time being, are excluded from the scheme. The eligible beneficiaries will be paid Rs.5,000 in three instalments on fulfilling specific conditions related to maternal and child health to partly compensate for wage loss to mothers/women during pregnancy and period of lactation.
6. The amount of the maternity benefit would be transferred to the beneficiary's bank/post office account linked to her Aadhaar Number in Direct Benefit Transfer (DBT) mode. To ensure dedicated and timely availability of funds to the beneficiaries, without parking of funds at the State/UT level, States/UTs shall maintain a State/UT level Escrow Account for the Scheme. The fund transfer from Government of India and the State/UT will be made to this account for further transfer to the beneficiary's account.
7. The beneficiaries under Maternity Benefit Programme in 53 pilot Districts, who have already received first installment of maternity benefit, shall be entitled for receiving the cash incentive as per approved norms towards Maternity Benefit under existing scheme for Institutional delivery and also the third installment under Maternity Benefit Program, if they are otherwise eligible under the Schemes and fulfil the conditions laid down therein.
8. A copy each of the Scheme and the Implementation Guidelines would be sent shortly.
9. States/UTs, vide Ministry of Women and Child Development's D.O. letter No. IG/11/4/2017/IGMSY dated 1<sup>st</sup> March 2017 were requested to ensure opening of dedicated Bank Account, Estimate the number of beneficiaries for 2016-17 (01.01.2017 to 31.03.2017) and 2017-18 along with requirement of funds, making budget provision, orientation of officers/officials, transfer of unspent balance to the dedicated bank account and nomination of Nodal Officer so that there is no delay in the implementation of the Scheme after its approval. It is requested to complete all the above exercise immediately for seamless roll out of the Scheme, if not yet done.
10. Further, the unspent balance available with the States/UTs under Maternity Benefit Programme in 53 pilot Districts as on date will immediately be transferred to the Escrow Account and details of the amount transferred be sent to Ministry of Women and Child Development immediately.

Yours faithfully,

  
(V.C. Choudhary)

Under Secretary to the Government of India  
Tel. No. 011-23388513  
E-mail: vc.choudhary@nic.in

## Annexure 2

### Status of End-to-End Computerization of PDS Operations

(as on 19.09.2017)

Sl.	States/UTs	Digitization of Ration Cards	Aadhaar Seeding in RCs	Online Allocation of Foodgrains	Computerization of Supply Chain Management	Transparency Portal	Online Grievance Redressal	Toll Free Helpline Numbers	Total No. of Fair Price Shops	No. of FPSs with operational e-PoS
1	Andhra Pradesh	100%	100%	Implemented	Implemented	Yes	Yes	Yes	28,663	28,663
2	A & N Islands	100%	100%	Implemented	Implemented	Yes	Yes	Yes	482	373
3	Arunachal Pradesh	100%	45%	-	-	Yes	-	Yes	1,731	0
4	Assam	100%	0%	Implemented	-	Yes	Yes	Yes	38,769	0
5	Bihar	100%	78%	Implemented	Implemented	Yes	Yes	Yes	41,483	59
6	Chandigarh	100%	100%	NA	NA	Yes	Yes	Yes	0	0
7	Chhattisgarh	100%	99%	Implemented	Implemented	Yes	Yes	Yes	12,324	11,928
8	D & N Haveli	100%	97%	Implemented	Implemented	Yes	Yes	Yes	62	62
9	Daman & Diu	100%	100%	Implemented	Implemented	Yes	Yes	Yes	51	51
10	Delhi	100%	100%	Implemented	Implemented	Yes	Yes	Yes	2,260	17
11	Goa	100%	100%	Implemented	Implemented	Yes	Yes	Yes	446	42
12	Gujarat	100%	96%	Implemented	Implemented	Yes	Yes	Yes	17,194	17,194
13	Haryana	100%	88%	Implemented	Implemented	Yes	Yes	Yes	9,578	9,578
14	Himachal Pradesh	100%	92%	Implemented	Implemented	Yes	Yes	Yes	4,917	4,176
15	Jammu & Kashmir	100%	51%	Up to TSOs*	-	Yes	Yes	Yes	5,970	0
16	Jharkhand	100%	97%	Implemented	Implemented	Yes	Yes	Yes	23,356	23,115
17	Karnataka	100%	100%	Implemented	Implemented	Yes	Yes	Yes	20,455	10,919
18	Kerala	100%	98%	Implemented	-	Yes	Yes	Yes	14,335	0
19	Lakshadweep	100%	98%	-	NA	Yes	Yes	Yes	39	0
20	Madhya Pradesh	100%	91%	Implemented	Implemented	Yes	Yes	Yes	22,401	22,401
21	Maharashtra	100%	87%	Implemented	Implemented	Yes	Yes	Yes	52,505	50,106
22	Manipur	100%	23.98%	Partial*	-	Yes	Yes	Yes	2,154	0
23	Meghalaya	100%	0%	-	-	Yes	Yes	Yes	4,651	0
24	Mizoram	100%	58.7%	Implemented	-	Yes	Yes	Yes	1,249	0
25	Nagaland	100%	7%	-	-	Yes	Yes	Yes	1,691	0
26	Odisha	100%	89%	Implemented	Implemented	Yes	Yes	Yes	13,306	13,306
27	Puducherry	100%	100%	NA	NA	Yes	Yes	Yes	0	0
28	Punjab	100%	97%	Implemented	-	Yes	Yes	Yes	16,657	0
29	Rajasthan	100%	96%	Implemented	-	Yes	Yes	Yes	25,767	25,632
30	Sikkim	100%	87%	Implemented	-	Yes	Yes	Yes	1,421	20
31	Tamil Nadu	100%	100%	Implemented	Implemented	Yes	Yes	Yes	34,773	34,773
32	Telangana	100%	100%	Implemented	Implemented	Yes	Yes	Yes	17,159	8,546



				d	d					
33	Tripura	100%	98%	Implemente d	Implemente d	Yes	Yes	Yes	1,800	25
34	Uttar Pradesh	100%	79%	Implemente d	-	Yes	Yes	Yes	79,789	13,100
35	Uttarakhand	100%	90%	Implemente d	-	Yes	Yes	Yes	9,212	8
36	West Bengal	100%	63%	Implemente d	Implemente d	Yes	Yes	Yes	20,278	0
	<b>All India</b>	<b>100%</b>	<b>80.11 %</b>	<b>30*</b>	<b>20</b>	<b>36</b>	<b>35</b>	<b>36</b>	<b>5,26,928</b>	<b>2,74,094</b>

\* Partial implementation of Online Allocation in Jammu & Kashmir and Manipur are also counted in the summary.