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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2020-2021)**

SEVENTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2021-22)**

NINTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2021/ Phalguna, 1942 (Saka)

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(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)**

**DEMANDS FOR GRANTS
(2021-22)**

**Presented to Lok Sabha on 19.03.2021
Laid in Rajya Sabha on 19.03.2021**



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2021/ Phalguna, 1942 (Saka)

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Composition of the Standing Committee on Food, Consumer Affairs and Public Distribution (2020-2021)

Shri Sudip Bandyopadhyay, Chairperson

Lok Sabha

2. Dr. Farooq Abdullah
3. Shri Karadi Sanganna Amarappa
4. Shri Girish Bhalchandra Bapat
5. Shri G. S. Basavaraj
6. Shri Shafiqur Rahman Barq
7. Ms. Pratima Bhoumik
8. Shri Anil Firojiya
9. Shri Rajendra Dhedy Gavit
10. Shri Bhagwant Mann
11. Shri Khagen Murmu
12. Shri Mitesh Rameshbhai (Bakabhai) Patel
13. Shri Subrat Pathak
14. Smt. Himadri Singh
15. Smt. Kavita Singh
16. Shri Ganesan Selvam
17. Shri Nandigam Suresh
18. Shri Ajay Misra Teni
19. Shri Saptagiri Ulaka
20. Shri Rajmohan Unnithan
21. Shri Ve.Vaithilingam

Rajya Sabha

22. Smt. Shanta Chhetri
23. Shri Satish Chandra Dubey
24. Smt. Roopa Ganguly
25. Shri K. G. Kenye
26. Dr. Fauzia Khan
27. Smt. M. C. Mary Kom
28. Shri Rajmani Patel
29. Shri Sakaldeep Rajbhar
30. Dr. Anbumani Ramadoss
31. Vacant

LOK SABHA SECRETARIAT

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director
4. Smt. Darshana Gulati Khanduja - Executive Officer

INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2020-2021) having been authorized by the Committee, present on their behalf, this Ninth Report (Seventeenth Lok Sabha) on Demands for Grants (2021-22) relating to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Committee examined/scrutinized the detailed Demands for Grants (2021-22) of the Ministry which were laid on the Table of the House on 13 February, 2021. The Committee took oral evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on 17 March, 2021.

3. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) for appearing before the Committee and furnishing the material and information which the Committee desired in connection with the examination of the Demands for Grants (2021-22).

4. The Report was considered and adopted by the Committee at their sitting held on 18 March, 2021.

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

NEW DELHI;
18 March, 2021
27 Phalguna 1942 (Saka)

SUDIP BANDYOPADHYAY,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution

CHAPTER – I

IMPLEMENTATION OF THE COMMITTEE'S RECOMMENDATIONS

The Third Report (Seventeenth Lok Sabha) of the Committee on Food, Consumer Affairs and Public Distribution on Demands for Grants (2020-21) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) was presented to Lok Sabha on 13.03.2020 and laid on the Table of Rajya Sabha the same day. The Report contained 15 Observations/Recommendations.

1.2 The Minister concerned is required to make a Statement under Direction 73-A of Directions by the Speaker, Lok Sabha about the status of implementation of Recommendations contained in the Original Report of the Committee within six months of presentation of Report to the Parliament. Statement under Direction 73-A in the context of the Third Report (Seventeenth Lok Sabha) was made in Rajya Sabha on 23.09.2020 and subsequently on 09.02.2021 in Lok Sabha by the Minister of Consumer Affairs, Food and Public Distribution.

1.3 On the basis of the Action Taken Notes received on 18.06.2020 from the Department of Food and Public Distribution in respect of the Third Report (Seventeenth Lok Sabha), the Committee presented/laid the Action Taken Report in Lok Saha/Rajya Sabha on 10.02.2021. The Committee commented on the Action Taken Notes furnished by the Department at Para Nos. 1.7, 1.10, 1.13, 1.16 & 1.19 of the Seventh Report (Seventeenth Lok Sabha). An analysis of the Action Taken Notes revealed that the Government had accepted 80% Recommendations of the Committee. The Committee did not desire to pursue 20% Recommendations.

1.4 The Committee note that the Action Taken Replies in respect of the Observations/Recommendations contained in the Third Report of the Committee (Seventeenth Lok Sabha) were furnished by the Government a few days after the stipulated period of three months and the Statement by the Minister under Direction 73-A was made on 23.09.2020 in Rajya Sabha. Due to adjournment of the House *sine die* on account of COVID-19, Minister's Statement could not be made in Lok Sabha and it was subsequently made in Lok Sabha on 09.02.2021. An analysis of the action taken by the Government revealed that 80% Recommendations of the Committee had been accepted by the Government. The Committee did not desire to pursue 20% Recommendations. The Committee hope and trust that the Department will adhere to the laid down stipulations in future, in letter and spirit and inform them of the status of implementation of the recommendations, commented on in their Action Taken Report.

CHAPTER – II

INTRODUCTORY

The Ministry of Consumer Affairs, Food and Public Distribution consists of two Departments, namely, the Department of Food and Public Distribution and the Department of Consumer Affairs. The Department of Food and Public Distribution and the Department of Consumer Affairs work under the overall guidance of Union Minister of Consumer Affairs, Food and Public Distribution. The main functions of the Department of Food and Public Distribution are:-

- (i) Formulation and implementation of National policies relating to procurement, movement, storage and distribution of foodgrains;
- (ii) Implementation of the Public Distribution System(PDS) with special focus on the poor;
- (iii) Provision of storage facilities for the maintenance of Central Reserves of foodgrains and promotion of scientific storage;
- (iv) Formulation of national policies relating to export and import, buffer stocking, quality control and specifications of foodgrains;
- (v) Administration of food subsidies relating to rice, wheat and coarse grains;
- (vi) Policy matters relating to Sugar and Sugarcane sector, fixation of Fair and Remunerative Price (FRP) of sugarcane payable by sugar factories, development and regulation of sugar industry (including training in the field of sugar technology) and sugar supply for PDS;
- (vii) Monitoring, price control and supply of edible oils.

2.2 For carrying out its functions, the Department is assisted by one Attached Office namely Directorate of Sugar and Vegetable Oil (DS&VO) and following three subordinate offices:-

- (i) National Sugar Institute, Kanpur;
- (ii) Eleven Quality Control Cells (QCCs) located at New Delhi (headquarter), Kolkata, Hyderabad, Bengaluru, Bhopal, Bhubaneswar, Lucknow, Pune, Chennai, Guwahati and Patna.
- (iii) Indian Grain Storage Management and Research Institute (IGMRI) Headquarter located at Hapur (Uttar Pradesh) with 2 field stations located at Hyderabad, and Ludhiana.

2.3 In addition, there are three Central Public Sector Enterprises [Sl. Nos. (i), (ii) & (iii)] and one Regulatory Authority [S. No. (iv)] under the administrative control of the Department, namely:

- (i) Food Corporation of India (FCI)
- (ii) Central Warehousing Corporation (CWC)
- (iii) Hindustan Vegetable Oils Corporation Ltd.(HVOC)- The company is under liquidation.
- (iv) Warehousing Development and Regulatory Authority.

2.4 The Minister for Consumer Affairs, Food and Public Distribution laid on the Table of the Lok Sabha, the Detailed Demands for Grants (2021-22) relating to the Department of Food and Public Distribution on 13.02.2021. The Detailed Demands for Grants, for the Department of Food and Public Distribution shows a budgetary provision of Rs. 303974.3 crore for the year 2021-22. This includes Rs. 251248.34 crore for Revenue activities and Rs. 52725.96 crore, for Capital programmes and Schemes.

2.5 The Committee in the present Report have examined various issues related to implementation of various schemes and programmes under the jurisdiction of the Department, in the context of Demands for Grants 2021-22. The detailed analysis along with observations/ recommendations of the Committee on various issues have been given in the succeeding Chapters of the Report.

CHAPTER –III

GENERAL PERFORMANCE OF THE DEPARTMENT

Analysis of Revenue & Capital Scheme

The scheme-wise details of Budget Estimates (BE), Revised Estimates (RE) and actual expenditure incurred by the Department of Food and Public Distribution on its Revenue activities and Capital Schemes/Programmes during 2020-21 and BE for 2021-22 are as under:-

Scheme-wise details of Revenue/Capital Outlays and Expenditure: FY 2020-21 & BE 2021-22

REVENUE

(₹ in crores)

Sl. No.	Name of the Scheme / Project	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual Expenditure 2020-21 as on 11.03.2021	Variations between 4&5 [Saving(-)/ Excess(+)]	Percentage shortfall / excess expenditure w.r.t. RE	Reasons for variations under Col.6	Budget Estimates 2021-22
1	2	3	4	5	6	7	8	9
1	Secretariat (3451)	71.46	70.70	58.96	-11.74	16.61	Likely to be utilised upto 31.03.2021 (minor amount involved).	73.91
2	National Sugar Institute, Kanpur (2408)	22.51	20.70	18.44	-2.26	10.92	Likely to be utilised upto 31.03.2021 (minor amount involved).	22.63
3	<i>Other Programmes of Food Storage & Warehousing</i>							
	(i) Directorate of Sugar & Vegetable Oils (2408)	6.89	7.28	5.98	-1.30	17.86	Likely to be utilised upto 31.03.2021 (minor amount involved).	7.86
	(ii) Indian Grain Storage Management & Research Institute (2408)	5.05	4.17	3.61	-0.56	13.51		5.08
	(iii) Central Grain Analysis Laboratory (2408)	0.05	0.02	0.02	0.00	0.00		0.02
	(iv) Quality Control Cell (2408)	7.50	7.35	5.14	-2.21	30.10		7.38
	(v) International Cooperation (2408)	0.67	0.67	0.30	-0.37	55.22		0.67

Sl. No.	Name of the Scheme / Project	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual Expenditure 2020-21 as on 11.03.2021	Variations between 4&5 [Saving(-)/ Excess(+)]	Percentage shortfall / excess expenditure w.r.t. RE	Reasons for variations under Col.6	Budget Estimates 2021-22
1	2	3	4	5	6	7	8	9
	Total - Other Programmes of Food Storage & Warehousing	20.16	19.50	15.05	-4.45	22.81		21.01
4	Food Subsidy to FCI (2408)	77982.54	328191.30	171380.00	-156811.30	47.78	Additional funds is due to PMGKAY & ANB and for repayment/ pre-payment of NSSF loan and the same is likely to be utilised upto 31.03.2021.	176519.00
	for benefir of SC	NA	10464.39	0.00	-10464.39	100.00	likely to be utilized upto 31.03.2021	17191.00
	for benefit of ST	NA	5421.31	0.00	-5421.31	100.00	likely to be utilized upto 31.03.2021	8906.00
	Total	77982.54	344077.00	171380.00	-172697.00	50.19		202616.00
5	Food Subsidy to DCP States (2408)	37337.14	78337.77	70935.47	-7402.30	9.45	Additional funds is due to PMGKAY & ANB and the same is likely to be utilised upto 31.03.2021.	34960.00
	for benefir of SC	NA	0.00	0.00	0.00			3320.00
	for benefit of ST	NA	0.00	0.00	0.00			1720.00
	Total	37337.14	78337.77	70935.47	-7402.30	9.45		40000.00
6	Sugar subsidy payable under PDS (2408)	250.00	203.37	193.79	-9.58	4.71	Likely to be utilised upto 31.03.2021.	192.28
	for benefir of SC	NA	0.00	0.00	0.00			18.26

Sl. No.	Name of the Scheme / Project	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual Expenditure 2020-21 as on 11.03.2021	Variations between 4&5 [Saving(-)/ Excess(+)]	Percentage shortfall / excess expenditure w.r.t. RE	Reasons for variations under Col.6	Budget Estimates 2021-22
1	2	3	4	5	6	7	8	9
	for benefit of ST	NA	0.00	0.00	0.00			9.46
	Total	250.00	203.37	193.79	-9.58	4.71		220.00
7	Central assistance to State/ UTs for meeting expenditure on intra-state movement, handling of foodgrains and FPS dealers margin under NFSA (Grants) (2408)	3982.54	8000.00	5452.80	-2547.20	31.84	Likely to be utilised upto 31.03.2021.	3096.00
	for benefit of SC	NA	0.00	0.00	0.00			332.00
	for benefit of ST	NA	0.00	0.00	0.00			172.00
	for NER	NA	0.00	0.00	0.00			400.00
	Total	3982.54	8000.00	5452.80	-2547.20	31.84		4000.00
8	Fortification of Rice and its Distribution under Public Distribution System (2408/3601) (Centrally Sponsored Scheme)	20.00	9.00	2.00	-7.00	77.78	This is a new scheme. As on date, five States namely Andhra Pradesh (April'20), Gujarat (Feb'20), Maharashtra (Feb'20), Tamil Nadu (Oct'20) and Chhattisgarh (Nov'20) have started distribution of fortified rice under the scheme in their selected districts. However, this Department is yet to receive claim request from the above States despite several requests except Andhra	61.18

Sl. No.	Name of the Scheme / Project	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual Expenditure 2020-21 as on 11.03.2021	Variations between 4&5 [Saving(-)/ Excess(+)]	Percentage shortfall / excess expenditure w.r.t. RE	Reasons for variations under Col.6	Budget Estimates 2021-22
1	2	3	4	5	6	7	8	9
							Pradesh.	
	for benefit of SC	NA	0.00	0.00	0.00			5.81
	for benefit of ST	NA	0.00	0.00	0.00			3.01
	Total	20.00	9.00	2.00	-7.00	77.78		70.00
9	Scheme for providing assistance to Sugar Mills for expenses on marketing costs including handling, upgrading and other processing costs and costs of international and internal transport and freight charges on export of sugar (New Scheme)						New scheme to be operated from FY 2021-22.	2000.00

Sl. No.	Name of the Scheme / Project	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual Expenditure 2020-21 as on 11.03.2021	Variations between 4&5 [Saving(-)/ Excess(+)]	Percentage shortfall / excess expenditure w.r.t. RE	Reasons for variations under Col.6	Budget Estimates 2021-22
1	2	3	4	5	6	7	8	9
10	Scheme for extending financial assistance to sugar mills for enhancement and augmentation of ethanol production capacity	50.00	150.00	50.00	-100.00	66.67	Due to receipt and settlement of urgent claims of sugar mills for improving the liquidity of sugar mills enabling them to clear cane price arrears of farmers, claims of about Rs. 5700 crore from Sugar Mills under various schemes are pending with a likelihood of receipt of more claims, further, a huge pendency due to pendency of cane arrears of about Rs. 9180 cr for season 2019-20 and around Rs. 12000 cr in total (including previous sugar seasons) also needs to be cleared.	300.00
11	Scheme for Assistance to Sugar Mills for 2018-19 season	200.00	1163.00	898.91	-264.09	22.71		200.00
12	Scheme for Assistance to Sugar Mills for 2019-20 season	500.00	3900.00	3899.73	-0.27	0.01		1000.00
13	Scheme for defraying expenditure towards internal transport, freight, handling and other charges on export	200.00	350.00	264.50	-85.50	24.43		0.00
14	Scheme for extending soft loan to sugar mills	120.00	418.00	418.00	0.00	0.00		0.00
15	Scheme for Assistance to Sugar Mills for 2017-18 season	0.00	10.00	0.00	-10.00	100.00		0.00

Sl. No.	Name of the Scheme / Project	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual Expenditure 2020-21 as on 11.03.2021	Variations between 4&5 [Saving(-)/ Excess(+)]	Percentage shortfall / excess expenditure w.r.t. RE	Reasons for variations under Col.6	Budget Estimates 2021-22
1	2	3	4	5	6	7	8	9
16	Scheme for Creation and Maintenance of Buffer Stock of Sugar	0.00	150.00	79.49	-70.51	47.01		50.00
17	Scheme for Creation and Maintenance of Buffer Stock of 40 LMT of Sugar	200.00	500.00	441.13	-58.87	11.77		600.00
18	Financial Assistance to Sugar Undertakings / Other Expenditure of SDF (Administration of Sugar Development Fund) (2408)	22.00	30.00	22.00	-8.00	26.67	Likely to be utilised upto 31.03.2021.	22.00
19	Re-imburement of Internal Transport and freight charges to sugar factories on export shipment of sugar and payment of other permissible claims	0.00	0.36	0.00	0.00	100.00	Likely to be utilised upto 31.03.2021 (minor amount involved).	0.00
20	Storage & Godowns-Construction of Godowns by State Governments in North Eastern Region (2552/2408)	10.00	4.00	0.80	-3.20	80.00	(i) non-furnishing of Utilization Certificates by the State Govts and (ii) non-furnishing of clarification/justifications by the State Govts.	4.79

Sl. No.	Name of the Scheme / Project	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual Expenditure 2020-21 as on 11.03.2021	Variations between 4&5 [Saving(-)/ Excess(+)]	Percentage shortfall / excess expenditure w.r.t. RE	Reasons for variations under Col.6	Budget Estimates 2021-22
1	2	3	4	5	6	7	8	9
21	Strengthening of PDS Operation(2408/2552/3456)	8.30	7.66	2.09	-5.57	72.72	This is an umbrella scheme and major variation is due to (a) non-implementation of program due to the corona pandemic, (b) non-fulfilment of criteria of online transfer of funds on PFMS i.e. non-operation of EAT module by agencies, (d) receipt of incomplete proposals from states, (e) non-settlement of pending UCs.	6.74
	for benefit of SC	NA	0.00	0.00	0.00			0.68
	for benefit of ST	NA	0.00	0.00	0.00			0.35
	for NER	0.40	0.40	0.00	-0.40	100.00		0.40
	Total	8.70	8.06	2.09	-5.97	74.07		8.17
22	Integrated Management - Public Distribution System (IM-PDS)	23.50	23.50	9.53	-13.97	59.45	Proposal submitted by some states does not fulfil the required conditions for release of funds.	18.85
	for benefit of SC	NA	0.00	0.00	0.00			2.07
	for benefit of ST	NA	0.00	0.00	0.00			1.08
	for NER	1.50	1.50	0.53	-0.97	64.67		3.00
	Total	25.00	25.00	10.06	-14.94	59.76		25.00

Sl. No.	Name of the Scheme / Project	Budget Estimates 2020-21	Revised Estimates 2020-21	Actual Expenditure 2020-21 as on 11.03.2021	Variations between 4&5 [Saving(-)/ Excess(+)]	Percentage shortfall / excess expenditure w.r.t. RE	Reasons for variations under Col.6	Budget Estimates 2021-22
1	2	3	4	5	6	7	8	9
23	Warehousing Development and Regulatory Authority (2408)	16.36	11.54	7.45	-4.09	35.44	Due to COVID-19, number of inspection & consequently registration reduced, software upgradation delayed and also filing up of post is still in process; for BE 2021-22 filling up of new posts is in process and inspection expenditure for 2400 inspection for 2.38 cr has been considered.	14.83
	Total-Revenue Expenditure	121038.41	437458.00	254150.67	-183307.33	41.90		251248.34

CAPITAL								(₹ in crores)
1	Investment in Equity Capital of Food Corporation of India	1000.00	1000.00	1000.00	0.00	0.00	NA	2500.00
2	National Sugar Institute, Kanpur (4408)	7.02	4.32	3.13	-1.19	27.55	Likely to be utilised upto 31.03.2021 (minor amount involved).	5.75
3	Storage & Godowns-Construction of godowns by FCI in North Eastern Region (4552/4408)	25.00	25.00	7.00	-18.00	72.00	Less expenditure is due to (a)delayed progress of work due to lockdown (COVID-19 pandemic), (b) land issues involved, (c) funds likely to be utilised upto 31.03.2021	40.21
4	Storage & Godowns-Construction of godowns by FCI (4408)	15.00	15.00	4.25	-10.75	71.67		7.44
	for benefir of SC	NA	0.00	0.00	0.00			4.98

	for benefit of ST	NA	0.00	0.00	0.00			2.58
	Total	15.00	15.00	4.25	-10.75	71.67		15.00
5	Ways and Means Advance payable to FCI (6408)	50000.00	10000.00	10000.00	0.00	0.00	NA	50000.00
6	Loans for consumer Industries (6860)							
	i) Loans for Modernization / Rehabilitation of Sugar Mills.	20.00	20.00	20.00	0.00	0.00	Likely to be utilised upto 31.03.2021.	10.00
	ii) Loans to Sugar Mills for Cane Development	5.00	1.40	0.00	-1.40	100.00		5.00
	iii) Loans to Sugar Factories for Bagasse based co-generation Power Projects.	75.00	75.00	72.56	-2.44	3.25		70.00
	iv) Loans for production of anhydrous alcohol or ethanol from alcohol	50.00	50.00	50.00	0.00	0.00		80.00
	Total-Capital Expenditure	51197.02	11190.72	11156.94	-33.78	0.30		52725.96

3.2 When asked about the status of implementation of various schemes/programmes/projects and the difficulties being faced by the Department in the implementation of various schemes/projects/programmes, the Department in a written reply stated as under:-

➤ **“Construction of godowns under Private Entrepreneur Guarantee Scheme:**

Under the scheme, 151.75 LMT has been sanctioned. A capacity of 144.06 LMT has been completed and 5.72 LMT is under progress.

As regards construction of godowns, the same are constructed scientifically as per BIS norms and also CPWD specifications for safe storage of food grains. Further, in order to ensure safe storage of food grains, all major components of godowns such as roofing, flooring, railway sidings, roads, street light, weighbridge etc. are being maintained/ repaired on regular basis to up keep the warehouses through sanctioned funds by FCI. **Thus, this scheme is almost in its final stage.**

➤ **Central Sector Scheme:**

Government is implementing a Central Sector Scheme for construction of godowns with focus on augmenting storage capacity in the States of North Eastern (NE) Region and a few other States. Under this Scheme, funds are released directly to FCI in the form of equity for land acquisition and construction of storage godowns and infrastructure like railway sidings, electrification, installation of weighbridge, etc. Funds are also released as grants-in-aid to the Governments of the North-Eastern States including Jammu & Kashmir for construction of intermediate storage godowns considering the storage gaps as well as difficult geographical & climatic conditions in these States. During 12th Five Year Plan (2012- 17), a total capacity of 1,84,175 MT has been created in NE States and other than NE States (1,37,680 MT by FCI and a capacity of 46,495 MT by State Governments). This scheme has been extended for 5 years from 01.04.2017 to 31.03.2022. A total capacity of 54,250 MT (45,870 MT by FCI and 8,380 MT by State Governments) has been created from 01.04.2017 to 31.12.2020.

The main difficulty faced in the implementation of this scheme is issues with regard to identification and acquisition of land by State Governments, which is an obvious reason, takes a lot of time. Besides, the North Eastern region has several specific location problems like difficult terrains, inclement weather, law and order problems, etc. These factors create a lot of uncertainty in adhering to the time lines.

➤ **CAP Hiring Scheme-2019:**

Government of India approved a Scheme for construction of Cover & Plinth (CAP) as temporary storage facilities on the lines of PEG Scheme in major procuring regions viz Punjab, Haryana, Uttar Pradesh & Madhya Pradesh for guarantee hiring by FCI for three years to accommodate the Wheat stocks to be

procured during ensuing RMS 2020-21. Under this scheme a capacity of 16.13LMT has been constructed.

➤ **Silos-**

Steel silo storage with bulk handling facility is highly mechanized and modernized way of storing of foodgrains in bulk. It ensures better preservation of foodgrains and enhances its shelf life. If foodgrains are stored in silos and transported in bulk, losses due to theft, pilferage and transportation would be Further, since land availability in existing FCI godowns is scarce, it would be prudent to shift to storage of foodgrains in silos as it requires approximately 1/3rd land as compared to conventional storage warehouses. Moreover, silos can be operated round the clock which would bring in flexibility and improve overall efficiency. As such, construction and utilization of silos for storing and transportation of foodgrains in bulk would be beneficial to the nation as a whole besides creating an efficient Food Supply Chain Management System. Silos with capacity of 14.40 LMT are being used for storage of foodgrains as on 31.12.2020 and capacity of 21.50 LMT is under implementation.

➤ **Centrally Sponsored Pilot Scheme on “Fortification of Rice & its Distribution under Public Distribution System”:**

Fifteen State Governments i.e Andhra Pradesh, Kerala, Karnataka, Maharashtra, Odisha, Gujarat, Uttar Pradesh, Assam, Tamil Nadu, Telangana, Punjab, Chhattisgarh, Jharkhand, Uttarakhand & Madhya Pradesh have consented and identified their respective Districts (1 District Per State) for implementation of the Pilot Scheme. So far, Six states namely of Andhra Pradesh, Gujarat, Maharashtra, Tamil Nadu, Chhattisgarh & Uttar Pradesh have started distribution of fortified rice under the Pilot Scheme. Further, three more States namely Kerala, Odisha & Madhya Pradesh are likely to start distribution of fortified rice under Pilot Scheme in this financial year. Implementing states are required to identify millers for blending of FRK with rice and finalization of tender for FRK. Since the blending of the fortified rice kernels with rice would take place at source (rice milling stage) for which the millers are required to make capital expenditure, which may range from Rs 5 – 12 Lakhs, depending on available infrastructure and required capacity for the blending equipment. It delays the process as it's a challenge to encourage the rice millers to make the required investment for this purpose. In this regard, an advisory from this Department has already been issued to all States/UTs regarding MoA/MoU between State Government and Rice Millers for installation of blending facility in the Rice Mills for fortified rice.

➤ **Publicity-cum-Awareness Campaign for TPDS:**

The funds under the scheme are released to States/UTs on the basis of proposal received from them.. The utilization of the budget allocation has been low during 2020-21 due to lack of proposals from States/UTs, UCs pending with them

and not using EAT module on PFMS Various letters are being issued to States/UTs along with the guidelines of the scheme for invitation of proposal for awareness generation and for the use of Expenditure Advance Transfer (EAT) module in Public Finance Management System (PFMS)

➤ **Integrated Management of Public Distribution System” (IM-PDS):**

This Department in association with State/UT Governments is currently implementing a central sector scheme, namely – “Integrated Management of Public Distribution System” (IM-PDS), approved for implementation in all States/UTs with a total outlay of Rs. 127.30 Cr. w.e.f. April 2018 for a period of two years. The validity of the scheme has been extended up to 31.03.2022 without escalation in the total project cost. The main objective of the scheme is implementation of nation-wide portability in food grains distribution.

Up to December 2020, the facility for portability of ration card under One Nation One Ration Card plan has been seamlessly enabled in 32 States/UTs covering about 69 Crore beneficiaries (86% NFSA population) to access their NFSA foodgrains / benefit anywhere in these States/UTs, namely – Andaman & Nicobar Islands, Andhra Pradesh, Arunachal Pradesh, Bihar, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Ladakh, Lakshadweep, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Puducherry, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telangana, Tripura, Uttar Pradesh and Uttarakhand.

Remaining 4 States/UTs (Delhi, Chhattisgarh, Assam and West Bengal) have not yet joined the National portability grid due to following difficulties:

- Delhi & Assam does not have ePoS devices at Fair Price Shops.
- Chhattisgarh has 99% ePoS installation however the devices are not yet compatible for performing biometric authentication.
- West Bengal has 100% ePoS automation but the state has not started biometric authentication.

This Department is continuously pursuing with Remaining 4 States/UTs (Delhi, Chhattisgarh, Assam and West Bengal)for enabling the facility of One Nation One Ration Card by target date 31.03.2021. The implementation in remaining States/UTs depends on their readiness to implement the same in terms of installation of ePoS devices at FPSs and enablement of biometric/Aadhaar authentication of beneficiaries.

➤ **Strengthening of Quality Control Mechanism:**

Storage and Research Division undertake a scheme sub-component namely “*Strengthening of Quality Control Mechanism*” under the main scheme “*Strengthening of PDS Operations*”, with a budgetary outlay under BE 1.00 Cr, for the year 2020-2021. However, the funds are reduced at RE stage to *i.e.* 0.88 Cr.

➤ **The National Food Security Act, 2013:**

The National Food Security Act, 2013 is being implemented in a seamless manner across all States/ Union Territories, covering about 79.37 crore persons across the country. The Act is being implemented in direct cash transfer mode on a pilot basis in the three Union Territories of Chandigarh, Puducherry and some areas of Dadra & Nagar Haveli and Daman & Diu.

➤ **Assistance to State Agencies for intra-state movement of foodgrains and FPS dealers margin under NFSA [3424]:**

Section 22(4)(d) of the National Food Security Act, 2013 provides for assistance to State Government in meeting the expenditure incurred by it towards intra-State movement & handling of foodgrains and margin paid to fair price shop dealers, in accordance with such norms and manner as may be prescribed by the Central Government. Accordingly, Government has notified the Food Security (Assistance to State Government) Rules, 2015 notified under the Act on 17.08.2015, which inter-alia provides for norms of expenditure and pattern of central sharing for intra-State movement & handling of foodgrains and fair price shop dealers’ margin.

As per the provisions of the Act and Rules, the central assistance is being released to States/UTs for meeting the said expenditure.

➤ **Sub-scheme for one time financial assistance for non-building assets for State Food Commission - under the umbrella scheme – Strengthening of PDS Operations:**

The National Food Security Act, 2013 (NFSA) provides that every State Government shall, by notification, constitute a State Food Commission for the purpose of monitoring and review of implementation of the Act. It has been decided that in case a State decides to set up State Food Commission on exclusive basis, Central Government will provide one time financial-assistance for non-building assets for State Food Commission. Accordingly a component viz., “Assistance to States/UTs for non-building assets for State Food Commissions” has been included under the 12th Plan Umbrella Scheme on “Strengthening of PDS & Capacity Building, Quality Control, Consultancies & Research” of the Department. Under this

component, the assistance is available for non-building assets such as furniture, office equipment, computers etc. These may include computers, air-conditioners, photocopiers, Fax machines, telephones, EPABX system, tables, chairs, storage units etc. Under the scheme, assistance is not provided for any construction activity or any recurring expenses. Maximum financial assistance under the scheme is Rs. 50 lakh for a State/UT.

As per the information received from States/UTs, 28 States/UTs have constituted Independent State Food Commission whereas the 8 States/UTs have designated some other statutory body to perform the function of State Food Commission. An amount of Rs. 368.17 lakhs has been released to 11 States/UTs as one time financial assistance for non-building assets so far.

➤ **Sugar Development Fund**

As on 07.02.2021, an amount of ₹158.63 crores has been utilised. The details are as follows:

Sl. no.	Description/head of Account	BE 2020-21	AE from 01.04.2020 up to 07.02.2021	% Expenditure w.r.t. BE	Balance Fund w.r.t. BE
Revenue Head (Major Head: 2408)					
1	Other Charges	₹ 22.00	₹ 22.00	100.00%	₹ 0.00
	Total (Revenue Head)	₹ 22.00	₹ 22.00	100.00%	₹ 0.00
Capital Head – SDF Loans (Major Head: 6860)					
2	Modernisation	₹ 20.00	₹ 18.81	94.06%	₹ 1.19
3	Cane Development	₹ 5.00	₹ 0.00	0.00%	₹ 5.00
4	Co-Generation	₹ 75.00	₹ 70.76	94.34%	₹ 4.24
5	Ethanol/ZLD	₹ 50.00	₹ 47.06	94.13%	₹ 2.94
	Total (Capital Head)	₹ 150.00	₹ 136.63	91.09%	₹ 13.37
	Grand Total (Revenue & Capital Head)	₹ 172.00	₹ 158.63	92.23%	₹ 13.37

➤ **Schemes under Directorate of Sugar & Vegetable Oil**

All schemes related to sugar sector pertaining to Directorate of Sugar and Vegetable Oils are being smoothly implemented, as per the provisions/ guidelines of respective notifications.

3.3 The Committee note that BE for Revenue Scheme/activities during 2020-21 was Rs. 121038.41 crore which was raised at RE stage to Rs. 437458.00 crore. But AE as on 11.03.2021 was only Rs. 254150.67 crore. The Committee also note that for Capital Schemes/Programmes during 2020-21, BE was Rs. 51197.02 crore but it was reduced at RE stage to Rs. 11190.72 crore. But AE as on 11.03.2021 was even less i.e. Rs. 11156.94 crore. The Committee observe that in Revenue Schemes/activities allocation was increased at RE stage so as to utilize more funds for the same. But the Committee are dismayed to see that actual expenditure was less than RE in both Revenue as well as Capital Schemes. The Committee are of the view that this shows lack of proper monitoring and coordination by the Department over various schemes. The Committee also note that Ministry has cited various difficulties in implementation of these schemes viz. Identification and acquisition of land by State Government, difficult terrain, inclement weather, law and order problem, etc. The Department has also cited certain difficulties due to which four States/UTs (Delhi, Chhattisgarh, Assam and West Bengal) have not yet joined the National Portability Grid such as installation of e-PoS devices at Fair Price Shops, non-compatibility of e-PoS devices for performing biometric authentication, etc. The Committee, however, do not concur with the plea of the Ministry attributing these factors for shortfall in actual expenditure. It seems that there is lack of proper planning and coordination with the States/UTs. The Committee feel that Department has not improved its monitoring mechanism for the last many years. The Committee are, therefore, not satisfied with the overall performance of the Department in so far as expenditure

during 2020-21 is concerned. The Committee, therefore, desire that Department should persuade States/UTs to furnish proposals/Utilization Certificates and at the same time, Department should improve its planning and monitoring mechanism to ensure that allocated funds are fully utilized. The Committee accordingly urge the Department to make all out efforts to further strengthen its monitoring over the implementation of all the Schemes/Projects and ensure their timely completion.

CHAPTER- IV

MANAGEMENT OF FOOD

The Department of Food and Public Distribution is concerned with the formulation and implementation of various national policies relating to procurement, movement, scientific storage, distribution and sale of foodgrains. The aim of such policies is to ensure that interests of farmers as well as consumers are saved, which is done by providing remunerative prices to the farmers and making foodgrains available at reasonable prices to consumers, especially to the vulnerable sections of the society. The main elements of the Government's food management policy are procurement, storage and movement of foodgrains; distribution through public distribution system; and maintenance of buffer stocks.

(a) Procurement of foodgrains and Decentralised Procurement

4.2 Procurement policy is uniform throughout the country. Food Corporation of India along with other State Agencies undertakes procurement of food-grains i.e. wheat and paddy/rice under price support scheme. The procurement under Price Support is taken up to ensure remunerative prices to the farmers for their produce which works as an incentive for achieving better production. Stocks conforming to the specifications prescribed by Govt. of India for the particular crop for the season brought by the farmers are purchased at the MSP declared by Govt. of India. If the farmers get price better than the support price from other buyers such as traders/ millers etc., the farmers are free to sell their produce to them.

4.3 The Government policy of procurement of Food grains has broad objectives of ensuring MSP to the farmers and availability of food grains to the weaker sections at affordable prices. It also enables in ensuring effective market intervention thereby keeping the prices under check and also adds to the overall food security of the country. The procurement of foodgrain depends upon multiple factors like Production, market surplus, Climatic conditions during harvesting period, Prevailing Market Rates, price trends Demand Supply situation and participation of private traders etc.

4.4 FCI along with the State Govt. Agencies have procured 389.92 LMT of Wheat in RMS 2020-21 and 519.97 LMT rice during KMS 2019-20. In the ensuing KMS 2020-21, 413.63 LMT rice has been procured as on 08.02.2021. Government agencies led by FCI recorded the highest ever procurement of wheat at 389.92 LMT surpassing the previous high of 382 LMT achieved during 2012-13. Along with wheat, rice procurement was also undertaken effectively by the government agencies resulting in all-time record high procurement of 519.97 LMT in KMS 2019-20.

Figs. in LMT

Commodity	2017-18	2018-19	2019-20	2020-21
Rice	381.84	443.99	519.97	413.63*
Wheat	308.24	357.95	341.32	389.92

* Data as on 08.02.2021

Procurement depends upon multiple factors like Production, Market Surplus, MSP, Prevailing Market Rates, Demand Supply situation and participation of Private Traders etc. However, procurement of foodgrains is sufficient to fulfill the requirement under NFSA/OWS.

4.5 Asked about status/target in regard to procurement of wheat and rice during the year 2021-22 and whether the Department is hopeful of meeting the targets, the Department stated that estimates for procurement of Wheat and Rice are finalized by Govt. of India in consultation with State Food Secretaries in a meeting convened before the commencement of each marketing season. Against the target of 442.49 LMT Wheat, a quantity of 389.92 LMT wheat has been procured during RMS 2020-21. For finalization of Rice estimates for KMS 2020-21 (Kharif Crop) the meeting of Food Secretaries was held on 11.09.2020. Against the target of 518.74 LMT Rice, a quantity of 413.63 LMT rice has been procured during KMS 2020-21 (Kharif crop) as on 08.02.2021. The meeting for RMS 2021-22 for wheat and KMS 2020-21 (Rabi Crop) is scheduled to be held shortly.

4.6 The estimates are only indicative for smooth preparedness for undertaking unhindered procurement and not a target as such. The procurement being open ended,

whatever stock is brought to the mandies/procurement centres, conforming to specifications prescribed, is procured by the State Agencies and FCI at MSP. Procurement as stated earlier depends upon multiple factors like Production, Market Surplus, MSP, Prevailing Market Rates, Demand Supply situation and participation of Private Traders etc.

4.7 The scheme of Decentralized Procurement of foodgrains was introduced by the Government in 1997-98 with a view to effecting savings in the form of reduction in the outgo of food subsidy, enhancing the efficiency of procurement and Public Distribution System (PDS) and to encourage local procurement to the maximum extent thereby extending the benefit of MSP to local farmers. Under Decentralized Procurement Scheme (DCP), foodgrains are procured, stored and distributed by the State Governments themselves. Under this scheme, the States procure, store and issue foodgrains under TPDS and other welfare schemes of the Government of India. The decentralized system of procurement has the objectives to ensure that MSP is passed in a focused way on to the farmers and to encourage procurement in non-traditional States, thereby extending the benefits of MSP to local farmers, which also saves on transportation cost. This also enables procurement of foodgrains more suited to local taste for distribution under the PDS.

4.8 Under this scheme, the State Government and its agencies undertake procurement of paddy/rice and wheat on behalf of Government of India and also store and distribute these foodgrains under National Food Security Act (NFSA) and Other Welfare Schemes (OWS). The Central Government undertakes to meet the entire expenditure incurred by the State Governments on the procurement operations as per the approved costing. If the stocks procured by a DCP State is more than its requirement under NFSA/OWS, then the surplus is handed over by the State to FCI for distribution to other deficit States. In case stocks procured by a DCP State is less than its requirement, the deficit portion is supplied by FCI from other surplus States.

For the surplus stocks handed over by the surplus DCP States to FCI, the acquisition cost is reimbursed by FCI to the State Government on the basis of the Cost

Sheet issued by Government of India. In the DCP States, FCI carries out procurement only in those areas where the State makes specific request for the same keeping in view the lack of infrastructure, man power etc. and its inability to carry out the procurement in those areas.

4.9 The Central Government also monitors the quality of foodgrains procured under the DCP Scheme and reviews the arrangements made to ensure that the procurement operations are carried on smoothly.

4.10 In response to a query about the States/UT Governments that have opted for Decentralized Procurement Scheme, the Ministry stated that the following States/UTs have so far adopted the DCP System for Rice:-

DCP for Rice		
S.N.	State	With Effect From
1	Uttrakhand	2002-03
2	Chhattisgarh	2001-02
3	Odisha	2003-04
4	Tamilnadu	2002-03
5	West Bengal	1997-98
6	Kerala	2004-05
7	Karnataka	2009-10
8	Madhya Pradesh	2007-08
9	Andhra Pradesh	Fully DCP from KMS 2015-16.
10	Bihar	2013-14
11.	Telangana	Fully DCP from KMS 2014-15.
12.	Maharashtra	2016-17
13.	Jharkhand	2016-17(only for 1 district) 2017-18 (only for 5 District), 2018-19 onwards (only for 6 District)
14.	Gujarat	2017-18
15	Andaman Nicobar	2003-04
16	Tripura	For 2018-19 and 2019-20 (Rabi crop only)

STATES UNDERTAKING DECENTRALISED PROCUREMENT OF WHEAT

DCP for Wheat		
S.N.	State	With Effect From
1	Madhya Pradesh	1999-2000
2	Uttarakhand	2003-04
3	Chattisgarh	2001-02
4	Gujarat	2004-05
5	West Bengal	2010-11
6	Bihar	2014-15
7.	Punjab	2014-15
8	Rajasthan#	2013-14 to 2015-16 (for 1 district) and 2016-17 (for 9 districts)
9.	Maharashtra	For 2020- 21

Note:

1. ***Punjab** was DCP State for Wheat from RMS 2014-15, but on request of State Govt, FCI is participating in procurement operations.
2. **Uttar Pradesh** was DCP for KMS 1999- 2000 to KMS 2009-10 and RMS 1999-2000 to RMS 2010-11. Procurement of wheat & rice is under Non-DCP mode.
3. **#Rajasthan** was DCP for wheat in RMS 2013-14 to 2015-16 (for 1 district) and 2016-17 (for 9 districts). From RMS 2017-18 onwards wheat is procured under Non-DCP mode.
4. **Jharkhand** was DCP for KMS 2016-17 (only for 1 district) 2017-18 (only for 5 District), 2018-19 (only for 6 District). They have adopted Non-DCP in KMS 2019-20.
5. **Tripura** has adopted DCP mode of procurement for KMS 2018-19 and 2019-20 (Rabi Crop)
6. **Maharashtra** has adopted DCP mode of procurement for RMS 2020- 21.

4.11 On being enquired whether there is any need for making reforms in the Decentralised Procurement Scheme, the Ministry stated that Regular interactions are made by GOI with the State Govt. and suitable amendments are made as per the need from time to time. The Decentralized Procurement States have to focus on improving the quality of stocks received and its safe preservation. Problems reported by State

Govts. are suitably addressed by GOI from time to time and necessary amendments are made in the scheme.

4.12 Asked whether any performance evaluation of the DCP Scheme has been done, the Department stated that on the request of this Department, an Evaluation Advisory Committee under NITI Aayog has been constituted to carry out performance evaluation of the DCP scheme. The study entrusted to Niti Aayog for evaluation of DCP scheme is still underway.

4.13 The Committee are dismayed to note that after 23 years of its inception, the Decentralized Procurement Scheme (DCP) has been undertaken by only 9 States for wheat and 16 States for rice. The Committee feel that DCP Scheme is one of the most important schemes which has contributed remarkably to the increased efficiency of Public Distribution System by making it possible, *inter-alia*, to supply foodgrains suited to local taste. Though DCP Scheme is not mandated to the States but considering the various advantages and also with a view to encourage procurement in non-traditional States as well as to save on transit losses and cost, the Committee desire that the Government should take vigorous steps to motivate remaining States to adopt DCP Scheme so that cost of distribution could be minimized and also the benefit of MSP reaches the doorsteps of the poor population of the country. To achieve this, the Department/FCI should create necessary infrastructure in coordination with the State/ UT Governments in Public Private Partnership (PPP) mode in a time bound manner.

(b) Food Subsidy

4.14 Food subsidy is provided in the Budget of the Department of Food and Public Distribution to meet the difference between Economic Cost of foodgrains and their sales realization at Central Issue Price (CIP) fixed for TPDS and other welfare schemes. In addition, the Central Government also procures foodgrains for meeting the requirements of buffer stock. Hence, part of the food subsidy also goes towards meeting the carrying cost of buffer stock.

4.15 The subsidy is provided to FCI, which is the main instrument of the Government of India for procurement and distribution of wheat and rice under TPDS and other welfare schemes and for maintaining the buffer stock of foodgrains as a measure of food subsidy. This apart, 17 States/UTs have adopted the DCP Scheme and have undertaken the responsibility of not only procuring foodgrains from within the State but also distributing the same to the targeted population under TPDS and other welfare schemes. Under this Scheme of Decentralized Procurement, State-specific economic cost is determined by the Government of India and the difference between the economic cost so fixed and the Central Issue Price is passed on to the State as Food Subsidy.

4.16 The following subsidy has been allocated for FCI and DCP States during the last three years:

(Amount in Rs. crore)

Year	Total (FCI)	Total (DCP States)
<u>Allocated</u>		
2018-19	140098.00	31029.49
2019-20	75,000*	33508.35
2020-21 (as on 9-2-21)	3,44,077 (RE)	78,337.77 (RE)
<u>Released</u>		
2018-19	70,098**	31029.49
2019-20	75,000***	44,944.35****
2020-21*	77,980.00	37,237.62\$

(as on 9-2-21)		
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*Does not include repayment of NSSF loan portion
**Excludes NSSF loan repayment of Rs.70,000 crore to FCI
*** Excludes Rs 44,164.02 crores adjusted for NSSF loan.
****Includes release of Rs 11,436 crores released to DCP states from NSSF loan to FCI and equivalent amount to be returned to FCI in FY 20-21
\$Excludes Rs 10,000 crores allocated by Ministry of Finance for repayment to FCI on account of Rs 11,436 crore already utilized for DCP States in FY 19-20 from FCI NSSF loan portion.

4.17 A statement showing State/UT-wise release of subsidy under DCP Scheme is given as under:-

State/UT-wise details of food subsidy released to DCP States during the last three years i.e. 2017-18, 2018-19 & 2019-20

(Rs in crores)

S.No.	Name of the State	2018-19	2019-20	2020-21 (as on 09.02.2021)
1	Andhra Pradesh	4542.57	7404.42	4193.37
2	Bihar	2291.68	2535.71	1789.00
3	Chhattisgarh	3303.19	4628.11	3272.55
4	Gujarat	9.31	69.03	9.24
5	Karnataka	417.53	205.79	200.5
6	Kerala	620.23	469.30	696.61
7	Madhya Pradesh	6026.97	8888.39	7588.33
8	Maharashtra	0.00	1920.17	358.83
9	Odisha	4651.01	5807.45	5700.56
10	Punjab	1722.33	1612.09	670.03
11	Rajasthan	0.00	-----	
12	Tamil Nadu	1136.61	3242.79	1135.72

13	Telangana	2559.31	4858.89	4490.51
14	Uttar Pradesh	-	-	
14	Uttarakhand	329.8	903.12	716.34
15	West Bengal	3279.69	2194.86	6254.24
16	Jharkhand	-	-	3.66
17	Tripura			29.79
18	DBT*	139.25	204.24	128.32
	Total		44944.36 **	37237.62
		31029.485		

* Under DBT scheme, w.e.f. 2015-16 subsidy is released to UTs of Chandigarh, Puducherry, Dadra & Nagar Haveli.

**The RE, 2019-20 was Rs. 33508.35 crore. Total release includes Rs 11,436 crores released to DCP states from NSSF loan to FCI. Accordingly, MoF has additionally allocated (over and above BE for 20-21) Rs 10,000 crore for repayment to FCI for NSSF loan & said amount Rs 10,000 crore has been released to FCI from DCP head in Oct 20.

4.18 When enquired as to how the Government would meet the challenge of ever increasing demand of funds for food subsidy, the Ministry stated that Department is fully aware about the need for containing the increase in food subsidy and are making regular efforts in this regard. The Government has taken several measures to contain the food subsidy, which include:

- Encouraging decentralized procurement and distribution of foodgrains.
- Issue of bonds by the FCI at lower coupon rates, backed by Government guarantee.
- Improving the operational efficiency of the FCI.
- Negotiating with the banks of the consortium of food credit to reduce the rate of interest on cash credit.
- Bringing in overall cost-effectiveness in the operation of FCI.
- Bringing down the level of surplus food grains stock through more liquidation under Open Market Sale Scheme and optimization of procurement through increasing market competitiveness.

4.19 Asked about the way to bridge the gap between requirement of funds *vis-à-vis* actual funds available for food subsidy, the Ministry stated that the gap can be bridged by allocation of additional funds in the Budget. Further to meet out the shortfall of budgetary allocation, FCI takes Short Term Loans (STL) from various banks as per requirement, avails Ways and Means Advance (WMA) & National Small Saving Fund (NSSF) Loan from the Government, borrows funds through a Cash Credit Limit (CCL) from consortium of banks and issues Government Guarantee bonds. Considering the outstanding arrears on FCI on account of increased loan and debt portion, M/o has allocated Rs 3,44,077 crore at RE (20-21), which will be released after notification of 2nd supplementary. As projected by FCI that after receiving Rs 3,44,077 crore as food subsidy, the balance NSSF loan will be Rs 1,18,712 crores as on 31.03.2021.

4.20 On being asked about the opinion of experts in food management, the Ministry stated that the Expenditure Management Commission constituted by Ministry of Finance *vide* its report dated 26.02.2016 recommended that as an immediate step, the timely reimbursement of subsidies, increase in the frequency of releases and appropriate enhancement in the quantum of ways and means advances could result in savings in food subsidy bill. The Commission also observed that reduction in food grain subsidy would require a combination of measures to moderate increase in MSP, limited procurement and increase in Central Issue Prices (CIP).

4.21 The Ministry has also stated that the Government of India (GoI) does not release State-wise subsidy to FCI. However the total Subsidy released to FCI is as follows :

(Rs. in crore)

Years	2020-21 (as on 9.02.2021)	
	FCI	DCP States
Subsidy released by DFPD	77,980	37,237.62

4.22 The Committee observe that amount of food subsidy released to FCI and DCP States is continuously on the rise. The increase in food subsidy can be attributed to the increase in Minimum Support Price (MSP) of wheat and rice *vis-a-vis* Central Issue Price (CIP), increased off-take of foodgrains under TPDS and implementation of National Food Security Act (NFSA). The Committee appreciate the various steps taken by the Government to contain the food subsidy such as encouraging decentralized procurement and distribution of foodgrains, issue of government backed bonds by FCI at lower coupon rates, negotiating with the banks of the consortium of food credit, bringing in overall cost-effectiveness in the operations of FCI etc. The Committee, therefore, desire that the Department should continue to take more vigorous steps to prevent food subsidy bill rising further.

(c) Public Distribution System (PDS)

4.23 The Public Distribution System (PDS) which was started to manage food supplies during scarcity has evolved as a system for distribution of foodgrains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country. PDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society.

4.24 PDS is operated under the joint responsibility of the Central and the State Governments. The Central Government, through FCI, has assumed the responsibility for procurement, storage, transportation and bulk allocation of foodgrains to the State Governments. The operational responsibility including allocation within State, identification of eligible families, issue of Ration Cards, distribution of foodgrains through Fair Price Shops (FPS) and supervision of the functioning of Fair Price Shops (FPS), rests with the State Governments. Under the PDS, the commodities namely wheat, rice and coarse grains are being allocated to the States/UTs for distribution. No such proposal to include more items of essential commodities for supply through the PDS in future. However, as per Clause 9(9) of TPDS (Control) Order, 2015, the State Government shall allow sale of commodities other than the foodgrains distributed under the Targeted Public Distribution System (TPDS) at the fair price shop to improve the viability of fair price shop operation. In addition to this Rs 18.5 /KG subsidy for 1 KG sugar for AAY family is being given by the Department.

4.25 The following statement indicates State-wise number of complaints on TPDS received in the Department of Food and Public Distribution from individuals, organisations & through media reports etc from 2018 to 2020:-

S. No.	State/UT	2018	2019	2020
1	Andhra Pradesh	6	6	20
2	Arunachal Pradesh	1	1	-
3	Assam	7	8	39
4	Bihar	135	119	335

5	Chhattisgarh	9	7	17
6	Delhi	76	81	186
7	Goa	-	1	-
8	Gujarat	8	9	36
9	Haryana	35	39	69
10	Himachal Pradesh	1	1	2
11	J&K	5	3	7
12	Jharkhand	33	17	49
13	Karnataka	15	18	69
14	Kerala	11	11	13
15	Madhya Pradesh	24	26	55
16	Maharashtra	34	24	150
17	Manipur	2	-	2
18	Meghalaya	-	1	1
19	Mizoram	-	-	-
20	Nagaland	-	1	1
21	Orissa	16	16	39
22	Punjab	22	14	32
23	Rajasthan	38	24	45
24	Sikkim	-	-	-
25	Tamil Nadu	27	16	46
26	Telangana	3	3	18
27	Tripura	-	-	3
28	Uttarakhand	15	14	27
29	Uttar Pradesh	369	343	589
30	West Bengal	43	51	213
31	A&N Island	1	-	-
32	Chandigarh	2	-	5
33	D& N Haveli	-	-	2
34	Daman & Diu	-	-	-
35	Lakshadweep	1	-	-
36	Puducherry	2	1	6
TOTAL		941	855	2076

(d) One Nation One Ration Card

4.26 Under the scheme on “Integrated Management of Public Distribution System (IM-PDS)” the Department is implementing nation-wide portability of ration card holders through 'One Nation One Ration Card' plan, which enables any eligible ration card holder/beneficiary covered under National Food Security Act, 2013 (NFSA) to lift their

entitled foodgrains from any Fair Price Shop (FPS) of their choice in the country by using their existing/same ration card after biometric/Aadhaar authentication on electronic Point of Sale (ePoS) devices installed at the FPSs. Up to December 2020, the facility for intra-state and inter-state portability of ration card under One Nation One Ration Card plan has been seamlessly enabled in 32 States/UTs covering about 69 Crore beneficiaries (86% NFSA population) to access their NFSA foodgrains / benefit anywhere in these States/UTs. This Department is continuously pursuing with remaining 4 States/UTs (Delhi, Chhattisgarh, Assam and West Bengal) for enabling the facility of One Nation One Ration Card by target date 31.03.2021, depending upon their technical readiness. There is no proposal under consideration to implement smart card based delivery system in the Department.

4.27 Under the scheme on “Integrated Management of Public Distribution System (IM-PDS)” the Department is implementing nation-wide portability of ration card holders through 'One Nation One Ration Card' plan, which enables any eligible ration card holder/beneficiary covered under National Food Security Act, 2013 (NFSA) to lift their entitled foodgrains from any Fair Price Shop (FPS) of their choice in the country by using their existing/same ration card after biometric/Aadhaar authentication on electronic Point of Sale (ePoS) devices installed at the FPSs. Up to December 2020, the facility for intra-state and inter-state portability of ration card under One Nation One Ration Card plan has been seamlessly enabled in 32 States/UTs covering about 69 Crore beneficiaries (86% NFSA population) to access their NFSA foodgrains / benefit anywhere in these States/UTs. It is targeted to cover remaining 4 States/UTs (Delhi, Chhattisgarh, Assam and West Bengal) under One Nation One Ration Card plan by 31.03.2021, depending upon their technical readiness

4.28 The Department has made concerted efforts to persuade these States/UTs for technical readiness to implement ONORC i.e., expedite installation of ePoS devices at FPSs and enable of biometric/Aadhaar authentication of beneficiaries, through close monitored at all levels, including regular review by the Hon'ble Minister of CA, F&PD from time to time.

4.29 The Committee note that to sustain the reforms brought in the functioning of Targeted Public Distribution System (TPDS), the Department has started 'Integrated Management of Public Distribution System (IM-PDS)', for implementation in all States/UTs. The main objective of the scheme of One Nation, One Ration Card (ONORC) is to introduce nation-wide portability in the distribution of foodgrains under National Food Security Act, 2013 (NFSA) i.e. eligible ration card holders/beneficiaries covered under NFSA shall be able to lift their entitled foodgrains from any Fair Price Shops (FPSs) of their choice anywhere in the country by using their same/existing ration card after biometric/Aadhaar authentication on Electronic Point of Sale (e-PoS) device at the FPS. So far 32 States/UTs have joined the National Portability Grid. However, the Committee are concerned to note that no FPS is operational on e-PoS in States like Assam, Chhattisgarh, West Bengal and Delhi. Moreover the State of West Bengal that has already achieved 100% FPS automation has not started biometric transactions. The Committee desire that the issue of Aadhaar seeding and FPS automation in Assam, Delhi and West Bengal be sorted out at the highest level so that the aim to empower all migrant beneficiaries in such States may be realized under the ONORC Scheme at the earliest.

CHAPTER V

FOOD CORPORATION OF INDIA (FCI)

The Food Corporation of India (FCI) was set up in 1965 under an Act of Parliament namely the Food Corporations Act, 1964. The primary duty of the Corporation is to undertake purchase, procurement, storage, movement, transportation, distribution and sale of foodgrains. As the principal implementing agency of the food policy of Government of India, the FCI undertakes procurement of foodgrains at the minimum support price to provide remunerative prices to farmers and also to prevent distress sale of their produce. The FCI also maintains a satisfactory level of operational and buffer stocks of foodgrains to ensure national food security. It offers foodgrains to various State Governments for being distributed to consumers through a wide network of fair price shops under the Public Distribution System (PDS), at the Central Issue Price fixed by the Government.

5.2 Since the FCI is established under a special Act of Parliament and does not come under the Companies Act, hence the capital of FCI is in the form of Equity only and is not divided into shares.

(a) Dues and Liabilities of FCI

5.3 The Ministry has informed the outstanding dues of FCI to be recovered from various Ministries on account of providing foodgrains for various welfare schemes on payment basis during the years which are reproduced as under:

Ministry of Rural Development: This is regarding outstanding dues of FCI to the tune of Rs. 2454.03 crore, towards foodgrains supplied under Sampoorna Grameen Rozgar Yojna (SGRY) Scheme of MoRD, during 2001-2002 to 2007-2008. Matter is being pursued continuously with them (last reminder on 17.11.20). Statement is as below:

(Rs. In Crore)

Year	Amount Received	Balance as on 31 st March.
2015-16	NIL	2452.96
2016-17	NIL	2452.96
2017-18	NIL	2452.96
2018-19	NIL	2452.96
2019-20	NIL	2452.96
2020-21 (as on 31.12.2020)	NIL	2454.03*

Schemes have been closed on 31.03.2008.

* The amount was increased from Rs 2452.96 crores in FY 2019-20 to Rs 2454.03 crores in FY 20-21 on account of CAG observations.

Ministry of Education (Earlier Ministry of Human Resource Development):-
This is regarding long-pending issue of the outstanding dues of Food Corporation of India (FCI) with MoHRD against supply of food grains supplied under MDM Scheme. Matter is being pursued continuously with them (last reminder on 17.11.20). Statement is as below:

(Rs. In Crore)		
Year	Amount Received	Balance as on 31 st March.
2016-17	676.52	220.22
2017-18	552.91	179.05
2018-19	487.88	160.19
2019-20	266.41	154.28
2020-21 (as on 31.12.2020)	162.36	306.26

In case of Min. of HRD, Revolving Fund of Rs. 400 crore has been provided by the Ministry for due amount.

Ministry of External Affairs: The following amount is recoverable from Ministry of External Affairs relating to wheat issued to WFP for supply of fortified biscuits to Afghanistan under Government of India's donation to Afghanistan (in Rs crore) :

Year	Amount Received	Balance as on 31 st March.
2016-17	676.52	47.99
2017-18	552.91	113.56
2018-19	487.88	47.99
2019-20	266.41	47.99
2020-21 (as on 31.12.2020)	162.36	67.92

5.4 Asked about the time limit within which Ministries are required to make payment of outstanding dues, the Department informed that No time limit was mentioned in case of Min. of Rural Development for issues under SGRY Schemes. However, under decentralized scheme of payment in MDM, there is time limit of 20 days for making payment after submission of bills in the subsequent month (time for submission of bill is 10 days) by the District Authorities, but it is not being adhered to strictly.

5.5 Regarding the steps taken to liquidate the outstanding dues of FCI over the years, the Ministry informed that Department of Food & PD and FCI is pursuing the matter with the concerned Ministries for liquidating the outstanding dues of FCI. This Department has convened meeting 25.07.2018 and 28.12.2018 with concerned Ministries/Departments and issue is being followed up regularly to expedite the liquidation of the outstanding dues vide letter dated 17.01.2019, 11.02.2019, 28.03.2019 and 05.07.2019. Further, DFPD vide letter dated 17.11.2020 has requested M/o Rural Development, M/o HRD and M/o External Affairs to take necessary action w.r.t settlement of outstanding dues with FCI.

5.6 The Committee are concerned to note that the outstanding amount against Ministry of Rural Development in respect of foodgrains provided to them by FCI for various welfare schemes on payment basis is Rs. 2454.03 crore. The Committee have been informed that outstanding amount against the Ministry of Education is Rs. 306.26 crore and outstanding amount against Ministry of External Affairs is Rs. 67.92 crore. In case of Ministry of Education, revolving fund of Rs. 400 crore has been provided by the Ministry for due amount. The Committee are surprised to note that no time limit has been fixed by which Ministries are required to make payment (i.e. Ministry of Rural Development for issue under Sampooran Gramin Rojgar Yojana (SGRY) Scheme) whereas under decentralized scheme of payment in Mid Day Meal (MDM) scheme, there is a time limit of 20 days for making payment after submission of bills in the subsequent months but it is not strictly adhered to. The Committee find that Department of Food and Public Distribution is continuously pursuing the matter with the concerned Ministries but huge amount is still outstanding for several years. The Committee view this with grave concern keeping in view the fact that FCI itself has a huge loan liability and has to pay interest thereon, thereby inflating food subsidy bill. The Committee once again urge the Department/FCI to take necessary steps for the expeditious settlement of outstanding amount with the Ministries of Rural Development, Education and External Affairs in a time bound manner to avoid undue burden on the ever increasing food subsidy bill.

(b) Storage – covered and open alongwith utilization status

5.7 The Committee have been furnished with the following statement showing total storage capacity available with the FCI, stocks held therein and capacity utilization during the last three years:-

(Fig. in LMT)

As on		COVERED			CAP			GRAND TOTAL
		TOTAL OWNED	TOTAL HIRED	TOTAL COVERED	OWNED	HIRED	TOTAL CAP	
01.06.2018	CAPACITY	128.42	226.62	355.04	26.02	0.00	26.02	381.06
	STOCKS	103.00	229.26	332.26	2.71	0.00	2.71	334.97
	UTILIZATION(%)	80	101	94	10	0	10	88
01.06.2019	CAPACITY	127.33	246.44	373.77	26.02	1.04	27.06	400.83
	STOCKS	107.76	226.35	334.11	4.70	1.19	5.89	340.00
	UTILIZATION(%)	85	92	89	18	114	22	85
01.06.2020	CAPACITY	127.77	257.09	384.86	26.02	1.64	27.66	412.52
	STOCKS	95.54	243.15	338.69	5.14	2.17	7.31	346.00
	UTILIZATION(%)	75	95	88	20	132	26	84
01.01.2021	CAPACITY	127.29	247.30	374.59	25.71	7.46	33.17	407.76
	STOCKS	78.99	168.65	247.64	2.60	7.60	10.20	257.84
	UTILIZATION(%)	62	68	66	10	102	31	63

In addition to the above, State Agencies are also having a capacity of 411.43 LMT including 294.51 covered & 116.92 CAP capacity with them for storing of foodgrains.

5.8 The Department also stated that utilization of FCI owned covered capacity has been between 62-85% and in case of hired covered capacity utilization has been between 68-101%. It is pertinent to mention that during the year 1989, Bureau of Industrial Costs & Prices (BICP) conducted a study and recommended that considering the practical limitations under which FCI has to work the normated level of capacity utilization should be adopted as 75%. As far as the lower utilization of owned capacity as compared to the hired capacity is concerned it may please be noted that this is a rather natural phenomenon due to the following reasons:

- The Storage Capacity is hired only when there is absolute necessity of the same which becomes all the more reason for it to be fully/more utilized.
- The owned capacity once constructed at a particular place/location cannot be shifted if the same is required at a different location due to changed procurement pattern or change in off take of foodgrains on account of consumer preference etc. whereas the hired capacity can be de hired and re hired as per the requirement making its utilization more than the owned capacity.
- Owned capacities are created at certain remote/hill areas also keeping in view the regional requirements where private parties do not come forward to offer hired capacity. Higher utilization of capacity in such places is not possible due to various factors such as difficult terrain, improper infrastructure, climatic conditions, limitation of railways/other transportation facilities etc. Examples of the same are NE Zone, Himachal Pradesh, J&K etc.
- Many a times hired capacity is taken on AUB (Actual Utilization Basis) where the capacity hired is shown equal to stock stored there in making the capacity utilization 100% thereby increasing the overall capacity utilization of hired capacity as compared to owned capacity.
- Some part of the owned capacity remains under repair and maintenance resulting in overall less utilization as compared to hired capacity because the hired capacity is taken only when it is fully storage worthy.
- Often it is not cost effective to undertake long distance transportation and double handling of food grains just to ensure utilization of FCI vacant space at far off places in place of hiring the fresh storage space at the place where it is required because of proximity to the procurement or consumption centres.
- CAP capacity is used only for storage of wheat, many a times this becomes the reason for low utilization of CAP capacity as compared to covered capacity which can be used for all the commodities. However, the underlying fact remains that the CAP storage capacity constitutes a very small fraction of total storage capacity i.e. only 33.17 LMT against 407.76LMT total capacity.

5.9 Further, it is brought to the attention that adequate checks and balances are in place in the form of Internal Audit and CAG audit so as to ensure proper utilization of

available capacity whether owned or hired and to ensure that no infructuous expenditure is made on account of rental charges by hiring the godowns unnecessarily. Review of capacity utilization is also carried out by Regional Offices/Zonal Offices/FCI HQs. to ensure optimum utilization of storage capacity and to minimize the cost of storage.

5.10 When asked about present norms of occupancy level or capacity utilization of each category of storage, the Ministry stated that considering the operational difficulties under which FCI has to operate, Bureau of Industrial Cost & Pricing (BICP) has prescribed the storage capacity utilisation norm of the godowns to be 75%. However, for better utilisation of the storage capacity and considering higher stock levels, capacity utilisation norm of 80% has been considered optimum. However, capacity utilization has been often exceeding 80% depending upon stocks level. In respect of de-hiring the storage capacity, it is informed that GMs(Region) have full powers to hire/de-hire the capacity as per the requirement.

5.11 The Committee also enquired about the rent paid by FCI to each agency for hiring godowns during the last three years, the Ministry stated as under:-

(Rs. In Lakh)

Detail of Storage rent from 2018-19 to 2020-21				
S.No.	Row Labels	2018-19	2019-20	2020-21(upto Jan 21)
1	CWC	39528.12	48792.73	31,770.12
2	SWC	98512.35	123122.72	84,292.45
3	Port Authority	2149.58	2596.85	2,930.59
4	Private Parties	1874.51	3119.08	4,271.53
5	PEG	90207.46	95586.37	68,689.27
6	SILO	6593.83	7476.92	6,003.15
7	Pulses	1285.23	1092.31	103.46
8	Others	1226.92	787.6	960.13
	Grand Total	2,41,378.00	2,82,574.58	1,99,020.70

5.12 The Committee observe that the capacity utilization of FCI for covered/owned storage capacity as on 01.01.2021 is 62% whereas hired/covered storage capacity is 68%. In case of CAP storage, owned capacity utilization is 10% while CAP hired storage has utilized to the extent of 102%. The Committee do not dispute the reasons cited by the Department for under utilization of owned capacity. They are correct to some extent yet the Committee are not able to accept such a gross under utilization of owned/covered/CAP storage capacity. The Committee are of the view that proper planning and management of owned storage capacity utilization would save a good amount of revenue on hiring storage capacity. The Committee, therefore, recommend that the Department/FCI should take effective steps to make maximum use of owned storage capacity, before hiring the godowns of private parties and other agencies.

The Committee also desire that hiring of storage capacity may be resorted to only when it is absolutely necessary and sincere efforts need to be made to minimize it.

(c) Construction of Godowns

5.13 When asked about storage capacity constructed by FCI during the last three years and physical and financial targets and actual achievement for construction of godowns in the wake of implementation of NFSA 2013, the Ministry informed that FCI's owned storage capacity is constructed under Central Sector Scheme. Moreover, FCI is augmenting capacity through private investors, CWC and SWCs in PPP mode under PEG scheme.

5.14 The year-wise details of capacity added vis-a-vis targets under PEG scheme are as below:-

Year	Target (in LMT)	Capacity added under PEG scheme(in LMT)
2018-19	Nil	1.40
2019-20	Nil	1.46
2020-21 (upto Dec., 20)	Nil	0.43
Total	Nil	3.29

5.15 Silo Storage capacity constructed by FCI during the last three years is 2 LMT and a capacity of 20.00 LMT is under various stages of implementation. The year wise details as under:

Year	Capacity (in LMT)
2018-19	0.50
2019-20	0.50
2020-21	1.00
Total	2.00

5.16 There is no financial investment by FCI in silo construction under PPP mode. In addition, FCI is creating new godowns using Central Funds with focus of NE States.

The Physical and Financial targets in respect of construction of godowns in various States during 2018-19, 2019-20 and 2020-21 (till date) is as below:

Year	North East				Other than North East			
	Physical (MT)		Financial (Rs. Crore)		Physical (MT)		Financial (Rs. Crore)	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
2018-19	22100	17100	42.50	52.44	18340	18340	2.50	9.46
2019-20	25000	2500	45.00	27.96	2240	Nil	4.00	4.28
2020-21 (as on 31.01.21)	30020	Nil	25.00	13.64	6220	Nil	15.00	3.07

5.17 The Committee enquired whether there is any perspective plan for construction of mini godowns in various districts/talukas of various States, the Ministry stated that There is no such plan for construction of mini godowns by FCI.

5.18 The Ministry further informed the State-wise details of capacity under construction in PEG scheme (as on 31.12.2020) as reproduced under:-

Sl. No.	State	Capacity under construction (in MT)
1	Andhra Pradesh	25,000
2	Bihar	2,000
3	Haryana	32,300
4	Himachal Pradesh	70,030
5	Jammu & Kashmir	69,160
6	Jharkhand	65,000
7	Madhya Pradesh	39,000
8	Tamil Nadu	10,000
9	Telengana	20,000
10	Uttar Pradesh	210,000
11	West Bengal	30,000
	Total	572,490

5.19 The details of the silos under construction in different States of the country are as under:-

(Fig. in LMT)

Agency	State	Completed	Under implementation	Total
FCI	Assam	0	0.5	0.5
	Bihar	0	5.5	5.5
	Delhi	0	0.5	0.5
	Gujarat	0	2	2
	Haryana	2	2.5	4.5
	Punjab	4.25	2	6.25
	Uttar Pradesh	0	4	4
	West Bengal	0.25	3	3.25
	Tamil Nadu	0.50	0	0.50
	Karnataka	0.25	0	0.25
Maharashtra	0.50	0	0.50	
Total		7.75	20	27.75
State Govt.	Madhya Pradesh	4.5	0	4.5
	Punjab	1.5	0	1.5
	Uttar Pradesh	0	1.5	1.5
Total		6	1.5	7.5
G.Total		13.75	21.5	35.25

No other silo capacity is being constructed in NE States, J&K, A&N and Lakshadweep Islands.

5.20 The details of construction of godowns under Central Sector Scheme which are in progress in the country are given below:-

S. No.	States	Region	Capacity (MT)	Remarks
1.	Assam	Jonai (Dhemaji)	20000	Physical Progress- 98%
2.	Arunachal Pradesh	Aalo	1670	Physical Progress- 50%
3.		Roing	1120	Physical Progress- 10%
4.	Manipur	Tamenglong	4730	Physical Progress- 45%
5.	Meghalaya	Baghmara	2500	Physical Progress- 80%
6.	Himachal Pradesh	Mandi	3340	Physical Progress- 25%

7.		Palampur	2240	Physical Progress- 60%
8.		Recongpeo	640	Physical Progress- 15%
		Total	36,240	

5.21 Under Central Sector Scheme the details of construction of godowns which are in progress in the country are as under:-

Progress of construction of storage godowns under Central Sector Scheme from 01.04.2017 to 31.01.2021 by FCI

A. North Eastern region:-

Sl. No.	State	Location	Capacity (MT)
a. Capacity completed			
1	Nagaland	Kohima	4590
2	Arunachal Pradesh	Bomdila	3340
3	Manipur	Imphal East	10,000
4		Bishnupur (approved 5000 MT)	4,600
5		Thoubal	2500
6		Chuchandpur	2,500
Total			27,530
b. Work awarded (Work in Progress)			
7	Assam	Jonai/Dhemaji	20,000
8	Arunachal Pradesh	Aalo	1,670
9		Roing	1,120
10	Manipur	Churachandpur	2,500
11		Tamenglong	4,730
12	Meghalaya	Baghmara	2,500
Total			30,020
c. Work being taken up			
13	Mizoram	Sairang	10,000
14	Assam	Kokrajhar	15,000 (approved 2500 MT)
Total			25,000
d. Land identified			
15	Assam	Silchar	20,000
16	Nagaland	Zunheboto	5,000

17	Mizoram	Champai	3,340
Total			28,340
Grand Total (a+b+c+d)			1,10,890

B. Areas other than North East (P. A-42, Replies)

Sl. No.	State	Location	Capacity (MT)
a. Capacity completed			
1	Kerala	Angadipuram	5,000
		(existing land)	
2		West Hill (existing land)	10,000
3	Himachal Pradesh	Kangra	3,340
Total			18,340
b. Work awarded (Work in Progress)			
4	Himachal Pradesh	Palampur	2,240
5		Mandi	3,340
6		Recongpeo	640
7	Jharkhand	Godda/Poreyahaat	10,000
8		Itkhori	10,000
Total			26,220
c. Land identified			
9	Jharkhand	Dumka Ph- II	15000 (approved 20,000)
Total			15,000
Grand Total (a+b+c)			59,560

As regards construction of godowns in J&K, NE states and Lakshadweep, it is submitted that in Central Sector Scheme (2017-22) there is no proposal by FCI to augment /construct godowns in state of J&K, A&N and Lakshadweep Islands.

5.22 As regards the problem being faced by FCI in construction of godown in NE Region they are mainly due to difficult terrains, frequent bandhs and issues with regard to land acquisition, law and order situation and inclement weather which affected construction work in North Eastern States. The various projects of construction of godowns are monitored by Food Corporation of India (FCI) at various levels from Chairman and Managing Director (C&MD), Executive Directors (ED), ED (Zones) and General Managers (GM) /GM(Regions) by arranging regular meetings in Headquarters as well as in North Eastern States with the Chief Secretaries or other Senior officers of the State Govt. FCI also pursues with Central/State Govt. executing agencies by writing DO letters at the level of C&MD and EDs.

5.23 In addition, this Department also monitors the progress and expedites the State Governments for unresolved issues like land acquisition. Meetings are also held at the level of Joint Secretary (Storage) and Secretary (F&PD) to review the progress of implementation of this scheme.

5.24 When asked whether Department has examined the possibility of increasing storage capacity norms to six months in NE States due to difficult terrain and transportation constraints, the Ministry stated that in this regard, the matter is under examination and no decision has been taken so far.

5.25 The Committee are concerned to note that during the year 2020-21, FCI could not achieve physical and financial targets for construction of godowns. During the year 2020-21 (as on 31.01.2021) the physical target set for construction of godowns in North-Eastern States was 30020 MT but achievement in this regard was NIL. So far as financial target is concerned, it was Rs.25 crore but its achievement was Rs 13.64 crore only.

Similarly, during the year 2020-21, for States other than North-East, the physical target was 6220 MT but achievement was NIL. Financial target was Rs. 15 crore but achievement was only Rs. 3.07 crore only. The Committee also note that as regards construction of godowns in J&K, NE States and Lakshadweep, in Central Sector Scheme (2017-22), there is no proposal by FCI to augment/construct godowns. The Committee also find that construction of silos completed by FCI and State Governments is 13.75 LMT and 21.5 LMT is under implementation. The Committee hope that FCI will certainly include NE States, J&K and Lakshadweep in road map for construction of godowns/silos in future. The Committee desire that the Department/FCI should make sincere efforts to expedite completion of on-going projects regarding construction of godowns. In the opinion of the Committee, existence of sufficient storage capacity in these States is a pre-requisite for the people of the States to reap the benefits of Public Distribution System. The Committee understand the problem faced by FCI in construction of godowns in NE Region which are mainly due to difficult terrain, frequent bandhs and issues with regard to land acquisition, law and order situation and inclement weather which affects construction work. The Committee, therefore, desire that the Department should take up the matter with the

States/UTs at highest level to resolve each and every issue to remove the impediments in the way of construction of godowns to solve the problem of storage. The Committee also recommend that mini godowns should be created in different parts of the States/UTs.

(d) Storage and Transit Losses

5.26 The Department has furnished the following details of actual storage, transit and pilferage losses in terms of quantity and value for the last three years suffered by FCI:-

Storage Losses

(Quantity in MT, Value in Crores)

Year	Wheat				Rice				Wheat+Rice			
	Qty Received	Qty Loss	% Loss	Values	Qty Received	Qty Loss	% Loss	Values	Qty Received	Qty Loss	% Loss	Values
2018-19*	45646 680	- 2215 87	-0.49	- 440. 91	46166 262	9019 8	0.19	264. 94	91812 942	- 13138 9	- 0.14	- 175. 97
2019-20*	41683 447	- 1916 44	-0.46	- 398. 84	45167 049	7436 2	0.16	227. 47	86850 497	- 11728 2	- 0.14	- 171. 37
2020-21**(Upto Dec.,20)	43092 867	- 1810 37	-0.42	- 402. 04	54400 621	9683 5	0.18	306. 26	97493 488	- 84202	- 0.09	- 95.7 8

Transit Loss

(Qty in MT, Value in Crores)

Year	Wheat				Rice				Wheat+Rice			
	Qty Liquidated	Qty Loss	% Loss	Value s	Qty Moved	Qty Loss	% Loss	Value s	Qty Received	Qty Loss	% Loss	Value s
2018-19*	179818 07	2917 9	0.16	58.02	235181 47	74197	0.32	218.8 3	41499 954	10337 6	0.25	276.8 5
2019-20*	182623 21	3085 7	0.17	64.21	226961 78	63527	0.28	193.7 1	40958 499	94384	0.23	257.9 2
2020-21**(Upto Dec., 20)	151547 60	3396 9	0.22	75.44	246157 51	90904	0.37	287.5	39770 511	12487 3	0.31	362.9 4

1. * indicates Audited Figures; 2. ** indicates Operational Figures. 3. (-) Minus indicates GAIN 4. The total value of Wheat + Rice includes Paddy.

Details on the Theft Pilferage losses for the period of 2018 to 2021 (upto Oct., 2020)

(Qty in MT, Value in Lakh)

Commodity	2018-19		2019-20 (Provisional)		2020-21 (Provisional)	
	Quantity	Value	Quantity	Value	Quantity	Value
Wheat	125.06	24.87	84.33	17.84	14.63	3.25
Rice	130.64	38.85	83.40	25.45	10.03	3.17
Paddy	0.00	0.00	0.00	0.00	0.00	0.00

5.27 When asked about the measures that have been taken/are being taken to obviate such losses, the Department informed as under:-

Following Measures are taken to curb Storage Loss:

- The position of storage losses is reviewed in Monthly Performance Review Meetings (MPR) at HQ level and EDs (Zone)/GMs(R) are instructed to intensify inspections/monitoring of depots showing higher storage losses.
- Covered storage capacity has been augmented to avoid CAP & Storage of food grains and to food grains in scientific covered storage.
- Periodical prophylactic and curative treatment of food grains stocks is undertaken to keep them free from pests/infestations i.e. to minimize losses due to biotic factors.
- Depots exhibiting high storage losses in a month are inspected at the level of ED (Zones), GM (Regions) and other senior officers.
- Security staff of FCI, Home Guards and other external agencies are being deployed at depots to ensure safety and security of the stock.
- CCTV cameras has been installed in owned depots for better surveillance and supervision.
- Physical measures like installation of barbed wire fencing of the boundary walls, provision of street lights for illumination of godowns and proper locking of the sheds are taken to secure the godowns.

Following Measures are taken to curb Transit Loss:

- HQ/ ED (Zones)/ GM (Regions) are being continuously pursued to closely monitor the trend of transit losses and take effective steps to bring them down. Region-wise trend of TL is reviewed regularly at HQ level and ED (Zone)/GM (Region) are advised to take remedial action/intensify monitoring of depots showing higher Transit Losses.
- Spreading of Polythene Sheets are spread on the floor of railway wagons to retrieve the spilled-over grains, is being followed.
- An 'SOP' regarding Joint Verification of High TL cases has been laid down vide circular dated 23.12.2015 and revised vide circular dated 16.02.2017.
- Depots exhibiting high transit losses in a month are inspected at the level of ED (Zones), GM (Regions) and other senior officers.
- Special Squads for loading/unloading of rakes is being undertaken by the field offices.
- Proper weighment and accounting of the stocks at the time of dispatch & receipt is emphasized
- Disciplinary action is initiated against delinquents wherever abnormal/unjustified transit losses are reported after due investigation.
- Independent Consignment Certification Squad (ICCS) are deployed at the time of loading and unloading of every rake for better monitoring and control.

5.28 Asked about the action that has been taken against the officials responsible for transit and storage losses in FCI, the Ministry furnished the following information regarding no. of cases initiated against FCI Officers held responsible for unjustified transit and storage losses during 2018-19, 2019-20, and 2020-21 (till Dec-20):

Year	TRANSIT LOSSES		STORAGE LOSSES	
	Major	Minor	Major	Minor
2018-19	4	149	3	263
2019-20	4	110	10	248
2020-21(till Dec-20)	1	65	3	198

No. of cases pending for unjustifiable transit and storage losses till Dec-2020:

TRANSIT LOSSES		STORAGE LOSSES	
Major	Minor	Major	Minor
1	10	7	28

5.29 The Ministry also stated that No. of cases pending against FCI Officers held responsible for unjustified transit and storage losses till Dec-2020 as below:

TRANSIT LOSSES		STORAGE LOSSES	
Major	Minor	Major	Minor
1	10	7	28

The CVC Circular No. No.000/VGL/18 Dated 23-05-2000 regarding the time-frame for disposal of disciplinary cases is as under:-

No.000/VGL/18
 Government of India
 Central Vigilance Commission

Safarkta Bhawan, Block 'A',
 GPO Complex, INA,
 New Delhi- 110 023
 Dated the 23rd May 2000

To

The CVOs of Ministries/Departments, autonomous organisations and Societies etc.

Subject: Schedule of time limits in conducting investigations and departmental inquiries.

Sir,

Delays in disposal of disciplinary cases are a matter of serious concern to the Commission. Such delays also affect the morale of the suspected/charged employees and others in the organisation. The Commission has issued instructions, vide its communication No. 8(1)(g)/99(3) dated 03.03.1999, that departmental inquiries should be completed within a period of six months from the date of appointment of Inquiry Officers. Regarding other stages of investigation/inquiry, the time-schedule, as under, has been laid down in the Special Chapters on Vigilance Management in Public Sector Banks/Enterprises, which are applicable to the employees of public sector banks / enterprises. The Commission desires that these time-limits should also be adhered to by the Ministry/Departments of Government of India, autonomous organisations and other Cooperative Societies, in respect of their employees, so as to ensure that the disciplinary cases are disposed of quickly.

S.No	State of Investigation or inquiry	Time Limit
1.	Decision as to whether the complaint involves a vigilance angle.	One month from receipt of the complaint.
2.	Decision on complaint, whether to be filed or to be entrusted to CBI or to be taken up for investigation by departmental agency or to be sent to the concerned administrative authority for necessary action.	-do-
3.	Conducting investigation and submission of report.	Three months.
4.	Department's comments on the CBI reports in cases requiring Commission's advice.	One month from the date of receipt of CBI's report by the CVO/Disciplinary Authority.
5.	Referring departmental investigation reports to the Commission for advice.	One month from the date of receipt of investigation report.
6.	Reconsideration of the Commission's advice, if required.	One month from the date of receipt of Commission's advice.

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7.	Issue of charge-sheet, if required.	(i) One month from the date of receipt of Commission's advice. (ii) Two months from the date of receipt of investigation report
8.	Time for submission of defence statement.	Ordinarily ten days or as specified in CDA Rules.
9.	Consideration of defence statement.	15 (Fifteen) days.
10.	Issue of final orders in minor penalty cases.	Two months from the receipt of defence statement.
11.	Appointment of IO/PO in major penalty cases.	Immediately after receipt and consideration of defence statement.
12.	Conducting departmental inquiry and submission of report.	Six months from the date of appointment of IO/PO.
13.	Sending a copy of the IO's report to the Charged Officer for his representation.	i) Within 15 days of receipt of IO's report if any of the Articles of charge has been held as proved; ii) 15 days if all charges held as not proved. Reasons for disagreement with IO's findings to be communicated
14.	Consideration of CO's representation and forwarding IO's report to the Commission for second stage advice.	One month from the date of receipt of representation.
15.	Issuance of orders on the Inquiry report.	i) One month from the date of Commission's advice. ii) Two months from the date of receipt of IO's report if Commission's advice was not required.

Yours faithfully,

Sd/-

(K.L. Ahuja)
Officer on Special Duty

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5.30 The State-wise & year-wise details of damaged foodgrains accrued in FCI godowns for last three years viz., 2017-18, 2018-19 and 2019-20 are as under:-

Details on the quantity and value of damaged foodgrains accrued in FCI during 2017-18

Sl. No.	Zone/Region	Total accrued quantity of damaged wheat (in MTs)	Value of damaged wheat (in Rs.) calculated on Tender rate for Feed-1 for Feed-1 @ 60% of MSP* i.e. Rs. 9750/MT	Total accrued quantity of damaged rice (in MTs)	Cost of damaged rice (in Rs.) calculated on Tender rate for Feed-1 for Feed-1 @ 60% of MSP* i.e. Rs. 13147.20/MT	Total value of damaged foodgrains (in Rs.)
East Zone						
1	Bihar	486.409	4742487.75	1130.192	14858860.26	19601348.01
2	Jharkhand	0	0	44.584	586154.76	586154.76
3	Orissa	0.315	3071.25	0	0.00	3071.25
4	West Bengal	0	0	0	0	0
Zone Total		486.724	4745559	1174.776	15445015.03	20190574.03
NE ZONE						
1	Assam	12.256	119496	315.454	4147336.83	4266832.83
2	Arunachal Pradesh	0	0	0	0	0
3	NEF(Megh./Mizo/Tripura)	0	0	91.803	1206952.40	1206952.40
4	Nagaland	0	0	0	0	0
5	Manipur	0	0	0	0	0
Zone Total		12.256	119496	407.257	5354289.23	5473785.23
North Zone						
1	Delhi	13.982	136324.5	0	0	136324.5
2	Haryana	0	0	0	0	0
3	Himachal Pradesh	0	0	0	0	0
4	Jammu & Kashmir	0	0	0	0	0
5	Punjab	37.619	366785.25	173.435	2280184.632	2646969.882
6	Rajasthan	1.255	12236.25	0.049	644.2128	12880.4628
7	Uttar Pradesh	230.160	2244060	12.690	166837.97	2410897.97
8	Uttrakhand	0	0	0	0	0
Zone Total		283.016	2759406	186.174	2447666.81	5207072.81
South Zone						
1	Andhra Pradesh	0	0	0	0	0
2	Kerala	0	0	1.501	19733.95	19733.95
3	Karnataka	27.843	271469.25	47.2	620547.84	892017.09
4	Tamil Nadu	0	0	15.812	207883.53	207883.53
Zone Total		27.843	271469.25	64.513	848165.31	1119634.56

West Zone						
1	Gujarat	5.489	53517.75	0.819	10767.56	64285.31
2	Maharashtra	4.442	43309.5	10.177	133799.0544	177108.5544
3	Madhya Pradesh	0	0	0	0	0
4	Chhattisgarh	0	0	0	0	0
Zone Total		9.931	96827.25	10.996	144566.61	241393.86
Country Total		819.770	7992757.5	1843.716	24239703.00	32232460.50

Remarks:

- *1 MSP of the crop year in which stocks were detected as damaged has been adopted as a base.
- The value is estimated based on the assumption that stocks have been liquidated under Feed-I category.

Details on the quantity and value of damaged foodgrains accrued in FCI during 2018-19

Sl. No.	Zone/Region	Total accrued quantity of damaged wheat (in MTs)	Value of damaged wheat (in Rs.) calculated on Tender rate for Feed-1 for Feed-1 @ 60% of MSP* i.e. Rs. 10410/MT	Total accrued quantity of damaged rice (in MTs)	Cost of damaged rice (in Rs.) calculated on Tender rate for Feed-1 for Feed-1 @ 60% of MSP* i.e. Rs. 13853/MT	Total value of damaged foodgrains (in Rs.)
East Zone						
1	Bihar	1267.687	13196621.67	2299.967	31861442.85	45058064.52
2	Jharkhand	0	0.00	31.244	432823.13	432823.13
3	Orissa	1.57	16343.70	0	0	16343.70
4	West Bengal	4.51	46949.10	7.78	107776.34	154725.44
Zone Total		1273.767	13259914.47	2338.991	32402042.32	45661956.79
NE ZONE						
1	Assam	0	0	867.733	12020705.25	12020705.25
2	Arunachal Pradesh	0	0	0	0	0
3	NEF(Megh./Mizo/Tripura)	0	0	57.982	803224.646	803224.65
4	Nagaland	0	0	0	0	0
5	Manipur	0	0	0	0	0
Zone Total		0	0.00	925.715	12823929.90	12823929.90
North Zone						
1	Delhi	1.874	19508.34	0.174	2410.42	21918.76
2	Haryana	0	0	0	0	0
3	Himachal Pradesh	0	0	0	0	0
4	Jammu & Kashmir	0	0	0	0	0
5	Punjab	19.936	207533.76	298.315	4132557.70	4340091.46
6	Rajasthan	0.158	1644.78	0	0	1644.78
7	Uttar Pradesh	17.486	182029.26	98.298	1361722.19	1543751.45
8	Uttarakhand	0	0	0	0	0

Zone Total		39.454	410716.14	396.787	5496690.31	5907406.45
South Zone						
1	Andhra Pradesh	0	0	0	0	0
2	Kerala	64.024	666489.84	48.736	675139.81	1341629.65
3	Karnataka	0	0	53.224	737312.072	737312.07
4	Tamil Nadu	0	0	6.472	89656.616	89656.62
Zone Total		64.024	666489.84	108.432	1502108.50	2168598.34
West Zone						
1	Gujarat	19.199	199861.59	0	0	199861.59
2	Maharashtra	16.151	168131.91	18.815	260644.20	428776.105
3	Madhya Pradesh	0	0	4.97	68849.41	68849.41
4	Chhattisgarh	7.057	73463.37	0	0	73463.37
Zone Total		42.407	441456.87	23.785	329493.61	770950.48
Country Total		1419.652	14778577.32	3793.710	52554264.63	67332841.95

Remarks:

*1 MSP of the crop year in which stocks were detected as damaged has been adopted as a base.

2. The value is estimated based on the assumption that stocks have been liquidated under Feed-I category

Details on the quantity and value of damaged foodgrains accrued in FCI during 2019-20

Sl. No.	Zone/Region	Total accrued Quantity of damaged Wheat (In MTs)	Value of Damaged Wheat (in Rs.) calculated on Tender rate for Feed-1 @ 60% of MSP* i.e. Rs. 11040/MT	Total accrued Quantity of damaged Rice (In MTs)	Cost of Damaged Rice (in Rs.) calculated on Tender rate for Feed-1 @ 60% of MSP* i.e. Rs.15529.41 /MT	Total value of damaged foodgrains (in Rs.)
EAST ZONE						
1	BIHAR	0.036	397.44	0	0	397.44
2	JHARKHAND	0	0	0	0	0.00
3	ORISSA	86.229	951968.16	0.87	13510.5867	965478.75
4	WEST BENGAL	0	0	0	0	0
ZONE TOTAL		86.265	952365.6	0.87	13510.5867	965876.19
NE ZONE						
1	ASSAM	0	0	2.147	33341.64327	33341.64
2	ARUNACHAL PRADESH	0	0	0	0	0
3	NEF(MEGH./ MIZO/T.PURA)	0	0	26.84	416809.3644	416809.3644
4	NAGALAND	0	0	0	0	0
5	MANIPUR	0	0	0	0	0

ZONE TOTAL		0	0	28.987	450151.0077	450151.01
<u>NORTH ZONE</u>						
1	DELHI	43.617	481531.68	0	0	481531.68
2	HARYANA	0	0	286	4441411.26	4441411.26
3	HIMACHAL PRADESH	0	0	0	0	0
4	JAMMU & KASHMIR	0	0	0	0	0
5	PUNJAB	15.831	174774.24	39.985	620943.4589	795717.6989
6	RAJASTHAN	1.283	14164.32	0.698	10839.52818	25003.84818
7	UTTAR PRADESH	8.918	98454.72	16.88	262136.4408	360591.1608
8	UTTRAKHAND	0	0	0	0	0
ZONE TOTAL		69.649	768924.96	343.563	5335330.688	6104255.648
<u>SOUTH ZONE</u>						
1	ANDHRA PRADESH	0	0	640.421	9945360.282	9945360.282
2	KERALA	3.341	36884.64	28.425	441423.4793	478308.1193
3	KARNATAKA	0	0	9.817	152452.218	152452.218
4	TAMIL NADU	0.036	397.44	1.413	21943.05633	22340.49633
ZONE TOTAL		3.377	37282.08	680.076	10561179.04	10598461.12
<u>WEST ZONE</u>						
1	GUJARAT	693.971	7661439.84	0	0	7661439.84
2	MAHARASHTRA	11.203	123681.12	6.9315	107642.1054	231323.2254
3	MADHYA PRADESH	0	0	0	0	0
4	CHHATTISGARH	0	0	5.4645	84860.46095	84860.46095
ZONE TOTAL		705.174	7785120.96	12.396	192502.5664	7977623.526
COUNTRY TOTAL		864.465	9543693.6	1065.892	16552673.88	26096367.48

Remarks:

*1 MSP of the crop year in which stocks were detected as damaged has been adopted as a base.

2. The value is estimated based on the assumption that stocks have been liquidated under Feed-I category.

5.31 When enquired about the action plan of the Government to avoid such losses in future, the Ministry stated the following action plan to keep the damages to the bare minimum:

- Stocks are issued on FIFO Principle.

- Instructions have been issued not to store any stock in un-scientific (Katcha) plinths.
- Efforts are also being made to minimize storage of foodgrains in Cover & Plinth (CAP) storage especially in consuming states.
- A drive has been launched to carry out effective prophylactic and curative treatment of stocks and regular inspections are being carried out to minimize damage to stocks.
- Damage Monitoring Cells have been set up at District, Regional and Zonal levels to regularly monitor quality of stocks and reduce damages.

5.32 Regarding the steps being taken for safe storage and preservation of foodgrains in FCI godowns, the Ministry informed as under:-

- All godowns are constructed as per specifications.
- Foodgrains are stored by adopting proper scientific code of storage practices.
- Adequate dunnage materials such as wooden Polly crates, bamboo mats, polythene sheets are used to check migration of moisture from the floor.
- Fumigation covers, nylon ropes, nets and insecticides for control of stored grain insect pests are provided in all the godowns.
- Prophylactic (spraying of insecticides) and curative treatments (fumigation) are carried out regularly and timely in godowns for the control of stored grain insect pests.
- Effective rat control measures, both in covered godowns as well as in CAP storage are used.
- Foodgrains in 'Cover and Plinth' (CAP) storage are stored on elevated plinths and wooden crates are used as dunnage material. Stacks are to be properly covered with specifically fabricated low-density black polythene water -proof covers and tied with nylon ropes/nets.
- Regular periodic inspections of the stocks/godowns are undertaken by qualified and trained staff including senior officers.

- The principle of “First in First Out” (FIFO) is followed to the extent possible so as to avoid longer storage of foodgrains in godowns.
- Only covered rail wagons are used for movement of foodgrains so as to avoid damage during transit.

By taking above precautionary steps the percentage of damage food grains against offtake during 2020-21 (as 31-01-2021) was 0.0029% only.

5.33 The Committee note that despite various steps taken by the Ministry, storage and transit losses are still very high i.e. Rs. 95.78 crore and Rs. 362.94 crore respectively (upto December, 2020). The Committee feel that the issue of storage losses requires regular monitoring on the part of the Government as well as technical staff posted in the field. In the opinion of the Committee, the steps taken by FCI to prevent storage losses are not adequate. Regular inspection and constant monitoring are required to ensure that losses do not increase further. The Committee feel that strict action should be taken against delinquent officials and they should not escape accountability for unjustified losses, particularly in view of the fact that FCI is incurring huge amount on the food subsidy. The FCI should continuously endeavour to minimize the operational cost by controlling the operational losses and other overheads. The Committee desire that vigorous efforts should be made to minimize the losses so that the funds earmarked for the poorest of the poor reach the actual beneficiary and to prevent food subsidy bill from rising further.

5.34 The Committee also note that the number of cases initiated against FCI officials for unjustified transit losses during the year 2018-19, 2019-20 and 2020-21 (till December, 2020) are 153, 114 and 66 and for storage losses , the figures are 266, 258 and 201 (major and minor offences) respectively. The number of cases pending for unjustified transit and storage loss as on 30 December, 2020 (major and minor) are 11 and 35 respectively. The Committee, therefore, recommend that FCI should fix its own standards/set guidelines/checklist so that employees may become extra

careful and vigilant in the matter of safe storage of foodgrains so that minimum loss is caused to this public corporation acting for the benefit of country as a whole in distribution of foodgrains as subsidized commodities. The Committee also recommend that steps should be taken to dispose of all pending cases against the delinquent officials expeditiously in a time bound manner.

CHAPTER VI

MANAGEMENT OF SUGAR

Sugar Industry is an important agro-based industry that impacts livelihood of about 5 crore sugarcane farmers and their dependents and around 5 lakh workers directly employed in sugar mills. Employment is also generated in various ancillary activities relating to transport, trade, servicing of machinery and supply of agriculture inputs. India is the second largest producer of sugar in the world after Brazil and is also the largest consumer. Today, annual output of Indian sugar industry is worth approximately Rs. 80,000 crores.

(a) Production of Sugar

6.2 In the past, sugar production in India has been cyclic in nature. Every 3-4 years of high sugar production are followed by 2-3 years of low sugar production. From sugar season 2010-11 onwards, the production of sugar has exceeded domestic requirements in the country till the sugar season 2015-16. During sugar season 2016-17, the production was lower than the demand due to drought in major sugar producing States of Maharashtra and Karnataka. However, since 2017-18, sugar season, the production has been higher than the domestic demand. The Department has stated that because of improved variety of sugarcane, the production of sugarcane/sugar production would likely to be remain surplus in coming seasons. As such, the cyclicality in sugar production has been eliminated.

6.3 Details of production, consumption, demand, availability and carry-over stock, buffer stock, import-export of sugar in the country during the last three years are given below:-

(Figures in Lakh MT)

Particulars	Sugar season 2018-19	Sugar season 2019-20(P)	Sugar season 2020-21(E)
Carry over stocks	105.00	145.00	110.00
Production of sugar	331.33	274.00 (after discounting diversion of 9 LMT)	310.00 (after discounting diversion of 24 LMT)
Imports	-	-	-
Availability	437.00	419.00	420.00

Consumption / demand	255.00	251.00	260.00
Exports	37.00	58.00	60.00 (Target)

(P) – Provisional. (E) - Estimated

6.4 The Acreage under sugarcane cultivation during last three years was as under:-

Sugar Season	Area under sugarcane Cultivation (Lakhs Hect.)	% Increase/ Decrease over presiding Sugar Season
2018-19	51.14	(+)7.96
2019-20	51.18	(+)0.07
2020-21 (till date)	54.76	(+)6.99

6.5 In order to encourage and incentivize farmers to produce cane, the Government announces Fair and Remunerative Prices (FRP) of sugarcane well before the commencement of every sugar season. The Central Government is also providing loans to sugar mills at concessional rate of interest from Sugar Development Fund (SDF) for sugar cane development in their command areas.

6.6 Asked about the present rate of Statutory Minimum Price for sugarcane, the Ministry stated that the Central Government fixes Fair and Remunerative Price (FRP) of sugarcane, earlier called Statutory Minimum Price (SMP), having regard to the factors mentioned in Clause 3(1) of the Sugarcane (Control) Order, 1966 based on the recommendations of the Commission for Agricultural Costs and Prices (CACP) and after consultations with State Governments and other stakeholders. It is the benchmark price below which no sugar mill can purchase sugarcane from the farmers. FRP of sugarcane, linked to recovery rate, is uniform throughout the country and not fixed state-wise. However, four states namely Uttar Pradesh, Uttarakhand, Punjab and Haryana fix State Advise Price (SAP) which is higher than the FRP.

6.7 FRP for current sugar season 2020-21 is Rs. 285/- per quintal for a basic recovery rate of 10%; providing a premium of Rs. 2.85/qtl for each 0.1 % increase in recovery over and above 10% and reduction in FRP at the same rate for each 0.1% decrease in the recovery rate. There will be no deduction for the mills with recovery level of 9.5% or less than 9.5%. The FRP of sugarcane payable by sugar factories for each sugar season from 2018-19 and onwards is tabulated below:-

Sugar Season	FRP (Rs. per quintal)	Basic Recovery Level
2018-19	275.00	10.00%
2019-20	275.00	10.00%
2020-21	285.00	10.00%

6.8 The Committee are happy to note that the country has been producing sugar more than the domestic requirement from sugar season 2010-11 onwards except in the sugar season 2016-17. During the year 2016-17, the production was lower than the demand due to drought in major sugar producing States of Maharashtra and Karnataka. The Committee also note that due to improved variety of sugarcane, the production of sugar/sugarcane is likely to remain surplus in the coming years. The Committee hope that Department will continue to make sincere efforts to encourage sugarcane farmers to take all steps to increase sugarcane production by declaring timely and adequate fair and remunerative price of sugarcane so that they continue to cultivate sugarcane crop thereby boosting possible export.

(b) Cane Price Arrears

6.9 The Sugarcane (Control) Order, 1966, contains the necessary provisions for action against defaulting sugar mills and the powers in this regard are delegated and vested with the State Governments concerned who have the necessary field formations. The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable. The powers for enforcing this provision are vested with the State Governments/UT Administrations. Further, the Central Government advises the State Governments/UTs from time to time to ensure timely payment of cane dues to the farmers and to take action against the defaulting sugar mills.

6.10 The Ministry has intimated the State-wise details of cane price arrears (on SAP/FRP basis wherever applicable) for 2020-21, 2019-20, 2018-19 and 2017-18 & earlier sugar seasons is as under:-

Annexure-I

Statement Showing Cane Price Arrearers for 2020-21 Sugar Season and Cane Price Arrearers for 2018-19, 2017-18 & Earlier Season (Position as on 09.02.2021)					
Sr. No.	State	Cane Price Arrearers 2020-21	Cane Price Arrearers 2019-20	Cane Price Arrearers 2018-19	Cane Price Arrearers 2017-18 & Earlier
1	Bihar	411.00	84.96	57.74	0.18
2	Haryana	669.66	4.08	0.00	0.00
3	Punjab	576.19	137.15	0.00	0.00
4	Uttarakhand	416.29	0.00	104.74	74.56
5	Uttar Pradesh	7555.09	1406.14	0.00	33.51
6	Andhra Pradesh	90.56	43.58	36.73	0.00
7	Telanagana	114.00	11.50	0.00	0.00
8	Gujarat	1044.00	0.09	0.00	1.50
9	Maharashtra	2030.31	0.16	117.91	27.24
10	Karnataka	3585.18	49.01	11.20	0.00
11	Tamil Nadu	56.20	29.76	74.08	60.70
12	Puducherry	0.00	0.00	0.00	0.00
13	Chhattisgarh	55.00	0.00	6.00	2.00
14	Odisha	22.41	0.00	0.00	0.00
15	Madhya Pradesh	257.13	0.00	0.00	0.00
16	Goa	0.00	0.00	2.00	0.00
Total		16883.00	1766.00	410.00	199.00

6.11 The details of the Sugar mills having cane price arrears for last three years and current year are available at the website of the Department viz. www.dfpd.nic.in. The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable. The powers for enforcing this provision are vested with the State Governments/UT Administrations. Further, the Central Government advises the State Governments/UTs from time to time to ensure timely payment of cane dues to the farmers and to take action against the defaulting sugar mills.

6.12 When asked whether the production of ethanol has adversely affected the production of sugar and decreased its availability, the Ministry stated that no, production of sugar since 2017-18 sugar seasons is surplus and is much higher than the consumption demand of the country. The excess stock of sugar has depressed the sugar prices thereby affecting liquidity position of sugar mills. As such, in order to overcome the problem of excess stock of sugar, Govt. has also permitted the production of ethanol from sugar cane juice, B-Hy molasses, sugar and sugar syrup and has fixed their remunerative prices to improve the liquidity of sugar mills to enable them to clear their cane dues.

6.13 The Committee also enquired upto what extent raising of percentage of blending of ethanol from 5% to 10% has been able to minimize cane price arrears, the Ministry stated that the payment of cane price arrear is an ongoing process. The increase of blending percentage of ethanol from 5% to 10% into motor fuel as well as fixation of remunerative prices of ethanol produced from different feed-stock has increased the production of ethanol for which mills are getting remunerative price thereby improving the liquidity position of sugar mills. This generation of additional revenue from sale of ethanol to OMCs has helped the sugar mills to clear the cane dues of the farmers. However, it is the cumulative effect of realization from the sale of ethanol as well as sugar and other allied products. As such, impact of only one component could not be separately assessed.

6.14 The Committee are constrained to note that a total of Rs. 19258 crore cane price arrears are outstanding which includes Rs. 16883 crore for 2020-21 sugar season, Rs. 1766 crore for 2019-20 sugar season, Rs. 410 crore for 2018-19 sugar season and Rs. 199 crore for 2017-18 and earlier sugar seasons. The Committee note that although payment of sugarcane is required to be made within 14 days of the supply of sugarcane by the farmers, however it is rarely done. The cane price arrears pertaining to sugar season 2017-18 and earlier are still outstanding and yet no action has been taken against the sugar mills for recovery of cane arrears along with interest @ 15% as per the provision of the Sugarcane Control Order, 1966. Various steps taken by the Government to clear the cane price arrears such as blending of ethanol etc. from 5% to 10% have resulted in reducing the cane price arrears but huge amount is still pending. The Committee, therefore, strongly urge the Department of Food and Public Distribution to prevail upon the State Governments to take immediate steps to clear all outstanding cane price arrears at the earliest so that the acreage of cultivation does not dip which might force the Government to resort to imports and to prevent outgo of foreign exchange in future.

NEW DELHI;
18 March, 2021
27 Phalguna 1941(Saka)

SUDIP BANDYOPADHYAY,
Chairperson,
Standing Committee on Food,
Consumer Affairs and Public Distribution.

APPENDIX I

MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2020-2021) HELD ON WEDNESDAY, 17 FEBRUARY, 2021

The Committee sat from 1500 hrs. to 1530 hrs. in Committee Room 'E', Basement, Parliament House Annexe, New Delhi.

PRESENT

Shri Sudip Bandyopadhyay - Chairperson

Members

Lok Sabha

2. Dr. Farooq Abdullah
3. Shri Anil Firojiya
4. Shri Subrat Pathak
5. Smt. Kavita Singh
6. Shri Ganesan Selvam
7. Shri Ajay Misra Teni
8. Shri Saptagiri Ulaka

Rajya Sabha

9. Shri Satish Chandra Dubey

SECRETARIAT

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director

WITNESSES

Sl. No.	Name	Designation
1.	Shri Sudhanshu Pandey	Secretary (F&PD)
2.	Shri G. Srinivas	AS&FA
3.	Shri Edwin Kulbhushan Majhi	AS(Policy & FCI)
4.	Shri T. K. Manoj Kumar	Special Secretary (WDRA)
5.	Shri Sanjiv Kumar	CMD (FCI)
6.	Shri Arun Kumar Shrivastava	MD (CWC)
7.	Shri S. Jagannathan	JS (BP&PD)
8.	Shri Subodh Kumar Singh	JS (Sugar & Admin)
9.	Smt. Mukta Shekhar	JS (Impex & IC)
10.	Ms. Nandita Gupta	JS (Storage & PG)
11.	Ms. Manisha Sensarma	Economic Advisor
12.	Shri Rabindra Agrawal	ED
13.	Shri Sudeep Singh	ED, CVO/ED (V)
14.	Shri B. S. Mohapatra	Consultant (Finance)

15.	Smt. Hema Jaiswal	Director (F&B)
16.	Shri Dhirendra Kumar	Director (Parliament)
17.	Shri K.M. S. Khalsa	DS (Finance)

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to take oral evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) on Demands for Grants (2022-22)

(Witnesses were called in)

3. As there was no quorum even after waiting for more than 30 minutes, the Secretary, Department of Food and Public Distribution was called in and informed that the Members present were not sufficient to constitute the quorum. The Chairperson then decided to adjourn the sitting to 26.02.2021 (1200 hrs.) in terms of Rule 259 (2) of the Rules of Procedure and Conduct of Business in Lok Sabha.

The Committee then adjourned.

APPENDIX II

MINUTES OF THE ELEVENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2020-2021) HELD ON WEDNESDAY, 17 MARCH, 2021

The Committee sat from 1500 hrs. to 1600 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Dr. Farooq Abdullah - Acting Chairperson

Members

Lok Sabha

2. Shri Girish Bhalchandra Bapat
3. Shri Shafiqur Rahman Barq
4. Ms. Pratima Bhoumik
5. Shri Anil Firojiya
6. Shri Rajendra Dhedya Gavit
7. Shri Bhagwant Mann
8. Shri Khagen Murmu
9. Shri Mitesh Rameshbhai (Bakabhai) Patel
10. Smt. Himadri Singh
11. Smt. Kavita Singh
12. Shri Ajay Misra Teni
13. Shri Saptagiri Ulaka

Rajya Sabha

14. Sh. Satish Chandra Dubey
15. Dr. Fauzia Khan

SECRETARIAT

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director

2. At the outset, the Committee were informed that due to certain exigencies, the Hon'ble Chairperson was not in a position to preside over the sitting of the Committee and were requested to choose one amongst themselves to preside over the day's sitting. Accordingly, the Members present chose Dr. Farooq Abdullah, MP (Lok Sabha) to preside over the sitting of the Committee for the day in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Acting Chairperson then welcomed the Members to the sitting of the Committee convened to take oral evidence of the representatives of Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) in connection with examination of the Demands for Grants (2021-22).

[The witnesses were then called in.]

WITNESSES

Sl. No.	Name	Designation
1.	Shri Sudhanshu Pandey	Secretary (F&PD)
2.	Shri Edwin Kulbhushan Majhi	AS(Policy & FCI)
3.	Shri G. Srinivas	AS&FA
4.	Shri Sanjiv Kumar	CMD (FCI)
5.	Shri Arun Kumar Shrivastava	MD (CWC)
6.	Shri Petluri Srinivas	Member (WDRA)
7.	Shri S. Jagannathan	JS (BP&PD)
8.	Shri Subodh Kumar Singh	JS (Sugar & Admin)
9.	Smt. Mukta Shekhar	JS (Impex & IC)
10.	Ms. Nandita Gupta	JS (Storage & PG)
11.	Ms. Manisha Sensarma	Economic Advisor
12.	Shri Rabindra Agrawal	ED, FCI

13.	Shri Sudeep Singh	ED, FCI
14.	Shri B. S. Mohapatra	Consultant (Finance)
15.	Smt. Hema Jaiswal	Director (F&B)

3. The Acting Chairperson then welcomed the representatives of the Department of Food and Public Distribution to the sitting and apprised them about Direction 55 (1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings. The Hon'ble Acting Chairperson in his welcoming remarks requested the witnesses to elaborate on various issues such as Construction of Godowns by FCI/State Governments, Assistance to Warehousing Development and Regulatory Authority, Strengthening of PDS Operations, Creating awareness amongst TPDS beneficiaries, Quality Control Mechanism, Financial Assistance to States/UTs Food Commissions for Non-Building Assets, Functioning of the Department including the problems, if any, in implementation of various schemes including subsidy for foodgrains to FCI, Decentralized Procurement Scheme, etc. Then, the representatives of Department of Food and Public Distribution with the permission of Chairperson made a power point presentation highlighting functions of the Department, Budget Allotment – 2020-21 and 2021-22, Expenditure 2020-21, Scheme-wise allocation for financial year 2021-22, Details of NSSF Loan released to FCI, Investment in Equity Capital of Food Corporation of India, NFSA – Assistance for Intra-State Transportation, Scheme for sugar sector, Sugar Subsidy to States for PDS, Assistance to Sugar Mills (2018-19, 2019-20), Assistance to sugar mills for expenses on marketing costs including handling, upgrading and other processing costs and costs of international and internal transport and freight charges on export of sugar (new scheme 2021-22), Assistance to sugar mills for enhancement and augmentation of ethanol production capacity, SDF Loans, Storage and Godowns (Focus on NER), Procurement of foodgrains, Fortification of Rice and its Distribution under Public Distribution System, Storage and Transportation, Warehousing Development and Regulatory Authority etc. The Secretary and other representatives of the Department addressed to the issues raised by the Hon'ble Acting Chairperson in his

opening remarks. The issues raised by the Hon'ble Acting Chairperson were further supplemented by the members of the Committee.

4. The Committee then held detailed discussion on the following issues:-
 - (i) Procurement, Storage and Distribution of foodgrains and problems related to storage and steps taken to improve procurement system;
 - (ii) Food Subsidy to DCP States;
 - (iii) Food Subsidy to FCI;
 - (iv) Sugar subsidy to States for PDS;
 - (v) Creation and Maintenance of Buffer Stock of Sugar of 40 LMT;
 - (vi) Strengthening of PDS Operations; and
 - (vii) Integrated Management of PDS.

The queries raised by the Acting Chairperson and the Members on various issues during the course of discussion were responded to by the representatives of the Department.

5. The Hon'ble Acting Chairperson directed the representatives of the Department of Food and Public Distribution to furnish written replies to the queries raised by the Members, which could not be responded to during the sitting of the Committee.

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

[The witnesses then withdrew.]

A verbatim record of the proceedings has been kept.

The Committee then adjourned.

MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2020-2021) HELD ON THURSDAY, 18 MARCH, 2021

The Committee sat from 1000 hrs. to 1030 hrs. in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Ajay Misra Teni - Acting Chairperson

Members

Lok Sabha

2. Dr. Farooq Abdullah
3. Shri Girish Bhalchandra Bapat
4. Shri Shafiqur Rahman Barq
5. Ms. Pratima Bhoumik
6. Shri Anil Firojiya
7. Shri Rajendra Dhedya Gavit
8. Shri Bhagwant Mann
9. Shri Khagen Murmu
10. Shri Mitesh Rameshbhai (Bakabhai) Patel
11. Smt. Himadri Singh
12. Smt. Kavita Singh
13. Shri Saptagiri Ulaka

Rajya Sabha

14. Shri Satish Chandra Dubey
15. Dr. Fauzia Khan
16. Shri Rajmani Patel

SECRETARIAT

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director

2. At the outset, the Committee were informed that due to certain exigencies, the Hon'ble Chairperson was not in a position to preside over the sitting of the Committee and were requested to choose one amongst themselves to preside over the day's sitting. Accordingly, the Members present chose Shri Ajay Misra Teni, MP (Lok Sabha) to preside over the sitting of the Committee for the day in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Acting Chairperson then welcomed the Members to the sitting of the Committee convened for consideration and adoption of the Draft Report on Demands for Grants (2021-22) relating to the (i) Department of Food and Public Distribution, (ii)

XXXXX XXXXX XXXXX XXXX (i) XXXXX XXXXX
XXXXX XXXX (ii) XXXXX XXXXX XXXXX XXXX

3. Thereafter the Committee took up for consideration the following Draft Report :-

(i) The Demands for Grants (2021-22) of the Department of Food & Public Distribution;

(ii) XXXXX XXXXX XXXXX XXXX

(iii) XXXXX XXXXX XXXXX XXXX

(iv) XXXXX XXXXX XXXXX XXXX

4. After due discussion, the Committee adopted the Draft Report without any amendments/modifications.

5. The Committee then authorized the Acting Chairperson to finalize the aforesaid Draft Report in the light of verbal and consequential changes and also in the light of factual verification from concerned Departments and also authentication of the Report on behalf of Chairperson for presentation of the same to Parliament during the current Budget Session.

6. XXXXX XXXXX XXXXX XXXX

The Committee then adjourned.

XXXXX XXXXX Matter does not relate to the Report.