

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

[Action Taken by the Government on the Observations/Recommendations
of the Committee contained in their One Hundred and Thirty Third Report
(16th Lok Sabha)]

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

**PUBLIC ACCOUNTS COMMITTEE
(2019-20)**

TENTH REPORT

SEVENTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

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PUBLIC ACCOUNTS COMMITTEE (2019-20)

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



Presented to Lok Sabha on: 16-03-20

Laid in Rajya Sabha on: 16-03-20

LOK SABHA SECRETARIAT
NEW DELHI

March, 2020 /Phalguna, 1941 (Saka)

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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (2019-20)

Shri Adhir Ranjan Chowdhury - Chairperson

M E M B E R S

L O K S A B H A

2. Shri T. R. Baalu
3. Shri Subhash Chandra Baheria
4. Shri Sudheer Gupta
5. Smt. Darshana Vikram Jardosh
6. Shri Bhartruhari Mahtab
7. Shri Ajay (Teni) Misra
8. Shri Jagdambika Pal
9. Shri Vishnu Dayal Ram
10. Shri Rahul Ramesh Shewale
11. Shri Rajiv Ranjan Singh alias Lalan Singh
12. Dr. Satya Pal Singh
13. Shri Jayant Sinha
14. Shri Balashowry Vallabhaneni
15. Shri Ram Kripal Yadav

R A J Y A S A B H A

16. Shri Rajeev Chandrasekhar
17. Prof. M. V. Rajeev Gowda
18. Shri Naresh Gujral
19. Shri P. Bhattacharya*
20. Shri C. M. Ramesh
21. Shri Sukhendu Sekhar Ray
22. Shri Bhupender Yadav

SECRETARIAT

Shri T. G. Chandrasekhar	Joint Secretary
Shri M.L.K Raja	Director
Smt. Anju Kukreja	Deputy Secretary
Shri Ashikho Alemo	Assistant Executive Officer

* Elected w.e.f. 10 February, 2020 in lieu of vacancy caused due to resignation of Shri Bhubaneswar Kalita from Rajya Sabha on 05 August, 2019.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2019-20), having been authorized by the Committee, do present this Tenth Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their 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 One Hundred and Thirty Third Report was presented to Lok Sabha and laid in Rajya Sabha on 21st December, 2018. Replies of the Government to all the Observations/Recommendations contained in the Report were received. The Public Accounts Committee considered and adopted the Tenth Report at their sitting held on 12th March, 2020. Minutes of the sitting are given at Appendix I.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. 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.

5. An analysis of the action taken by the Government on the Observations/ Recommendations contained in the One Hundred and Thirty Third Report (Sixteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
March, 2020
Phalguna, 1941 (*Saka*)

ADHIR RANJAN CHOWDHURY,
Chairperson,
Public Accounts Committee.

REPORT

PART – I

INTRODUCTORY

This Report of the Public Accounts Committee deals with the Action Taken by the Government on the Observations and Recommendations of the Committee contained in their One Hundred and Thirty-third Report (16th Lok Sabha) on the subject "**Preparedness for the implementation of the National Food Security Act, 2013**" based on the C&AG Report No. 54 of 2015 relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The One Hundred and Thirty-third Report (16th Lok Sabha), which was presented to Lok Sabha and laid in Rajya Sabha on 21st December, 2018 contained 18 Observations and Recommendations. Action Taken Notes in respect of all the Observations and Recommendations have been received from the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) and are broadly categorized as under:

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

Para Nos. 1-18

**Total: 18
Chapter - II**

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

Para Nos. Nil

**Total: Nil
Chapter - III**

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

Para Nos. Nil

**Total: Nil
Chapter - IV**

- (iv) Observations/Recommendations in respect of which Government have furnished interim replies:

Para Nos. Nil

**Total: Nil
Chapter – V**

3. A detailed examination of the subject by the Committee revealed delays in the identification of beneficiaries under National Food Security Act, incomplete coverage of beneficiaries, instances of wrongful identification of beneficiaries, irregular extension of time for identification of beneficiaries, bogus and ghost ration card holders, non-compliance to the provision of issuing ration cards to the eldest woman as head of the household, non-extension of maternity benefits under the Act, consistent shortage of rakes in transportation of foodgrains, non preparation of a National Movement Plan, non completion of adequate and quality storage facilities, incomplete end-to-end computerisation of Public Distribution System (PDS) operations, misinformation on the Act and its implementation, non-existence of a robust grievance redressal mechanism, non-setting up of independent State Food Commission and Central Monitoring Committee etc. The Committee had accordingly given the Observations/Recommendations in their One Hundred and Thirty-third Report.

4. The Action Taken Notes furnished by the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in respect of all the Observations and Recommendations of the Committee have been reproduced in the relevant Chapters of this Report. The Committee will now deal with the Action Taken by the Government on the Observations and Recommendations made in the Original Report which either need reiteration or merit comments.

(Recommendation Para No. 1)

5. In regard to the non-identification and delay in identification of beneficiaries of NFSA, 2013, the Committee noted 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 found the reply of the Ministry untenable as the Committee observed 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 viewed 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, was readily available with the Ministry and the State Governments, non identification of beneficiaries was not acceptable as a bona fide reason for the inordinate delay. The Committee believed that the 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 were 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 were 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 felt that there was conspicuous lack of systematic planning, coordination and integration of data in the implementation

of NFSA. The Committee therefore, recommended punitive action against the erring officials at all levels who were responsible for the lapses that hindered efficient and timely implementation of the Act.

(Recommendation Para No. 2)

6. The Committee noted that the initial timeline for identification of the eligible households under the Act was within one year, i.e., upto 4th July, 2014. However, they were disconcerted to note that after a prolonged period of more than 3 years, the Act was 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%. The Committee opined that the States cannot keep such a section deprived of food security which is the very basis of this Act. They, therefore, recommended that all-out efforts should be made under strict monitoring of the Ministry to achieve cent per cent coverage of the beneficiaries.

(Recommendation Para No. 3)

7. The Committee, while drawing comparison with the earlier Targeted Public Distribution System (TPDS) with that of NFSA, noted 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 noted that out of the 99.22 crore beneficiaries under TPDS, 63.22 crore were Above Poverty Line beneficiaries. Since coverage of beneficiaries under NFSA was more towards reducing the unintended beneficiaries, the Committee impressed upon the Department that all out effort be taken towards ensuring rightful targeting of beneficiaries and recommended necessary measures to bring all eligible beneficiaries of NFSA under TPDS immediately.

8. The Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in their Action Taken Note have stated as under:-

“The National Food Security Act, 2013 (NFSA) provides that entitlements of the persons belonging to the eligible households at subsidised prices shall extend upto 75% of the rural population and upto 50% of the urban population at the all India level for receiving subsidized foodgrains. As per provisions of the Act, corresponding to this all India coverage, State/UT-wise coverage was determined by the then Planning Commission. As per Section 10 of the Act, within the coverage determined for each State, the State Governments shall identify the eligible households to be covered under Antyodaya Anna Yojana in accordance with guidelines applicable to the scheme and the remaining households as priority households in accordance with such guidelines as the State Government may specify. State Governments were required to prescribe the criteria for identification of priority households and also to identify the eligible households.

Delay in identification of eligible households: While the identification of Antyodaya households under the Act was to be in accordance with the guidelines applicable to the existing scheme, in case of Priority Households, States/UTs were required to specify fresh guidelines for identification of beneficiaries. It appears that delay in formulation of guidelines for identification of Priority Households beneficiaries delayed the identification process in some States/UTs.

Lapses by officials: The delay in identification of eligible households in States/UTs was due to various administrative reasons and cannot wholly be attributed to lapses on the part of specific officials. However, lapses were noted on the part of officials in case of Karnataka where action has been initiated against 41 erring officials.

Coverage under NFSA vis-à-vis TPDS : At present, the Act is being implemented in all the 36 States/UTs covering around 80 crore beneficiaries out of the total intended coverage of 81.35 crore. The coverage under NFSA is such that it not only completely covers the Antyodaya households of erstwhile TPDS, but also the BPL households and a major section of the APL household categories. Under NFSA, these get covered as Priority Households. Priority households (*erstwhile BPL/APL households*) also stand to gain under NFSA as they now have to pay the same lower Central Issue Price of ₹ 3/2/1 for rice/wheat/coarse grains as that applicable for AAY. Under TPDS, the Central Issue Price (CIP) for BPL/APL was higher than that of AAY. Further, as envisaged in Section 3 of the National Food Security Act, 2013, if annual allocation of foodgrains to any State under the Act is less than the average annual offtake of foodgrains for the last three years under normal TPDS (2010-11 to 2012-13), the same has been protected as "tide over allocation". Therefore, no State/UT stands to lose under NFSA.

Rightful targeting of subsidies: In order to ensure rightful targeting of subsidies, all States/UTs have undertaken stringent measures to clean up their beneficiary data base through a process of identification and weeding out of duplicate/ineligible beneficiaries. This is a continuous process and involves exclusion of ineligible/ fake/ duplicate ration cards and inclusion of new names on account of birth/migration and other genuine left-out households. States conduct verification/re-verification exercise from time to time to weed out ineligible beneficiaries and include eligible beneficiaries. This may also in some cases result in numbers falling short of the levels mandated under NFSA. In order to ensure that all eligible beneficiaries get covered, and that no gaps remain in the mandated coverage under NFSA, *the Ministry has advised States/UTs with relatively low coverage to take necessary steps to improve coverage and if required to re-examine their eligibility criteria to fill up the gaps so that no rightful beneficiaries get excluded.*

Government has taken various steps to ensure rightful targeting of beneficiaries, which include 100% digitisation of beneficiary database and aadhaar seeding in Ration Card database in all States/UTs in a proactive

manner. At present overall seeding at ration card level stands at 85.8% (at least one member in a family). The beneficiary data base is now completely digitised. Electronic Point of Sale (ePoS) devices are being installed at Fair Price Shops (FPSs) for distribution of foodgrains through authentication and electronic record-keeping of the sale transactions. Till May 2019, 4.10 lakh FPSs out of total 5.34 lakh FPSs in the country had ePoS devices. As a result, State/UT Governments are able to reduce ghost lifting, and are able to achieve rightful targeting of food subsidies by authentication of eligible beneficiaries, improvement in service delivery, weeding out bad FPSs, etc.

Directions have been issued vide Notification dated 08.02.2017 that under Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, each individual beneficiary may get his/ her ration card authenticated to receive subsidies under NFSA. The notification provides that till the Aadhaar is assigned to the beneficiaries under NFSA, the entitlements shall be given to such individuals on production of ration card and either Aadhaar Enrolment ID slip or copy of his/her request made to the State/UT Government for Aadhaar Enrolment, along with some other identification documents. Department has issued instructions directing all State/UT Governments not to delete any person/ household from the list of eligible households and not to deny subsidized foodgrains or cash transfer of food subsidy under NFSA only on the ground of not possessing Aadhaar number. To ensure full coverage, the deadline for obtaining Aadhaar has been extended upto June 30, 2019.

As an outcome of digitization of Ration Card/beneficiary records, de-duplication due to Aadhaar seeding, transfer/migration/deaths, change in economic status of beneficiaries, a total of 2.98 crore ration cards have been deleted/cancelled by State/UT Governments during the years 2013 to 2018.

9. Audit in their vetting comments stated as under:-

"As per the details furnished in Annexure-I, 79.65 crore persons have been identified under NFSA. It may be stated whether this figure includes the persons appearing in 2.98 crore bogus/ineligible ration cards. If not, kindly furnish a detailed statement showing the number of deleted beneficiaries from the total eligible beneficiaries. Further, the timelines fixed by the Ministry for completing the seeding of Aadhar card, installation of ePoS in FPSs and introduction of intra-state portability in all the states may be intimated to PAC."

10. In reply to the aforesaid Audit observation, the Ministry have stated as under:-

"As an outcome of digitization of RC/beneficiary records, de-duplication due to Aadhaar seeding, transfer/migration/deaths, change in economic status of beneficiaries, and during the run-up to and implementation of NFSA, a total of 2.98 crore ration cards have been deleted/cancelled in States/UTs (during 2013-2018). The deleted/cancelled ration cards are being replaced with eligible beneficiaries identified by respective States/UTs. This Department has requested

laggard States/UTs to expedite the seeding of Aadhaar in RCs and installation of ePoS devices at all FPSs at the earliest. However, as per the Notification (as amended from time to time) issued by the Department under Section-7 of Aadhaar Act, 2016 a timeline of upto 31.12.2019 has been given to the States/UT to complete the Aadhaar seeding with ration cards. In respect of installation of ePoS devices in FPSs, it is expected that upto 5 lakh FPSs shall be covered by 31-03-2020 and all 5.35 Lakh FPSs in the country shall be covered by 31-12-2020. To expedite the expansion of the intra-state portability, Department has requested all States/UTs already having completed the installation of ePoS devices at all FPSs, to enable the intra-state portability of ration card holders by 31-03-2020. A statement showing state-wise deleted/cancelled Ration Cards is at Annexure IA”.

11. The Committee note that statedly the delay in identification of eligible households in States/UTs was due to various administrative reasons and cannot wholly be attributed to lapses on the part of specific officials. However, action against erring officials was initiated only in one State, i.e Karnataka. It is irrefutably obvious that none of the other States/UTs want to take action against the erring officials, which can be inferred as shielding inefficient officialdom. The Committee desire that the Ministry take a serious note in this regard and convince the State Governments/UT administrations not to shy away from initiating disciplinary and other action against such erring officials, lest the evil of corruption will continue unabated and the poor and down trodden continue to suffer. The Committee also note that the Ministry had advised States/UTs with relatively low coverage of beneficiaries to take necessary steps to improve the coverage and, if required, to re-examine their eligibility criteria to fill up the gaps so that no rightful beneficiaries get excluded. The Committee, therefore, recommend that the Ministry should periodically take up the matter with the States/UTs to ensure 100% coverage of eligible beneficiaries and ensure Aadhaar Card seeding of all eligible beneficiaries and furnish details of redrawn eligibility criteria in order to cover 100% of eligible beneficiaries, State-wise. Noting that the deadline for obtaining an Aadhaar Card was extended upto June 30, 2019, and the Department had requested the States/UTs concerned to expedite and complete the seeding of Aadhaar with Ration Cards by 31.12.2019, the Committee desire to be apprised of the present status in this regard. Further, in respect of installation of ePoS devices in FPSs, the Ministry expected that up to 5 lakh FPSs shall be covered by 31.03.2020 and all the 5.35 lakh FPSs in the country shall be covered by 31.12.2020. The Committee desire that the Ministry should take all necessary steps to get the work completed by the stipulated time. They also desire that status of progress in this regard, State-wise be furnished.

(Recommendation Para No. 10)

12. The Committee noted 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 was also implementing a Central Sector (CS) Scheme for construction of godowns with a focus on the North Eastern States with a budget outlay of ₹ 455.72 crore for construction of 2,25,330 MT storage capacity in three years (2017-2020). The Committee, however, found 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 noted 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 viewed 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 State/UT at the time of introducing the Act. The Committee desired to be apprised as to 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 recommended that the Ministry and FCI 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 recommended 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.

13. The Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in their Action Taken Notes have stated as under:-

“Besides creating own storage capacity under Central Sector Scheme, FCI/Government promote private investment in storage space creation through Private Entrepreneurs Guarantee (PEG) Scheme. Under the scheme, investment is made by private sector and FCI hires these godowns for a fixed period on guarantee basis. As per the guidelines, a predefined period after the award of contract is provided for completion of the construction of godowns and non-adherence to these timelines leads to imposition of penalty on the private party. Regular monitoring and assessment of the storage requirements is done in various States / regions based on storage gap and storage facilities are planned and created. Assessment of storage requirement in case of PEG Scheme is done regularly through High Level Committee (HLC) and State Level Committees (SLCs). Details of these schemes are summarised below:

Central Sector Scheme: The 12th Five Year Plan Scheme for construction of godowns with focus on North East region is being continued as Central Sector Scheme from 2017-18 to 2019-20. Under the 'Central Sector Scheme', construction is undertaken by FCI after getting land from the concerned State Governments and after obtaining other statutory clearances. Further, in North East States, local disturbance, accessibility to site, geographical terrain are few reasons due to which deviation from scheduled completion may take place. From the stage of inception upto final handing over of the godown for storage may require a span of 2-3 years. In addition, construction of intermediate godowns are undertaken by State Governments of NE through Grant-in-Aid under this Scheme. Under this State Governments are required to furnish Utilization Certificates (UCs) within one year of disbursement of funds. Further, funds are released to the respective State Governments only after receipt of pending UCs.

Private Entrepreneurs Guarantee' (PEG) scheme: Under 'Private Entrepreneurs Guarantee' (PEG) scheme, as per the guidelines, a period of 2 years after the award of contract is given for completion of the construction of godowns.

Quality of construction: Regarding the quality of construction, the Central agencies namely FCI and CWC follow prescribed construction design for godowns under PEG/CSS Scheme and silos in order to ensure that foodgrains are protected from natural calamities like rains and floods. FCI & CWC continuously keep upgrading their existing godowns to ensure scientific storage of foodgrains.

Assessment of storage needs: A study has been conducted by FCI through M/s Price Waterhouse Coopers (PwC) to assess requirement of storage facilities State/UT wise and also district wise. The final reports of the study were submitted in 2018. Further, action is being taken for construction of storage facilities based on the findings of the Report.

Monitoring: Progress of construction and upgradation of storage facilities is reviewed periodically with the FCI by the Department of Food & Public Distribution. Regular monitoring to assess the progress of construction of godowns is also done at appropriate levels of Ministry and FCI to ensure timely completion of the projects.

14. Audit in their vetting comments stated as under:-

"Ministry may apprise the PAC about the details of the recommendations made by PwC and action on the same by the Ministry."

15. The Ministry in their Action Taken Notes on the aforesaid Audit observation stated as under:-

"The PwC submitted its report titled "Long Term Storage Requirement for Food Grains in the Country" in 2018. The Report states that the total storage capacity for central pool stock of food grains was around 724.74 lakh MT in India (Total covered capacity available with FCI as on June 2018) and that in the future, with the increased production and procurement, the need of additional requirement of storage infrastructure to manage the increased quantum of food grains was foreseeable. In order to assess the total storage requirement of the country for food grains, PwC have calculated month wise stock position of food grains (wheat and rice separately) based on the projection of procurement, allocation and minimum stock to be maintained in a state. In addition to the overall projection of food grains, the movement of food grains from surplus regions/state to deficit region/state has also been taken into account to arrive at the month wise stock position in different states. The Report concludes that at all India level, currently the overall storage capacity available in the country was adequate to store the food grains procured by FCI. Although the overall storage capacity seems to be adequate enough but when we compare the requirement of storage capacity with the available storage capacity in respective states, it was observed that certain states like Andhra Pradesh, Assam, Kerala & Punjab are deficit in terms of overall storage space."

16. **The Committee note that National Food Security Act (NFSA) enjoins upon Governments at both Central and State levels to create and maintain modern and scientific storage facilities at various locations. In order to fill the gap between the required and available modern and scientific facilities, FCI / Government promote private investment in storage space creation through Private Enterprises Guarantee (PEG) Scheme apart from Central Sector Scheme with special focus on the North-East. So far as creation of storage facilities under PEG Scheme, a predefined period after the award of contract, that is a period of two years, is provided for completion of the construction of godowns and, non-adherence to the timelines leads to imposition of penalty on the private party. The Committee would like to know about the progress made under PEG Scheme so far and number of cases where the private parties have faltered in ensuring timely construction of the facilities and action taken by Government in this regard. Also, assessment of storage requirement in case of PEG Scheme is done regularly through High Level Committee (HLC) and State Level Committees (SLCs). The Committee desire that number of meetings held by both the Committees during the last five years, up to the year 2019, along with the outcomes of such meetings be furnished to them. The Committee further note the 12th Five Year Plan Scheme for construction of godown with focus on North East region from 2017-2019-20 and the apprehension conveyed by the Ministry about possible deviation from schedule of completion under the Central Sector Scheme in the North-Eastern states due to the peculiar reasons like local disturbance, accessibility to site, geographical terrain etc. The Committee desire that the Ministry furnish the total number of facilities sanctioned during the period and the actual number completed, along with the reasons for delay and action taken thereon, if any. Further, it was stated that construction of intermediate godowns are undertaken**

by State Governments of North-East through Grants-in-Aid that are released by the Center only after the concerned States furnishing Utilisation Certificate of the previously released Grants-in-Aids. In this regard, data on number of Grants-in-Aid released along with the performance of the states in completion of construction of the facilities along with defaults and delay caused may be furnished to the Committee. It is also noted by the Committee that FCI and Central Warehousing Corporation (CWC) follow prescribed construction design for godowns under PEG/CSS Schemes and silos in order to ensure that foodgrains are protected from natural calamities. The Committee further note that Price Waterhouse Coopers (PwC) had submitted reports on the requirement of storage facilities, State/UT-wise and also district wise, and though currently the overall storage capacity available in the country seems to be adequate, there are certain states like Andhra Pradesh, Assam, Kerala and Punjab that are running short of storage facilities with the individual requirements of those States. The Committee desire to be apprised of the measures that are being taken to ensure adequate provision of storage space in those states. The Committee, taking stock of variety of measures taken by the Center to achieve provision of optimum number of storage facilities, feel there has been ad-hocism in dealing with the matter and there is a need for a comprehensive and long-term perspective plan and action is the need of the hour. Accordingly, the Committee recommend that the Ministry may take immediate and time-bound steps in achieving the targets, both at the national and each State level.

(Recommendation Para No.12)

17. The Committee observed 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 noted that one of the components of the scheme was 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 had been implemented only in 20 States/UTs and was at different stages of implementation in the remaining States/UTs. The Committee viewed 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, desired to be apprised of the latest status of computerization of the supply chain. In this regard, the Committee recommended 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 recommended 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.

18. The Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in their action taken notes have stated as under:-

“One of the vital components of the End-to-End Computerization Scheme is Computerization of Supply Chain Management which ensures timely availability of food grains to intended beneficiaries at FPS, check leakages/diversion. So far the Computerization of Supply Chain Management has been implemented in 25 States/UTs. The Computerization of Supply Chain Management is still to be completed in Arunachal Pradesh, Assam, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland and Punjab. Since some of the States/UTs could not complete all of the activities under the scheme within the timelines of the plan scheme, therefore, the Government has extended the validity of the scheme up to 31st March 2020, without any escalation in the project cost of the scheme. All efforts are being made to complete the Computerization of Supply Chain Management within the extended period.

The transparency portals have been established in all States/UTs and digitized details of PDS beneficiaries, Ration card is available on transparency portal of all States/UTs. Under “End-to-End Computerization of TPDS Operations” scheme; one of the mandatory conditions for release of 2nd installment of Central share to States/UTs is that the Security Audit of State's portal through STQC or any agency empanelled by CERT-In is undertaken. Thus, adequate safeguards have been taken to ensure that the system is secured & foolproof.”

19. The Committee note that Computerization of Supply Chain Management is still to be completed in Arunachal Pradesh, Assam, Jammu & Kashmir, Manipur, Meghalaya, Mizoram, Nagaland and Punjab and the time-line for completion has been extended up to 31st March 2020, without any escalation in the project cost of the scheme. The Committee desire to be apprised of the reasons behind the inability to complete the computerization of Supply Chain Management in the aforementioned States. Noting that the deadline for completion of all activities under the End-to-End Computerization scheme is extended upto 31st March, 2020, the Committee desire to know whether the work is on track for completion within the targeted deadline and seek to be apprised of the present status of the implementation of the Scheme.

(Recommendation Para No.13)

20. The Committee found that the Central Government was funding 90% of the subsidy in the implementation of the NFSA and the State Governments were entrusted the responsibility of implementing the Act. However, the Committee were surprised to note that State Governments had been projecting the schemes under NFSA as their own project. The Committee desired 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, recommended that the Ministry issue necessary instructions and guidelines to the State Governments in this regard. In this sequel, the Committee desired 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 recommended 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.

21. The Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in their action taken notes have stated as under:-

“In pursuance of the provisions contained in Targeted Public Distribution System (Control) Order, 2015 (clause 10), all States/UTs have been directed to display information regarding (i) entitlement of foodgrain, (ii) scale of issue, (iii) retail issue price, (iv) timings of opening and closing of Fair Price Shops (FPS) including lunch break, if any, (v) stock of foodgrain received during the month, (vi) opening and closing stock of foodgrain, (vii) the mechanism including authority for redressal of grievances with respect to quality and quantity of foodgrain under the TPDS, and (viii) Toll Free helpline number, on a Notice Board at a prominent place in all Fair Price Shops.

Department of Food & Public Distribution, disseminates information regarding rights and entitlements of the beneficiaries under National Food Security Act including the subsidy burden shared by Government of India through advertisements in English/Hindi/Vernacular languages in leading newspapers of all States/UTs. The matter of printing of the subsidy share of the Central Government on each bag of foodgrain was reviewed and it was felt it may not serve the purpose, as foodgrains are distributed by the FPS dealer to the beneficiaries in loose form and these bags are retained by the FPS dealers themselves. Therefore, the purpose of disseminating the information to the beneficiaries by printing it on the bags may not get served.

Pilot Project on Social Audit and Awareness campaign was successfully rolled out in 6 selected Gram Panchayat/Urban Ward in Khandwa Distt. of Madhya Pradesh from 1-6 March, 2019. In this regard, this Department has sanctioned 80% financial support to Madhya Pradesh to conduct this pilot

programme. The best practices will be shared with other States to send their proposals for similar kind of publicity-cum-awareness generation program with financial support from Government of India.”

22. The Committee note that as per the provisions of the Targeted Public Distribution System, the Department of Food and Public Distribution have directed all the States/UTs to display information regarding entitlement of foodgrain, scale of issue, retail issue price, timings of opening and closing of Fair Price Shops (FPS) including lunch break, if any, stock of foodgrains received during the month, opening and closing stock of foodgrains, the mechanism including authority for redressal of grievances with respect to quality and quantity of foodgrain under the TPDS, and Toll Free helpline number, on a Notice Board at a prominent place in all Fair Price Shops. The Department also disseminates information on the rights and entitlements of the beneficiaries under the Act including the subsidy burden shared by the Government of India, through advertisements in English/Hindi/Vernacular languages in leading newspapers of all States/UTs. The Committee also observe that a Pilot Project on Social Audit and Awareness campaign was successfully rolled out in 6 selected Gram Panchayats/Urban Wards in Khandwa District of Madhya Pradesh from 1-6 March, 2019. The Department had sanctioned 80% financial support to Madhya Pradesh for conducting this pilot programme. The Department have stated that the best practices will be shared with other States to send their proposals for similar kind of publicity-cum-awareness generation programme with financial support from Government of India. The Committee, while appreciating the measures taken by the Department in respect of raising awareness and disseminating information on the rights and entitlements of the beneficiaries under the Act, desire to be apprised of the outcome of the Pilot Project conducted in Madhya Pradesh. The Committee also desire to know as to how many more States such Pilot Projects have been rolled out since March, 2019. The Committee also seek to know as to whether the best practices have already been shared with the other States/UTs and such publicity-cum-awareness generation programs have been conducted in other States/UTs.

(Recommendation Para No.15)

23. The Committee noted 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 found 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 was still awaited. In addition, the Committee found non-functional VCs, irregular vigilance meetings, non-maintenance of records etc. even in those States

where VCs had been constituted. The Committee desired 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 recommended that the Ministry should 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.

24. The Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in their action taken notes have stated as under:-

“NFSA does not mandate preparation of annual reports on the functioning of the Vigilance Committee. It contains provision for setting up Vigilance Committees at State, district, block and FPS level. Provision regarding Vigilance Committees (VCs) has been reiterated in the TPDS Control Order, 2015.

States/UTs are advised from time to time to constitute the VCs at all levels and to hold regular meetings and submit a report on the functioning of the same urgently to this Department. VCs are required to periodically review the functioning of the TPDS at all levels.

The NFSA (2013) provides that for ensuring transparency and proper functioning of the Targeted Public Distribution System and accountability of the functionaries in such system, every State Government shall set up Vigilance Committees as specified in the Public Distribution System (Control) Order, 2001, made under the Essential Commodities Act, 1995, as amended from time to time, at the State, District, Block and fair price shop levels consisting of such persons, as may be prescribed by the State Government giving due representation to the local authorities, the Scheduled Castes, the Scheduled Tribes, women and destitute persons or persons with disability. The Vigilance Committees are required to regularly supervise the implementation of all schemes under this Act, inform the District Grievance Redressal Officer, in writing, of any violation of the provisions of this Act; and inform the District Grievance Redressal Officer, in writing, of any malpractice or misappropriation of funds found by it.

Vigilance Committees have been set up at 4 levels in 28 States/UTs while in 5 States they are at 3 levels. UTs like Lakshwadeep and Dadra & Nagar Haveli are too small to have VCs at 4 levels. These have been set up at 2 levels in these UTs. Action has been initiated in Chandigarh which is operating the Direct Benefit Transfer (DBT) in cash pilot under PDS. The state-wise status of Vigilance Committees is given at Annexure-V.”

25. Audit in their vetting comments on the aforesaid reply of the Ministry stated as under:-

“Sub-clause (6) under Clause 11 of TPDS (Control) Order 2015 stipulates that State shall send a report annually to the Central Government on the

functioning of Vigilance Committees in the prescribed format on or before 30th June of the next financial year. As desired by the Committee, the Ministry may apprise the PAC of the mechanism put in place by it to ensure timely submission of annual report on the functioning of the Vigilance Committee. The Ministry may also intimate PAC the list of States/UTs who have furnished the Annual return for the year ending March 2019 to it and the action taken against those States/UTs that have not complied."

26. The Ministry in their updated action taken replies to the aforementioned Audit observation have stated as under:-

"Sub-clause (6) under Clause 11 of TPDS (Control) Order 2015 stipulates that State shall send a report annually to the Central Government on the functioning of Vigilance Committees in the prescribed format on or before 30th June of the next financial year. State Governments are instructed from time to time to submit a statutory report annually to the Department on the functioning of the VC in the prescribed format prescribed under the TPDS Control Order, 2015. States like Assam, Chhattisgarh, Delhi, Gujarat, Himachal Pradesh, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Punjab, Sikkim, Tripura, Uttarakhand and West Bengal have been submitting the annual report in the prescribed format to the Department. Advisory is issued from time to time to all States/UTs to submit their annual reports to the Department. Management Information System (MIS) has been developed by Department to facilitate easy submission of Reports."

27. **The Committee feel that the Ministry has not understood the spirit of their earlier recommendation. It does not suffice to just create and form structures. It needs to be ensured that the most important aspect of continuous monitoring of implementation of programmes and adapting to the unique situation and environment that exists in different parts of the country, has been missing in the whole programme which needs to be ensured. In this regard, the Committee note that the State Governments are instructed from time to time to submit the statutory report annually to the Department of Food and Public Distribution on the functioning of Vigilance Committees (VCs) in the prescribed format stipulated in the TPDS Control Order, 2015. The Committee have been informed that State/UT Governments of Assam, Chhattisgarh, Delhi, Gujarat, Himachal Pradesh, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Mizoram, Punjab, Sikkim, Tripura, Uttarakhand and West Bengal have been submitting the annual report in the prescribed format to the Department. The Department has also issued advisories from time to time to all States/UTs to submit their annual reports. A Management Information System (MIS) has also been developed by the Department to facilitate easy submission of Reports. While observing that a number of States/UTs are compliant to the provision of the TPDS Control Order, 2015, the Committee recommend that the non-compliant States may be pursued aggressively to annually submit the statutory report to the Department on the functioning of Vigilance Committees (VCs) in the prescribed format stipulated in the TPDS Control Order, 2015, failing which, appropriate measures may be taken**

against them, for not following the advisories issued in this regard. Moreover, the Department should monitor the MIS to ensure timely submission of reports from all States/UTs. The Committee would like to be apprised of the precise action taken in this regard.