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**STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS
AND PUBLIC DISTRIBUTION (2021-2022)**

SEVENTEENTH LOK SABHA

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

{Action Taken by the Government on the recommendations/ observations contained in the Ninth Report of the Committee (Seventeenth Lok Sabha) on Demands for Grants (2021-22) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)}

FOURTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

December 2021/ Agrahayana 1943 (Saka)

(i)

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Presented to Lok Sabha on 07.12.2021

Laid in Rajya Sabha on 07.12.2021



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 2021/ Agrahayana 1943(Saka)

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Composition of the Standing Committee on Food, Consumer Affairs and Public Distribution (2021-2022)

Shri Sudip Bandyopadhyay, Chairperson

Lok Sabha

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

Rajya Sabha

22. Shri Satish Chandra Dubey
23. Smt. Roopa Ganguly
24. Shri K. G. Kenye
25. Dr. Fauzia Khan
26. Shri Hishey Lachungpa
27. Shri Rajmani Patel
28. Shri Sakaldeep Rajbhar
29. Dr. Anbumani Ramadoss
30. Shri Ramji
31. Shri G. K. Vasani

LOK SABHA SECRETARIAT

- | | | |
|----------------------------------|---|-------------------|
| 1. Shri Pawan Kumar | - | Joint Secretary |
| 2. Dr. Vatsala Joshi | - | Director |
| 3. Smt. Darshana Gulati Khanduja | - | Executive Officer |

INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2021-2022) having been authorized by the Committee to submit the Report on their behalf, present this Fourteenth Report on Action Taken by the Government on the Recommendations/ Observations contained in the Ninth Report of the Committee (Seventeenth Lok Sabha) on Demands for Grants (2021-22) of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution).

2. The Ninth Report was presented to Lok Sabha and laid in Rajya Sabha on 19.03.2021. The Government has furnished its replies indicating Action Taken on the recommendations contained in the Report on 17 June, 2021.

3. The Report was considered and adopted by the Committee at their sitting held on 01 December, 2021.

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

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

NEW DELHI;
01 December, 2021
10 Agrahayana 1943 (Saka)

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

REPORT CHAPTER - I

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the action taken by the Government on the Recommendations/Observations contained in the Ninth Report of the Committee (17th Lok Sabha) on Demands for Grants (2021-22) pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution)

1.2 The Ninth Report was presented to Lok Sabha and laid on the Table of Rajya Sabha on 19.03.2021. It contained 12 recommendations/observations. Action taken replies in respect of all the 12 recommendations/observations contained in the Report have been received and these have been categorized as follows:-

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

Para Nos.:- 4.13, 4.22, 4.29, 5.6, 5.33, 6.8 and 6.14

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

Para Nos.:- 1.4, 3.3, 5.12 and 5.34

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

Para No.:- NIL

- (iv) Recommendations/Observations in respect of which final replies of Government are still awaited -

Para No. :- 5.25

1.3 The Committee desire that action taken notes on the Recommendations/ Observations contained in Chapter I and Chapter - V of this report be furnished to them expeditiously.

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

A. Need for adoption of Decentralized Procurement Scheme (DCP) by States/UTs

Recommendation No. 3 (Para No. 4.13)

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

"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."

1.6 The Ministry in its action taken reply has stated as under:-

"Govt. is making all out efforts for implementing the scheme in all the States & regular follow-up is being made with the non-DCP states to adopt the DCP mode. As on date 16 States have adopted DCP mode of procurement for Rice and 9 States adopted DCP mode for Wheat.

Further it is submitted that 519.97 LMT of rice was procured in KMS 2019-20 from 22 States out of which 519.03 LMT of rice procured from 16 States. Out of these 16 States, 12 States procured rice under DCP system.

Similarly, 389.93 LMT of Wheat was procured in RMS 2020-21 from 10 States out of which 389.78 LMT of wheat procured from 8 States. Out of these 8 States, 6 States procured wheat under DCP system.”

1.7 Not being satisfied with the progress of Decentralized Procurement Scheme (DCP), which was introduced in 1997-98 for extending the benefits of MSP to local farmers and to enhance the efficiency of procurement and Public Distribution System, the Committee in their Original Report had, inter-alia, desired to take vigorous steps to motivate remaining States/UTs to adopt DCP Scheme. The Department in its Action Taken Reply has informed that as on date 16 States have adopted DCP mode of procurement for rice and 9 States have adopted DCP mode for wheat. Besides taking various steps, the Committee had also desired that necessary infrastructure be created in coordination with the State/UT Governments in Public-Private Partnership (PPP) Mode, but the Committee find that Government reply is totally silent on this aspect. The Committee caution the Department, to furnish complete replies to their recommendations in future.

While appreciating the regular follow-up action taken by the Department, the Committee hope that the Department would continuously take vigorous steps to motivate/encourage rest of the States/UTs to adopt DCP Scheme which would greatly enhance the efficiency of the Public Distribution System operations in the country besides preventing rising of food subsidy bill.

B. Need to sort out issues relating to Aadhaar seeding and Fair Price Shops Automation

Recommendation No. 5 (Para No. 4.29)

1.8 The Committee in the original report observed/recommended as under:

"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."

1.9 The Ministry in its action taken reply has stated:-

"It is stated that the Government of NCT of Delhi had completed the installation of ePoS devices in all Fair Price Shops (FPSs) in January 2018. Subsequently, after successfully running the ePoS devices along with biometric/Aadhaar authentication of beneficiaries for few months, the GNCTD have suspended the use of ePoS devices in all FPSs in April 2018 citing technical (hardware/software) challenges in their operations. Since then, this Department has been continuously following up the resumption of

ePoS based distribution of foodgrains with the GNCTD through regular meetings/VC, letters/DOs from all levels, etc. The Department had also extended the necessary technical support to the GNCTD through central NIC to resolve their hardware and software related challenges besides coordinating with their systems integrator/vendor to ensure that technical challenges are resolved, and new ePoS devices are supplied to the GNCTD. Pursuant to these continuous efforts, the GNCTD has recently informed this Department that e-POS based distribution has been started in few FPSs on pilot basis. Formal information and action plan from GNCTD is awaited.

In West Bengal, e-POS devices have already been installed at all FPSs but biometric authentication of beneficiaries is very low (less than 1%) so far for enablement of ONORC plan. This department is continuously pursuing with F&CS Dept., West Bengal to enable biometric authentication and enable ONORC facility for their migrant NFSA beneficiaries but State has not yet taken decision to enable ONORC. In Chhattisgarh, existing ePoS devices don't support Aadhaar based biometric authentication. The State is in the process of replacing these ePoS devices for enabling Aadhaar based biometric authentication and ONORC facility. Pursuant to these continuous efforts, Chhattisgarh State informed that ePoS devices are likely to be replaced in next few months and thereafter, ONORC facility will be enabled at all FPSs.

As regard Aadhaar seeding of ration cards, it is stated that significant progress has been achieved at the national level and so far, at the national level more than 92% ration cards under NFSA have been Aadhaar seeded. 28 States/UTs including Delhi and Chhattisgarh have achieved 99% to 100% saturation. Further, the gap of less than 8% Aadhaar seeding at the national level is mainly due to very less Aadhaar generation and seeding in Assam and Meghalaya having about 18% and 16.5% Aadhaar seeding at present respectively. In this regard, the Department is continuously pursuing with the UIDAI and the State Governments to expedite the Aadhaar enrolments/generation of people and thereafter increasing the Aadhaar seeding with ration cards. Also, the Department is regularly pursuing with all concerned States/UTs, including West Bengal (with 80% Aadhaar seeding in Ration Card) to expeditiously complete the Aadhaar seeding of ration cards.

Further, it is stated that, so far, One Nation One Ration Card (ONORC) plan is enabled in 32 States/UTs including most of the North-Eastern States covering around 69 Crore beneficiaries (86% NFSA population) in the country and presently significant portability transactions (intra-State and inter-State) are being recorded under ONORC on a monthly basis. Department is making vigorous efforts for integration of remaining 4 States/UT (Assam, Delhi, Chhattisgarh and West Bengal) and is targeted to integrate in the next few months, depending upon technical readiness of the States/UT.”

1.10 In their Original Report, the Committee desired that the Department sort out issues relating to Aadhaar Seeding and Fair Price Shops Automation in Assam, Delhi, West Bengal and Chattisgarh. The Department, in its Action Taken Reply, has stated that it is making vigorous efforts for integration of remaining 4 States/UTs (Assam, Delhi, West Bengal and Chattisgarh). The Committee, while appreciating the efforts made by the Government, desire that these States be motivated to expeditiously complete Aadhaar Seeding of Ration Cards and replace those e-PoS devices in the States which do not support Aadhaar based bio-metric authentication. The Committee also desire that necessary technical support be extended to these States, wherever needed. The Committee would like to be apprised of further action plan chalked out in this regard.

C. Need for expeditious settlement of dues of FCI against various ministries.

Recommendation No. 6 (Para No. 5.6)

1.11 The Committee recommended as follows:-

"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.”

1.12 The Ministry in its action taken note has stated:-

"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 & 28.12.2018 with concerned Ministries/Departments and these Departments were requested repeatedly to expedite the liquidation of the outstanding dues vide letter dated 17.01.2019, 11.02.2019, 28.03.2019, 05.07.2019 & 17.11.2020. Further, recently, DFPD vide letter dated 06.05.2021 has again requested Ministry of External Affairs, Rural Development & Human Resource Development to expedite the settlement of outstanding dues of FCI. While requesting the concerned ministries, concerns raised by Parliamentary Standing Committee on the matter in the earlier 6th & 7th report has also been highlighted by DFPD.

Status of outstanding dues of FCI are as follows (as on 31.03.21):

Ministry	Amount (in crores)	Issue
MoRD	2454.03 *	Issue of food grains under SGRY scheme during 2001-02 to 07-08.
MoHRD	255.45	Food grains supplied under MDM.
MoEA	60.43	Wheat issued to WFP for supply of biscuits to Afghanistan during 2004-2012.
Central Govt PSUs such as STC, BSNL, PEC, MMTC	271.92	Tower rent to BSNL, Issue of Tur Dal to NAFED etc.
State Govt such as Maharashtra, Tripura	206.55	Food grains to NEF region.
MoD	0.42	Food grains to Defence.
Total	3248.80	

* Excluding Rs 221.99 crore of State Govt of Chhattisgarh for supplies made by it under MoRD scheme which are to be paid directly by MoRD."

1.13 The Committee had noted in their original report that amount of Rs. 2454.03 crore, Rs. 306.26 crore and Rs. 67.92 crore were outstanding against Ministry of Rural Development, Ministry of Education and Ministry of External Affairs respectively. The Committee accordingly recommended the Department/FCI to take necessary steps for expeditious settlement of outstanding amount against various Ministries. In its Action Taken Reply, the Government has stated that the Department is pursuing the matter and convened number of meetings with concerned ministries/departments and repeatedly requested them to expedite the

liquidation of outstanding dues. The Committee note that in spite of all such efforts, still a large amount i.e. Rs. 3248.80 crore is outstanding against various ministries i.e Ministry of Rural Development, Ministry of Education, Ministry of External Affairs, Central Government PSUs, State Governments/Ministry of Defence. The Committee are of the opinion that timely liquidation of dues will definitely improve the overall efficacy of any scheme being implemented by the Department. The Committee, therefore, reiterate their recommendation and desire the Department to take up the matter at the highest level for expeditious liquidation of outstanding dues to reduce food subsidy.

D. Need to achieve physical and financial targets for construction of godowns.

Recommendation No. 8 (Para No. 5.25)

1.14 The Committee recommended as follows:-

"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 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 indifferent parts of the States/UTs.”

1.15 The Ministry in its action taken reply has stated as below:-

“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. During year 2020-21, the work of construction of Godowns at 5 locations in NE were in progress. The work of Dhemaji/Archipather 20000 MT was 99% complete and likely to be handed over in April/May 2021. It was delayed due to election in Assam State. So far as financial target is concerned, it was Rs.25 crore but its achievement was Rs 29.70 crore upto 31.03.2021.

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. 4.98 crore up to 31.03.2021.”

1.16 The Committee in their Original Report urged the Department/FCI to expedite completion of ongoing projects regarding construction of godowns as FCI could not achieve physical and financial targets set for construction of godowns in North-Eastern States/ other than North-Eastern

States during the year 2020-21. The Department in its Action Taken Reply has cited elections in the State of Assam as the reason for non-achievement of the physical and financial targets. But the Action Taken Reply is silent on the non-achievement of physical and financial targets in respect of construction of godowns in States other than North-Eastern States. The Committee would like to be apprised of the reasons for the same. The Committee reiterate their earlier recommendation made in the Original Report for taking up the matter with higher authorities to resolve each and every issue to remove the impediments in the way of construction of godowns and to create mini-godowns in different parts of the country to solve the problem of storage.

E. Need to reduce Storage and Transit losses

Recommendation No. 9 (Para No. 5.33)

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

“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.”

1.18 The Ministry in its action taken reply has stated as noted below:-

“Storage Losses:

The Storage loss data for the period of April to December 2020, was -Rs.95.78 Crore, is actually overall gain and not loss as the (-) figures indicate gain. Besides, it is also submitted that overall losses (actually gain) have been showing an improving trend which can be seen from the details of storage losses for foodgrains (Wheat, Rice & Paddy) during last four years tabulated as under:

Year	Qty Issued (LMT)	Qty of Loss (LMT)	% of loss	Value of Loss (Rs Crore)
2017-18*	913.30	-1.10	-0.12	-140.76
2018-19*	918.12	-1.31	-0.14	-175.97
2019-20*	868.50	-1.17	-0.14	-171.37
2020-21** (upto Mar, 21)	1193.03	-1.45	-0.12	-226.55

1 * indicates Audited figures, and ** indicates Provisional figures.

2. (-) Minus sign indicates Gain, Value calculated at Acquisition Cost for 2020-21 (BE) @ Rs.2220.75 per Qtl (Wheat) and Rs.3162.73 per Qtl (Rice)

It may also be seen that though overall provisional storage gain during 2020-21 is -0.12%, but the value is higher due to higher quantity of liquidation under special allocations in the wake of covid pandemic.

Transit Losses:

Similarly, in case of transit losses there are also an improving trend and the overall losses in percentage terms have been declining. However, the higher value of transit losses during the year 2020-21 is because of higher quantity moved to meet the requirement of enhanced special allocations in the wake of Covid-19 pandemic and also to evacuate previously procured surplus stock in procuring regions for

accommodating/storing fresh procurement. The trend of transit losses for last four years is as under:

Year	Qty Moved (LMT)	Qty of Loss (LMT)	% of loss	Value of Loss (Rs Crore)
2017-18*	456.72	1.12	0.25	286.40
2018-19*	414.99	1.03	0.25	276.85
2019-20*	409.58	0.94	0.23	257.92
2020-21** (upto Mar, 21)	538.55	1.50	0.28	431.23

1. * indicates Audited figures, and ** indicates Provisional figures of Rail Transit Loss.
2. Value calculated at Acquisition Cost for 2020-21 (BE) @ Rs.2220.75 per Qtl (Wheat) and Rs.3162.73 per Qtl (Rice).

Action Taken to control Storage and Transit Losses:

The position of Storage & Transit losses is reviewed in every Monthly Performance Review Meetings (MPRM) and monitored regularly at HQ/Zone level by EDs, and GMs at Regional levels. Accordingly all concerned are instructed to intensify inspections of depots showing higher storage and transit loss cases and to take action against delinquents for unjustified losses.

Further, the measures taken to minimise Storage & Transit Losses are as under:-

Steps taken to control/minimise Storage Losses:

- Periodical prophylactic and curative treatment of stocks, as prescribed and pre-monsoon fumigation is undertaken from time to time

- Ensuring proper quality checking of foodgrains at the time of procurement.
- 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.
- CCTV cameras have been installed in number of depots for surveillance and better supervision.
- Security staff of FCI as well as other agencies like Home Guards, DGR sponsored agency & Special Police Officers and state armed police are deployed for safety of stocks.
- Security Inspection as well as surprise checks of the depots are being conducted from time to time at various levels to detect and plug any security lapses.
- Action is taken against delinquents wherever unjustified losses are observed.

Steps to control/minimise Transit Losses:

- HQ/ ED (Zones)/ GM (Regions) are continuously pursuing close monitoring of the trend of transit losses to take effective steps and bring them down through intensified monitoring of depots showing higher transit losses.
- Laying of Polythene sheets on the floor of railway wagons to retrieve the spilled-over grains, has been introduced to minimize losses due to spillage during transportation.
- An `SoP' regarding Joint Verification of High TL cases has been introduced to fix responsibility of high transit losses.
- Vulnerable points at dispatching & recipient centres are identified for intensive checking by senior officers.
- Special Squads are deputed to selected railheads and destination/dispatch centres.
- Independent Consignment Certification Squad (ICCS) are deployed at the time of loading and unloading of rakes.
- Proper weighment and accounting at the time of receipt and issue is emphasized.
- Disciplinary action is initiated against delinquents wherever abnormal/unjustified transit losses are reported.”

1.19 The Committee in their Original Report emphasized the need to reduce storage and transit losses which were very high. The Department in its Action Taken Reply has stated that various steps are taken to control/minimize storage and transit losses and the position of storage and transit losses is reviewed in every monthly performance review meeting and monitored regularly at HQ/Zone/Regional levels and accordingly inspections have been intensified in godowns showing higher storage and transit losses. But the Committee feel that transit losses are still very high and can be reduced further by monitoring the situation closely and fixing the responsibility on the officials concerned. The Committee while reiterating its earlier recommendation in the Original Report desire that strict action should be taken against delinquent staff.

F. Need to reduce cane price arrears.

Recommendation No. 12 (Para No. 6.14)

1.20 The Committee in their original report observed/ recommended as follows:-

“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.”

1.21 The Ministry in its action taken reply has stated as noted below:-

‘As on 14.06.2021, Rs.18367 crore is outstanding as cane price arrears for payment to the farmers. This amount include arrears of Rs.15869 crore for 2020-21sugar season, Rs.213 crore for 2019-20 sugar season, Rs.403 crore for 2018-19 sugar season, Rs.193 crore for 2017-18 sugar season and Rs.1689 crore for 2016-17 and earlier sugar seasons.

With a view to improve the liquidity position of sugar mills and to enable them to make timely payment of cane dues of farmers, the Central Government has taken various measures during the last two sugar seasons and in the current sugar season. As a result of these measures, the All India cane price arrears of farmers have come down. The position of cane dues payable, dues paid and arrears for past two sugar seasons are as under :-

	In Rs. Crore	
	Sugar Season 2018-19	Sugar Season 2019-20
Cane dues payable	86723	75845
Cane dues paid	86320	75632
Cane arrears	403	213

Further, the Government is pursuing with the States from time to time to make efforts to clear the cane dues of the farmers, as the power of Sugarcane (Control) Order, 1966 has already been delegated to the States and to take action against the defaulting sugar mills.”

1.22 In their Original Report, the Committee noted that total outstanding cane price arrears were Rs. 19258 crore which included Rs. 16883 crore for 2020-2021 sugar season, Rs. 1766 crore for 2019-2020 sugar season, Rs. 410 crore for 2018-2019 sugar season and Rs. 199 crore for 2017-2018 and

earlier sugar seasons. The Committee urged the Government to prevail upon the State Governments to take immediate steps to clear all outstanding cane price arrears. The Department, in its Action Taken Reply, has stated that as on 14.06.2021, Rs. 18367 crore is outstanding as cane price arrears for payment to the farmers. With a view to improving the liquidity position of sugar mills and to enable them to make timely payment of cane dues of farmers, the Central Government has taken various measures during the last two sugar seasons and in the current sugar season. As a result of these measures, total cane price arrears of farmers have come down. Cane price arrears for the sugar season 2018-2019 which were Rs. 410 crore, has come down to Rs. 403 crore and for the sugar season 2019-2020 which was Rs. 1766 crore, has come down to Rs. 213 crore. The Committee urge the Department to continue to make sincere efforts so that cane price arrears for the rest of the years also come to a minimum level and do not rise further. The Committee also desire to be apprised of the impact of ethanol blending in petrol in clearance of sugar mills arrears.

CHAPTER II

RECOMMENDATIONS/ OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 4.13)

2.1 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.

Reply of the Government

2.2 Govt. is making all out efforts for implementing the scheme in all the States & regular follow-up is being made with the non-DCP states to adopt the DCP mode. As on date 16 States have adopted DCP mode of procurement for Rice and 9 States adopted DCP mode for Wheat.

Further it is submitted that 519.97 LMT of rice was procured in KMS 2019-20 from 22 States out of which 519.03 LMT of rice procured from 16 States. Out of these 16 States, 12 States procured rice under DCP system.

Similarly, 389.93 LMT of Wheat was procured in RMS 2020-21 from 10 states out of which 389.78 LMT of wheat procured from 8 States. Out of these 8 States, 6 State procured wheat under DCP system.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/05/2021-AC Dated the 16th June, 2021]

Comments of the Committee

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

Recommendation (Para No. 4.22)

2.3 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.

Reply of the Government

2.4 This Department is fully aware about the need for containing the increase in Food subsidy and is 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.
- 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.
- Further, Department has also initiated a proposal for upfront payment of MSP to State Government's procuring agencies to save interest cost on CCL being taken by State Govts for procuring agencies to reduce interest burden of Gol.
- Highest ever release of food subsidy by DFPD of Rs 5,29,690.77 crores (Rs 4,62,789.00 crores to FCI & Rs 66,901.77 crores to DCP States) in FY 2020-21. Accordingly, all outstanding arrears of FCI has been cleared.

This will significantly reduce the interest portion on account of loan availed by FCI.

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Recommendation (Para No. 4.29)

2.5 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.

Reply of the Government

2.6 It is stated that the Government of NCT of Delhi had completed the installation of ePoS devices in all Fair Price Shops (FPSs) in January 2018. Subsequently, after successfully running the ePoS devices along with biometric/Aadhaar authentication of beneficiaries for few months, the GNCTD have suspended the use of ePoS devices in all FPSs in April 2018 citing technical (hardware/software) challenges in their operations. Since then, this Department has been continuously following up the resumption of ePoS based distribution of foodgrains with the GNCTD through regular meetings/VC, letters/DOs from all levels, etc. The Department had also extended the necessary technical support to the GNCTD through central NIC to resolve their hardware and software related challenges besides coordinating with their

systems integrator/vendor to ensure that technical challenges are resolved, and new ePoS devices are supplied to the GNCTD. Pursuant to these continuous efforts, the GNCTD has recently informed this Department that e-POS based distribution has been started in few FPSs on pilot basis. Formal information and action plan from GNCTD is awaited.

In West Bengal, e-POS devices have already been installed at all FPSs but biometric authentication of beneficiaries is very low (less than 1%) so far for enablement of ONORC plan. This department is continuously pursuing with F&CS Dept., West Bengal to enable biometric authentication and enable ONORC facility for their migrant NFSA beneficiaries but State has not yet taken decision to enable ONORC. In Chhattisgarh, existing ePoS devices don't support Aadhaar based biometric authentication. The State is in the process of replacing these ePoS devices for enabling Aadhaar based biometric authentication and ONORC facility. Pursuant to these continuous efforts, Chhattisgarh State informed that ePoS devices are likely to be replaced in next few months and thereafter, ONORC facility will be enabled at all FPSs.

As regard Aadhaar seeding of ration cards, it is stated that significant progress has been achieved at the national level and so far, at the national level more than 92% ration cards under NFSA have been Aadhaar seeded. 28 States/UTs including Delhi and Chhattisgarh have achieved 99% to 100% saturation. Further, the gap of less than 8% Aadhaar seeding at the national level is mainly due to very less Aadhaar generation and seeding in Assam and Meghalaya having about 18% and 16.5% Aadhaar seeding at present respectively. In this regard, the Department is continuously pursuing with the UIDAI and the State Governments to expedite the Aadhaar enrolments/generation of people and thereafter increasing the Aadhaar seeding with ration cards. Also, the Department is regularly pursuing with all concerned States/UTs, including West Bengal (with 80% Aadhaar seeding in Ration Card) to expeditiously complete the Aadhaar seeding of ration cards.

Further, it is stated that, so far, One Nation One Ration Card (ONORC) plan is enabled in 32 States/UTs including most of the North-Eastern States covering around 69 Crore beneficiaries (86% NFSA population) in the country and presently significant portability transactions (intra-State and inter-State) are being recorded under ONORC on a monthly basis. Department is making vigorous efforts for integration of remaining 4 States/UT (Assam, Delhi, Chhattisgarh and West Bengal) and is targeted to integrate in the next few months, depending upon technical readiness of the States/UT.

[Ministry of Consumer Affairs, Food & Public Distribution

Comments of the Committee

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

Recommendation (Para No. 5.6)

2.7 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.

Reply of the Government

2.8 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 & 28.12.2018 with concerned Ministries/Departments and these Departments were requested repeatedly to expedite the liquidation of the outstanding dues vide letter dated 17.01.2019, 11.02.2019, 28.03.2019, 05.07.2019 & 17.11.2020. Further, recently, DFPD vide letter dated 06.05.2021 has again requested Ministry of External Affairs, Rural Development & Human Resource Development to expedite the settlement of

outstanding dues of FCI. While requesting the concerned ministries, concerns raised by Parliamentary Standing Committee on the matter in the earlier 6th & 7th report has also been highlighted by DFPD.

Status of outstanding dues of FCI are as follows (as on 31.03.21):

Ministry	Amount (in crores)	Issue
MoRD	2454.03 *	Issue of food grains under SGRY scheme during 2001-02 to 07-08.
MoHRD	255.45	Food grains supplied under MDM.
MoEA	60.43	Wheat issued to WFP for supply of biscuits to Afghanistan during 2004-2012.
Central Govt PSUs such as STC, BSNL, PEC, MMTC	271.92	Tower rent to BSNL, Issue of Tur Dal to NAFED etc.
State Govt such as Maharashtra, Tripura	206.55	Food grains to NEF region.
MoD	0.42	Food grains to Defense.
Total	3248.80	

* Excluding Rs 221.99 crore of State Govt of Chhattisgarh for supplies made by it under MoRD scheme which are to be paid directly by MoRD.

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Comments of the Committee

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

Recommendation (Para No. 5.33)

2.9 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.

Reply of the Government

2.10 Storage Losses:

The Storage loss data for the period of April to December 2020, was - Rs.95.78 Crore, is actually overall gain and not loss as the (-) figures indicate gain. Besides, it is also submitted that overall losses (actually gain) have been showing an improving trend which can be seen from the details of storage losses for foodgrains (Wheat, Rice & Paddy) during last four years tabulated as under:

Year	Qty Issued (LMT)	Qty of Loss (LMT)	% of loss	Value of Loss (Rs Crore)
2017-18*	913.30	-1.10	-0.12	-140.76
2018-19*	918.12	-1.31	-0.14	-175.97
2019-20*	868.50	-1.17	-0.14	-171.37
2020-21** (upto Mar, 21)	1193.03	-1.45	-0.12	-226.55

1 * indicates Audited figures, and ** indicates Provisional figures.

2. (-) Minus sign indicates Gain, Value calculated at Acquisition Cost for 2020-21 (BE) @ Rs.2220.75 per Qtl (Wheat) and Rs.3162.73 per Qtl (Rice)

It may also be seen that though overall provisional storage gain during 2020-21 is -0.12%, but the value is higher due to higher quantity of liquidation under special allocations in the wake of covid pandemic.

Transit Losses:

Similarly, in case of transit losses there are also an improving trend and the overall losses in percentage terms have been declining. However, the higher value of transit losses during the year 2020-21 is because of higher quantity moved to meet the requirement of enhanced special allocations in the wake of Covid-19 pandemic and also to evacuate previously procured surplus stock in procuring regions for accommodating/storing fresh procurement. The trend of transit losses for last four years is as under:

Year	Qty Moved (LMT)	Qty of Loss (LMT)	% of loss	Value of Loss(Rs Crore)
2017-18*	456.72	1.12	0.25	286.40
2018-19*	414.99	1.03	0.25	276.85
2019-20*	409.58	0.94	0.23	257.92
2020-21** (upto Mar, 21)	538.55	1.50	0.28	431.23

1. * indicates Audited figures, and ** indicates Provisional figures of Rail Transit Loss.
2. Value calculated at Acquisition Cost for 2020-21 (BE) @ Rs.2220.75 per Qtl (Wheat) and Rs.3162.73 per Qtl (Rice).

Action Taken to control Storage and Transit Losses:

The position of Storage & Transit losses is reviewed in every Monthly Performance Review Meetings (MPRM) and monitored regularly at HQ/Zone level by EDs, and GMs at Regional levels. Accordingly all concerned are instructed to intensify inspections of depots showing higher storage and transit loss cases and to take action against delinquents for unjustified losses.

Further, the measures taken to minimise Storage & Transit Losses are as under:-

Steps taken to control/minimise Storage Losses:

- Periodical prophylactic and curative treatment of stocks, as prescribed and pre-monsoon fumigation is undertaken from time to time
- Ensuring proper quality checking of foodgrains at the time of procurement.
- 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.
- CCTV cameras have been installed in number of depots for surveillance and better supervision.
- Security staff of FCI as well as other agencies like Home Guards, DGR sponsored agency & Special Police Officers and state armed police are deployed for safety of stocks.

- Security Inspection as well as surprise checks of the depots are being conducted from time to time at various levels to detect and plug any security lapses.
- Action is taken against delinquents wherever unjustified losses are observed.

Steps to control/minimise Transit Losses:

- HQ/ ED (Zones)/ GM (Regions) are continuously pursuing close monitoring of the trend of transit losses to take effective steps and bring them down through intensified monitoring of depots showing higher transit losses.
- Laying of Polythene sheets on the floor of railway wagons to retrieve the spilled-over grains, has been introduced to minimize losses due to spillage during transportation.
- An 'SoP' regarding Joint Verification of High TL cases has been introduced to fix responsibility of high transit losses.
- Vulnerable points at dispatching & recipient centers are identified for intensive checking by senior officers.
- Special Squads are deputed to selected railheads and destination/dispatch centers.
- Independent Consignment Certification Squad (ICCS) are deployed at the time of loading and unloading of rakes.
- Proper weighment and accounting at the time of receipt and issue is emphasized.
- Disciplinary action is initiated against delinquents wherever abnormal/unjustified transit losses are reported.

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Comments of the Committee

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

Recommendation (Para No. 6.8)

2.11 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.

Action taken by the Government

2.12 Noted for compliance.

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Recommendation (Para No. 6.14)

2.13 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.

Reply of the Government

2.14 As on 14.06.2021, Rs.18367 crore is outstanding as cane price arrears for payment to the farmers. This amount include arrears of Rs.15869 crore for 2020-21 sugar season, Rs.213 crore for 2019-20 sugar season, Rs.403 crore for 2018-19 sugar season, Rs.193 crore for 2017-18 sugar season and Rs.1689 crore for 2016-17 and earlier sugar seasons.

With a view to improve the liquidity position of sugar mills and to enable them to make timely payment of cane dues of farmers, the Central Government has taken various measures during the last two sugar seasons and in the current sugar season. As a result of these measures, the All India cane price arrears of farmers have come down. The position of cane dues payable, dues paid and arrears for past two sugar seasons are as under :-

	In Rs. Crore	
	Sugar Season 2018-19	Sugar Season 2019-20
Cane dues payable	86723	75845
Cane dues paid	86320	75632
Cane arrears	403	213

Further, the Government is pursuing with the States from time to time to make efforts to clear the cane dues of the farmers, as the power of Sugarcane (Control) Order, 1966 has already been delegated to the States and to take action against the defaulting sugar mills.

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Comments of the Committee

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

CHAPTER III

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

Recommendation (Para No. 1.4)

3.1 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.

Reply of the Government

3.2 Noted for compliance

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Recommendation (Para No. 3.3)

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 21 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.

Reply of the Government

3.4 The Department puts in utmost effort to make the Estimates of provision realistic. The figure of expenditure depicted in the note of the Committee is as of 11.03.2021. However, actual expenditure occurred under Revenue Section as on 31.03.2021 was to the tune of Rs. 554245.14 crore against the BE of Rs. 121038.41 crore and RE of Rs. 437458.00 crore for FY 2020-21. Similarly, the actual expenditure incurred under Capital Section as on 31.03.2021 was to the tune of Rs. 11188.51 crore against the BE of Rs. 51197.02 crore and RE of Rs. 11190.72 crore.

As stated above, expenditure under Revenue Section was even greater than the funds allocated in BE/RE 2020-21 (more than 100%) which was due to the direction of MoF received vide OM dated 30.03.2021 to release an amount of Rs. 118712 crore over and above RE 2020-21 towards complete repayment of NSSF loan granted to FCI.

So far as reduction of provision in RE 2020-21 under Capital Section and even less expenditure is concerned, it is stated that this reduction was mainly due to non-availing of Rs. 40000 crore of Ways and Means Advance (WMA) against the BE 2020-21 of Rs. 50000 crore by FCI. This was due to the fact that

WMA is generally utilized by FCI only after the Food Subsidy provided to FCI is completely exhausted. However, due to less allocation of Food Subsidy than demand in BE 2020-21 and additional requirement due to PMGKAY and ANB package, WMA of Rs. 10000 crore was availed by FCI during May, 2020 itself. Later on MoF provided sufficient funds under 'Food Subsidy to FCI' scheme in RE 2020-21 which was met through 2nd Supplementary Demands for Grants 2020-21. Hence, there remained no further requirement of WMA for FCI. It is also pertinent to mention here that WMA is bound to be repaid within the same financial year, hence it is budget neutral.

Out of the provision of Rs. 11190.72 crore in RE 2020-21 in Capital Section, an amount of Rs. 11188.51 crore was utilized leaving a balance of only Rs. 2.21 crore which comes to only 0.02% of RE 2020-21 and is negligible.

In view of the above, it will not be appropriate to say that Department lacks proper monitoring and coordination over various schemes.

Further, it is true that the Department has to face various difficulties in the implementation of some schemes due to dependency on certain conditions associated with the schemes. Some examples may be seen below:

This Department is implementing a Central Sector Scheme "Integrated Management of Public Distribution System". Under this scheme Rs. 25.00 crore was provided during BE & RE 2020-21. However, the Department could issue sanction orders only for an amount of Rs. 12.70 crore for releasing the funds to States/UTs, NIC, NICSI, etc. It is submitted that the funds to States/UTs are released in installments after fulfillment of certain requisite conditions. The variation in Actual Expenditure is due to non-fulfillment of certain requisite conditions by States/UTs who submitted their proposals as provisioned under the Scheme for release of funds. This Department regularly persuades the States/UTs to furnish the complete financial proposals along with fulfillment of requisite conditions and furnish Utilization Certificates in time.

Further, it is stated that, so far, One Nation One Ration Card (ONORC) plan is enabled in 32 States/UTs including most of the North-Eastern States covering around 69 Crore beneficiaries (86% NFSA population) in the country and significant portability transactions (intra-State and inter-State) are being recorded under ONORC on a monthly basis. Department is making vigorous efforts for integration of remaining 4 States/UT (Assam, Delhi, Chhattisgarh and West Bengal) and is targeted to integrate in the next few months, depending upon technical readiness of the States/UT.

In case of WDRA, BE was reduced from 16.36 crore to Rs. 11.54 crore for the year 2020-21 and this was due to the slow pace of application received for

warehouse registration to COVID-19 and resultantly less number of inspect and warehousemen's training programmes. There was restriction in movement of people due to COVID-19 in many of the states. Further, the software upgradation project which was expected to be completed before 31st March, 2021 has been delayed by a month time. The post of Chairman was also not filled. In respect of FCI, State Governments are requested to furnish the proposals/utilization certificates from time to time. This Department as well as FCI frequently monitoring over implementation of all the Schemes/Projects and ensure timely completion of the Projects.

In addition, this Department also monitors the progress with the State Governments for unresolved issues like land acquisition, timely furnishing of Utilization Certificates etc. Regular review meetings are also being taken by Senior Officers to monitor the progress of implementation of the scheme.

All States/UTs have been requested to submit proposals/claims along with pending Utilization Certificates to this Department at the earliest. The proposals are being received from States/UTs and it is expected that the entire fund would be utilized by the end of financial year 2021-22

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Recommendation (Para No. 5.12)

3.5 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 hasutilized 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.

Reply of the Government

3.6 Considering the operational difficulties under which FCI has to operate, 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.

FCI's covered owned capacity as on 31.03.2021 is 127.03 LMT having utilization of 81% and covered hired capacity is 254.45 LMT with 89 %utilization. In case of CAP, owned capacity is 25.71 LMT having utilization of 8% and hired CAP capacity is 7.51 LMT with utilization of 96%.

Capacity utilization varies from month to month due to different levels of stock at different point of time. The utilization remains highest at the end of Rabi Marketing Season (RMS) in the month of June every year. The utilization in case of CAP is bound to be lower in view of the inherent shortcoming of this mode of storage as it is used as a last resort when covered storage is not available and that too for wheat only. Moreover, the stocks stored in CAP are liquidated on top priority.

FCI's owned operative capacity is utilized to the maximum extent possible before hiring capacities and the hired capacities are dehired when not required. However, capacity hired under guarantee scheme cannot be dehired during the guarantee period. FCI tries to ensure optimum utilization of its existing capacity. 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. Monitoring and 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.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/05/2021-AC Dated the 16th June, 2021]

Recommendation (Para No. 5.34)

3.7 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.

Reply of the Government

3.8 As per CVC mandate, FCI has to finalise disciplinary proceedings under major penalty in one year and under minor penalty in six months. As on 31.03.2021, there are no pending cases of unjustified storage loss/transit loss under minor penalty pending for more than six months and there are no cases of unjustified storage loss/transit loss under major penalty.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/05/2021-AC Dated the 16th June, 2021]

CHAPTER IV

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

-NIL-

CHAPTER V

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

Recommendation (Para No. 5.25)

5.1 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.

Reply of the Government

5.2 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. During year 2020-21, the work of construction of Godowns at 5 locations in NE were in progress. The work of Dhemaji/Archipather 20000MT was 99% complete and likely to be handed over in April/May 2021. It was delayed due to election in Assam State. So far as financial target is concerned, it was Rs.25 crore but its achievement was Rs 29.70 crore upto 31.03.2021.

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. 4.98 crore up to 31.03.2021.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Food & Public Distribution)
O.M. No.G-20017/05/2021-AC Dated the 16th June, 2021]

Comments of the Committee

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

**NEW DELHI;
01 DECEMBER, 2021
10 AGRAHAYANA 1943 (Saka)**

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

**MINUTES OF THE THIRD SITTING OF THE STANDING COMMITTEE ON
FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2021-2022)
HELD ON WEDNESDAY, 01 DECEMBER, 2021**

The Committee sat from 1500 hrs. to 1645 hrs. in Committee Room 'B',
Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Sudip Bandyopadhyay - Chairperson

Members

Lok Sabha

2. Dr. Farooq Abdullah
3. Shri Girish Bhalchandra Bapat
4. Ms. Debasree Chaudhuri
5. Shri Anil Firojiya
6. Shri Khagen Murmu
7. Shri Mitesh Rameshbhai (Bakabhai) Patel
8. Smt. Kavita Singh
9. Shri Ganesan Selvam
10. Shri Saptagiri Ulaka
11. Shri Rajmohan Unnithan
12. Shri Ve. Vaithilingam

Rajya Sabha

13. Shri Satish Chandra Dubey
14. Smt. Roopa Ganguly
15. Shri Ramji

SECRETARIAT

1. Shri Pawan Kumar - Joint Secretary
2. Dr. Vatsala Joshi - Director

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2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to consider and adopt the draft Reports on Action Taken by the Government on recommendations/observations contained in (i) 9th Report (17th LS) on Demands for Grants (2021-22) pertaining to Department of Food and Public Distribution; XXXXX XXXXX XXXXX

XXXX XXXXX. Thereafter, the Committee took up for consideration the Draft Report. After due deliberations, the Committee unanimously adopted the said Action Taken Report without any amendment/modification and authorized the Chairperson to carry out verbal and consequential changes, if any, therein.

[The witnesses were then called in.]

3. XXXXX XXXXX XXXXX XXXXX

4. XXXXX XXXXX XXXXX XXXXX

5. XXXXX XXXXX XXXXX XXXXX

The Committee then adjourned.

XXXXX

XXXXX

Matter does not relate to the Report.

APPENDIX II

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

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS/ OBSERVATIONS CONTAINED IN THE NINTH REPORT OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2019-20)

(SEVENTEENTH LOK SABHA)

- (i) Total number of Recommendations: 12
- (ii) Recommendations/Observations which have been accepted by the Government :
- Para Nos. :- 4.13, 4.22, 4.29, 5.6, 5.33, 6.8 and 6.14
- (Chapter – II, Total -7)
Percentage : 58.34%
- (iii) Recommendations/Observations which the Committee do not desire to pursue in view of the replies received from the Government
- Para Nos.:- 1.4, 3.3, 5.12 and 5.34
- (Chapter – III, Total - 4)
Percentage : 33.33%
- (iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
- Para Nos. NIL
- (Chapter – IV, Total -0)
Percentage : 0.00%
- (v) Recommendations/Observations in respect of which the interim replies of the Government have been received.
- Para No.:- 5.25
- (Chapter – V, Total - 1)
Percentage : 8.33%