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FOOD CORPORATION OF INDIA

**MINISTRY OF CONSUMER AFFAIRS FOOD AND PUBLIC
DISTRIBUTION**

(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)

**COMMITTEE ON PUBLIC UNDERTAKINGS
(2021-22)**

TWELFTH REPORT

(SEVENTEENTH LOK SABHA)



LOK SABHA SECRETARIAT

NEW DELHI

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(DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION)

[Action taken by the Government on the Observations/Recommendations contained in the
Third Report of the Committee on Public Undertakings on Food Corporation of India]



*Presented to Lok Sabha on 4 February, 2022
Laid in Rajya Sabha on 4 February, 2022*

LOK SABHA SECRETARIAT
NEW DELHI

February, 2022/ Magha, 1943(Saka)

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COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS (2021-22)

****Shri Santosh Kumar Gangwar - Chairperson***

**Members
*Lok Sabha***

2. Shri Lavu Sri Krishna Devarayalu
3. Dr. Heena Vijaykumar Gavit
4. Shri Chandra Prakash Joshi
5. Smt. K. Kanimozhi
6. Smt. Poonamben Hematbhai Maadam
7. Shri Arjunlal Meena
8. Shri Janardan Mishra
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10. Shri Nama Nageswara Rao
11. Shri Arvind Kumar Sharma
12. Shri Ravneet Singh Bittu
13. Shri Sushil Kumar Singh
14. Shri Uday Pratap Singh
15. Shri Ramdas Chandrabhanji Tadas

Rajya Sabha

16. Shri Birendra Prasad Baishya
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18. Shri Syed Nasir Hussain
19. Shri Om Prakash Mathur
20. Shri Surendra Singh Nagar
21. Shri K.C. Ramamurthy
22. Shri M. Shanmugam

SECRETARIAT

- | | | | |
|----|------------------------|---|----------------------|
| 1. | Shri R.C. Tiwari | - | Additional Secretary |
| 2. | Shri Srinivasulu Gunda | - | Director |
| 3. | Shri G.C. Prasad | - | Additional Director |
| 4. | Smt. Smita Khade | - | Executive Officer |

*** Shri Santosh Kumar Gangwar appointed as Chairperson, COPU w.e.f. 13 August, 2021 vice Smt Meenakashi Lekhi appointed as Minister on 07 July, 2021.**

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2021-22) having been authorized by the Committee to submit the Report on their behalf, present this Twelfth Report on Action Taken by the Government on the Observations/Recommendations contained in the Third Report (Seventeenth Lok Sabha) of the Committee on Public Undertakings (17th Lok Sabha) on “Food Corporation of India”.

2. The Third Report of the Committee on Public Undertakings (2020-21) was presented to Lok Sabha and laid on the Table of Rajya Sabha on 29 January, 2021. The Action Taken Replies to all the 34 Recommendations contained in the Report were received from the Ministry of Consumer Affairs Food and Public Distribution (Department of Food and Public Distribution) on 30 July, 2021.

3. The Committee considered and adopted the Draft Report at their sitting held on 21st December, 2021. The Minutes of the sitting are given in Appendix I.

4. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Third Report of the Committee (17th Lok Sabha) is given in Appendix II.

**New Delhi;
24 January, 2022
04 Magha, 1943 (S)**

**SANTOSH KUMAR GANGWAR
Chairperson
Committee on Public Undertakings**

REPORT

CHAPTER I

This Report of the Committee deals with the action taken by the Government on the observations/recommendations contained in the Third Report (Seventeenth Lok Sabha) of the Committee on Public Undertakings (2020-21) on "Food Corporation of India (FCI)" which was presented to Parliament on the 29th January, 2021. It contained thirty-four observations/recommendations.

2. Action taken notes have been received from the Government in respect of all the thirty-four observations / recommendations contained in the Report. These have been categorized as follows:

- (i) Observations/Recommendations which have been accepted by the Government
(Chapter II)
Sl. Nos. 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19,
21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34 **(Total 32)**

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

- NIL - **(Total 00)**

- (iii) Observations/Recommendations in respect of which replies of the Government
have not been accepted by the Committee and which require reiteration *(Chapter IV)*
Sl. No. 3 **(Total 01)**

- (iv) Observations/Recommendations to which the Government have furnished interim
replies and final replies are still awaited *(Chapter V)*
Sl. No. 20 **(Total 01)**

3. The Committee desire the Ministry of Consumer Affairs Food and Public Distribution (Department of Food and Public Distribution) to furnish Action Taken Notes/ Replies in respect of Observations/Recommendations contained in Chapter I of the Report. They further desire that a final and comprehensive action taken Notes/ Replies may also be furnished within 3 months on those Observations/Recommendations contained in Chapter V on which the Government have given interim/ incomplete information/replies.

4. The Committee will now deal with the Action Taken by the Government on some of the Observations/Recommendations of the Committee in succeeding paragraphs.

Board of Directors of FCI

Recommendation (Sl. No. 2)

5. The Committee in their Third Report, had recommended as follows:-

" The Committee note that as per section 7(1)of the Food Corporations Act 1964, the Board of FCI shall consist of 12 Directors namely-(a) Chairman (b) three Directors representing Ministries of (i) Food (ii) Finance, and (iii) Co-operation (c) Managing Director of the Central Warehousing Corporation (CWC) (d) Managing Director, FCI and (e) Six other Directors. As per clause (2) of section 7 of the Act, all the directors of the Corporation, except MD, CWC, shall be appointed by the Central Government. The Committee however observe that as against the mandatory strength of 12 members, only nine members were actually in position as on 31 December 2019 in the Board of the Corporation. The Committee was not apprised about the specific reasons for the vacant positions in the Board and also about the action taken or proposed to be taken to fill up these vacancies. The Committee therefore desire the Ministry and FCI to furnish a detailed note on (a) reasons for occurrence of vacancies of three Directors in the Board with the date of occurrence of these vacancies and action taken so far for filling up these vacant positions. The Committee, after taking into account the fact that vacant positions in the Board will definitely have impact on its effective functioning, strongly recommend that the vacancies in the Board be filled up immediately as per the provisions of section 7 of the Food Corporations Act in a time bound manner without further delay. The Committee may be apprised of the action taken in the matter within a period of three months."

6. The Ministry, in their action taken reply, have stated as follows:-

"The recommendation of the Committee is noted. Appointment of vacant posts of non-official director is under process.

Further, it is stated that against the mandatory strength of 12 members of BoD of FCI, 11 posts exist in the Board of Directors of FCI as Chairman& Managing

Directors posts are merged as C&MD. On 31 December 2019, 9 posts of Board of Directors were filled and for filling up two posts of BoD, two panels were pending in Department of Public Enterprises for approval for long time.

The appointment of non-official Director is under process. For any appointment, it is required to take up the matter with DPE. It is mentioned that a Data Bank is being maintained by Department of Public Enterprises (DPE) and Persons desirous of including their names in the data bank are required to send their resume to Department of Public Enterprises after ensuring that they fulfil the criteria laid down by the Government in this regard. After approval of Hon'ble Minister a proposal is sent to DPE for consideration of the Search Committee. After consideration of Search Committee name is placed before Appointment Committee of Cabinet (ACC) of Department of Personnel & Training for final appointment. This consultative process takes times in filling up the vacant posts."

7. The Committee while dealing with the vacant positions in the Board of Directors (BoD) of Food Corporation of India (FCI) had noted that as on 03.12.2019, out of the 12 posts, 3 posts of Directors were lying vacant on the Board of FCI. The Committee had recommended that the vacancies in the Board be filled up immediately as per the provisions of Section 7 of the Food Corporations Act in a time bound manner without further delay. The Ministry of Consumer Affairs, Food and Public Distribution (Department of Public Distribution)/FCI in their action taken reply has stated that the appointment of vacant posts of non-official director is under process. On the issue of the 3 posts of Independent Directors, the Committee find from the replies that it is still under process since 2019. This is despite the fact that Department of Public Enterprises (DPE) maintains a data bank of candidates and is aware of the vacancies arising on the Board of CPSUs from time to time. The Committee fail to understand as to why appointments to the Board are delayed when the date of vacancy was known in advance to DPE and Ministry of Consumer Affairs, Food and Public Distribution (M/o CA, F&PD) and data bank is also maintained. The Committee emphasise the Government to send in future the proposals to DPE in advance so that the process of formation of Search Committee and final appointment to the Boards of CPSUs are completed in a definite time frame to avoid adverse impact on the functioning of CPSUs on the account of delayed appointments.

Recommendation (Sl. No. 3)

8. In the subsequent Recommendation No. 3, the Committee had observed and recommended as follows:-

“The Committee’s analysis further reveals that section 7(1) of the Act clearly provides for mandatory representation of three separate Ministries viz. (i) Food (ii) Finance and (iii) Co-operation by appointing one Director each from these Ministries in the Board of FCI. The Committee however observe that against the norm of one official Director representing each of these Ministries, the Board of FCI in fact has two officers –{(AS &FA) and JS (P&FCI)}–from the same Ministry viz. Ministry of Consumer affairs, Food and Public Distribution and none from the Ministry of Finance has been appointed in the Board which is apparently in violation of the provisions of section 7 of the Food Corporations Act, 1964. The Committee would therefore like to be apprised of the circumstances in which two officers from one Ministry i.e. Ministry of Consumer affairs, Food and Public Distribution have been appointed on the Board of FCI and also the reasons for not making any appointment from the Ministry of Finance on the Board despite the mandatory requirement thereof. The Committee therefore recommend that immediate steps be taken by the Government to set right the representation of each three Ministries in the Board of FCI in the same ratio as has been provided in the Food Corporations Act, 1964. The Committee may be apprised of the action taken in the matter within a period of three months.”

9. The Ministry, in their action taken reply, have stated as follows:-

“AS&FA/FA is considered as the representative of Ministry of Finance in the Ministry and has been appointed in the BoD of FCI.”

10. The Committee had noted that even though Section 7(1) of the FCI Act provides for mandatory representation of three separate Ministries viz. (i) Food (ii) Finance and (iii) Co-operation, the composition of Board of FCI contained two officers from the same Ministry i.e. from the administrative Ministry of FCI and none from Ministry of Finance. This being the clear violation of the provisions contained in Section 7(1) of the Act, the Committee had sought for reasons for deviations and had recommended that immediate corrective steps be taken by the Government with representation from all the three Ministries in Board of FCI. The Government in their response has stated that AS&FA is considered as the representative of Ministry of Finance (MoF) and accordingly he has been appointed on the BoD of FCI. The Committee observe that the AS&FA of the Ministry of Consumer Affairs, Food and Public Distribution (M/oCA, F&PD) is engaged in the day to day administration of the M/oCA, F&PD and while having full time job in one Ministry, he cannot be considered as an officer of the other Ministry. The intent of having a representative of the Ministry of Finance on the Board of FCI in the FCI Act was to make the functioning and decision making in FCI more transparent, independent and unbiased and not to give any kind of flexibility to Department of Public Enterprises (DPE) or the M/oCA,

F&PD to undermine the independence of the Board. The Committee in this background would like to know the authority in the Ministry who considered the appointment of AS&FA of the M/o CA, F & PD in the Board of FCI as representative of the Ministry of Finance. The Committee deplore such logic given by the Ministry and desire for serious introspection by the Ministry for undermining the importance of the Board level appointees in the Corporation and going further in legalizing it by imaginary and unsound reasoning. The Committee therefore reiterate their recommendation for making appointments in the Board strictly as per provisions of FCI Act.

Recommendation (Sl. No. 4)

11. Further, in the subsequent Recommendation No. 4, the Committee had recommended as follows:-

“The Committee note that the section 7(1) of the Food Corporations Act inter-alia provides that in addition to the Chairman of FCI and other members, the Managing Director of FCI shall also be a member in the Board of Directors of FCI. The Committee, however, observe that the present composition of the Board of Directors does not include the Managing Director of FCI. The Committee are of the firm view that the provisions of the Food Corporations Act, being mandatory, are necessarily to be complied with. The Committee therefore recommend that the composition of the Board be restructured by including the Managing Director of FCI in the Board in compliance of the provisions of the Food Corporations Act.”

12. The Ministry, in their action taken reply, have stated as follows:-

“The post of Chairman and Managing Director of FCI are separate as per Food Corporation Act 1964 as well as FCI (Staff) Regulations 1971.

During the year 2003, Shri V.K. Malhotra, IAS(UP:70) was appointed as Managing Director of FCI by DoP&T. Subsequently, in the year 2004, Shri V.K. Malhotra, IAS(UP:70) was reappointed as Chairman with full additional charge of the post of Managing Director. Since then, all appointments as organizational head of FCI were done as Chairman & Managing Director by the DoP&T.

In context of the recommendation to include the Managing Director of FCI in the Board of Directors, necessary actions will be taken in case appointment to the post of Managing Director (MD) is made by the Competent Authority.”

13. The Committee in their original Report had observed that the present composition of the Board of Directors (BoD) does not include the Managing Director of FCI and had recommended that the Board may be restructured to include the Managing Director of FCI in the Board in compliance with the provisions of Section

7(1) of the Food Corporation Act. The Committee note from the action taken reply of the Ministry that the post of Chairman and that of Managing Director of FCI are separate as per the Food Corporation Act, 1964 and FCI (Staff) Regulations 1971, but since 2004, the incumbent appointed as Chairman is given the charge of Managing Director also. The Ministry has stated that the recommendation to include the Managing Director of FCI in the Board of Directors, necessary action will be taken in case appointment to the post of Managing Director is made by the Competent Authority.

The Committee are not happy with the reply given by the Ministry of Consumer Affairs, Food and Public Distribution (M/oCA, F&PD) whose responsibility was to ensure compliance of the provisions of the FCI Act and to raise objection to any appointment made by DoPT not in consonance with the FCI Act. The Committee also express their apprehension as to how the DoPT could make such appointments against the provision of the Act. The DoPT or the M/oCA, F & PD do not have the flexibility or the authority to change or alter the nature and Composition of Board of FCI. The Committee, therefore reemphasise that the post of Chairman and the post of Managing Director on the Board of FCI are separate as per Food Corporations Act 1964 and FCI Regulations 1971 and therefore that the appointments to both these posts need to be strictly as per provisions of Act.

Recommendation (Sl. No. 5)

14. The Committee in their Third Report, had recommended as follows:-

"The Committee observe that as per the DPE guidelines issued vide OM No. 9(15)/2012-GM dated 31st July 2013, non-official Directors on the Boards of CPSEs are to be drawn from, among others, professionals of repute having more than 15 years of domain experience in fields relevant to the company's area of operation and also from persons of eminence with proven track record from Industry, Business or Agriculture or Management. Further, the DPE OM No. 18(6)/91-GM dated 16.03.1992 and OM No. 18(6)/200-GM dated 26.11.2001 *inter alia* provides that at least one third of the Directors on the Board of a PSE should be non-official and in the case of listed companies headed by the executive Chairman, at least half of the Directors should be independent Directors. The Committee found that though the FCI's Board structure give sufficient scope for appointment of independent directors, yet the present composition of the Board neither conform to the DPE guidelines nor the mandatory provisions of the Food Corporation Act. The Committee found that two non-functional Directors on Board at present are retired civil servants and apparently there is no professional expert on the board as an Independent Director. The Committee observe that engaging at Board level the management experts and professionals having domain expertise will bring qualitative changes in the

functioning of the corporation. This is also much more necessary in a organization like FCI which is performing multi-faceted functions where banking upon only on retired civil servants in the Board will deprive the FCI of the domain expertise of the professionals. The Committee therefore strongly recommend that the professionals with proven track record in the areas of agriculture, food sciences, procurement, logistics, storage, etc. should be appointed as non- official directors in the Board of FCI and the present composition of the Board may be restructured taking into account the mandatory provisions of the Food Corporations Act and the guidelines issued by the Department of Public Enterprises (DPE) from time to time.”

15. The Ministry, in their action taken reply, have stated as follows:-

“The recommendation of the Committee is noted. In this context, it is informed that final appointment of non-official directors in the BoD of FCI is done by the Department of Public Enterprises (DPE) and Department of Personnel & Training (DoP&T) in consultation of Department of Food & Public Distribution. This Department role is limited to the recommendation of names which is taken from the Data Bank of DPE. The recommendations of Committee will be placed before the Competent Authority for consideration/decision in consultation with DPE.”

16. The Committee in their original Report had observed that in an organization like FCI which is performing multi-faceted functions, engaging at Board level the management experts and professionals having domain expertise may help in bringing qualitative changes in the functioning of the Corporation. The Committee had therefore recommended that the professionals with proven track record in the areas of agriculture, food sciences, procurement, logistics, storage, etc. should be appointed as non- official directors in the Board of FCI and the present composition of the Board may be restructured taking into account the mandatory provisions of the Food Corporation Act and the guidelines issued by the Department of Public Enterprises (DPE). The Committee note from the reply of the Ministry that the recommendation of the Committee had been noted and will be placed before the Competent Authority for consideration/decision in consultation with DPE. The Committee feel that all the appointees to the post of Independent Directors should have a proven track record from Industry, Business or Agriculture or Management to make the Board more professional and independent in its functioning. The Committee, therefore re-emphasise their earlier recommendation to include these fields/sectors and domain expertise/experience in the list of mandatory qualifications while calling for appointments/nominations on the Board of FCI.

Recommendations (Sl. No. 6)

17. The Committee in their Third Report, had recommended as follows:-

“The Committee also note that the representation to two major producing states- Punjab and Madhya Pradesh were given by appointing officers from these States in the Board with a view to ensure that the Board has the benefit of field level situations. The Committee, however observe that no specific criteria has been laid down for determining the representation to the States in the Board. As informed to the Committee, the criteria laid down by DPE for appointment at Board level are applicable for representing officers from the States and Principal Secretary of any major food producing States could be appointed in Board of Directors of FCI. The Committee while agreeing with the FCI’s need for having two representatives from major food producing States on its Board to have the benefit of field level situations, recommend that rotational representation of the major food grains producing States of Wheat as well as those of Paddy (Rice) be given in the Board of FCI so that all major States are represented in the Board turn-by-turn which will facilitate the FCI in taking sound operational decisions.”

18. The Ministry, in their action taken reply, have stated as follows:-

“It is stated that all the Directors are appointed by the Administrative Ministry. Presently 02 following Directors are on the Board of FCI from Wheat and Rice procuring states:-

1. Shri Faiz Ahmed Kidwai, Principal Secretary, Deptt. of Food, Civil supplies & Consumer Protection, Govt. of Madhya Pradesh from Major Wheat procuring State.
2. Shri Kona Sasidhar, Commissioner & Ex-Officio Secretary of Consumer Affairs, Food & Civil Supplies, Govt. of Andhra Pradesh from Major Rice procuring State.”

19. The Committee had observed that no specific criteria had been laid down for determining the representation of the States in the Board. The Committee had recommended that rotational representation of the major food grains producing States of Wheat as well as those of Paddy (Rice) be given in the Board of FCI. The Committee note from the reply of the Ministry that the Directors are appointed by the Administrative Ministry and presently two Directors are on the Board of FCI from Wheat and Rice procuring States viz. Madhya Pradesh and Andhra Pradesh respectively. The Committee however re-emphasise that all major food producing/procuring States be represented in the Board on rotational basis to enable FCI take sound operational decisions as per field situations.

Movement and Distribution of Foodgrains

Recommendations (Sl. No. 20)

20. Dealing with Movement and Distribution of Foodgrains, the Committee in their Third Report, had recommended as follows:-

“The Committee note that one of the major functions of FCI is to move food grains from surplus producing states to consuming / deficit states. The proper and planned movement of food grains ensures (i) evacuation of stocks from surplus regions, (ii) meet the requirements of deficit regions for NFSA/ TDPS and other schemes, and (iii) create buffer stocks in deficit regions. The Committee further note that Punjab, Haryana and Madhya Pradesh are the surplus States in terms of wheat procurement vis-à-vis their own consumption. Similarly, Punjab, Haryana, Andhra Pradesh/Telangana, Chhatisgarh and Odisha are surplus States in terms of rice procurement *vis-à-vis* their own consumption. Surplus stocks of wheat and rice in these states are moved to deficit States to meet the requirements under NFSA/ TDPS and other schemes as well as to create buffer stocks. There are various modes of transport for movement of food grains viz. (i) Multimodal Transport movement, (ii) Containerized movement, (iii) Long Route Road Transportation, (iv) Bulk Movement, etc. The movement under these are undertaken through road, rail, coastal or riverine mode. Under the Multimodal Transport Movement, FCI has undertaken a Pilot project of containerized multimodal coastal movement of 25000 MTs of food grains from Punjab to Karnataka. Similarly, under the same pilot project, movement of food grains by CONCOR from identified centres of Punjab to Kerala viz Cochin, Quilon, etc. and also to Tamil Nadu is being taken up to make a cost-benefit analysis in comparison with the conventional movement of rakes. The Committee learn that FCI has taken several initiatives for increasing movement using waterways also. However, the fact remains that rail movement is much cheaper and economical mode for movement of food grains. About 85% of the FCI’s movement takes place through rail. FCI spends about Rs. 10,000 crore annually for transporting food grains all across India, out of which Rs. 8,500 Crore goes to the Indian Railways alone. The Committee recommend the Government to get an independent study conducted on the movement-cost economics taking into account the operational feasibility and economical viability of the major modes/routes of transport so as to minimize the transportation costs and to reduce the financial burden on public exchequer. The Committee would also like to be apprised of the outcome of the pilot projects undertaken to determine the cost economics of the containerized costal movement from Punjab to down south in Kerala, Karnataka and Tamil Nadu.”

21. The Ministry, in their action taken reply, have stated as follows:-

“FCI has taken initiatives in exploring the feasibility of moving food grains through multimodal costal/ riverine mode so as to supplement rail/road movement through coastal movement.

Fig. in MT

Year	Multimodal Coastal Movement from Ex-AP to Kerala
2018-19	45,132
2019-20	55,554
2020-21	35,776
Total	2,79,586

FCI has also initiated containerized movement of foodgrains on certain routes through CONCOR/ Associates wherein it is found to be economical in comparison to conventional Railway rakes.

Year	No. of Container Rakes Moved	Freight (in Rs Lakhs)	Savings
2016-17	13	44	
2017-18	134	662	
2018-19	167	796	
2019-20	309	694	
2020-21	296	480	
Total	919	2,676	

A total of twelve (12) rakes (27,912 MT) were also moved from Punjab to Karnataka using multimodal containerized mode under Pilot project, from March'19 to March'20 on experimental basis through CONCOR. FCI floated three (3) tender enquiry for appointment of Multimodal Transport operators for the movement of food grains under Multimodal Coastal movement from designated depots of Punjab Region to designated depots in Kerala, Karnataka and Tamil Nadu, but no bids were received in any of the tender enquiry.

22. The Committee in their original Report had observed that 85 % of the FCI's movement takes place through rail. However, FCI has taken several initiatives for increasing movement using waterways also to reduce transportation cost. The Committee had recommended the Government to get an independent study conducted on the movement-cost economics taking into account the operational feasibility and economic viability of the major modes/routes of transport so as to minimize the transportation costs and to reduce the financial burden on public exchequer. The Committee had also liked to be apprised of the outcome of the pilot

projects undertaken to determine the cost economics of the containerized costal movement from Punjab to down south in Kerala, Karnataka and Tamil Nadu. The Ministry has replied that FCI has initiated containerized movement of food grains on certain routes through CONCOR/ Associates wherein it is found to be economical in comparison to conventional Railway rakes. The Committee however, observe that the Ministry has not submitted their response to the recommendation of the Committee for getting an independent study conducted on the movement-cost economics. The Committee, while acknowledging the steps taken by the Government, therefore re-emphasise their earlier recommendation for getting an independent study conducted and submit to the Committee at the earliest the outcome thereof. The Committee may also be apprised of the outcome of the pilot projects undertaken by FCI between the period from March, 2019 to March, 2020 on experimental basis through CONCOR.

Quality checks of food grains

Recommendations (Sl. No. 28)

23. The Committee in their Third Report, had observed and recommended as follows:-

“ The Committee note that with a view to introduce mechanized process for quality checking, FCI has purchased 30 Computerized Rice Analysers (Annadarpan SMART) developed by Centre for Development of Advance Computing (CDAC), Kolkata and made it available to 30 locations of 07 major procuring regions namely Punjab, Haryana, Uttar Pradesh, Orissa, West Bengal, Chhattisgarh and Andhra Pradesh during Kharif Marketing Season (KMS) 2017-18 and rice acceptance at these location were carried out through Computerized Rice Analysers (CRA). During KMS 2018-19, the CRAs were shifted to bigger centres and rice acceptance were carried out through it. The Committee note that FCI has entered into an agreement with CFTRI, Mysuru for providing consultancy services for modernizing FCI laboratories. The CNP Agreement was signed by both the parties and fresh tender was floated on 10.12.2018 for supply of major laboratory equipment regarding which the technical bid was opened on 03.01.2019 and technical evaluation was being done by the Technical Evaluation Committee. The Committee further learn that funds allocated for modernization of its lab at Gurugram could not be utilized and hence the remaining budget was allocated for modernisation of QC Lab at IFS Gurugram. The Committee are in agreement with the view of FCI that there is no proven technology even in the advanced countries to check the quality of foodgrains and the present CRA technology having its limitations. Yet the Committee feel that quality of such huge quantities of food grains cannot be ensured through physical human inspection but can only be ensured by quality checks through technological intervention. The Committee may be apprised of the progress made in the agreement signed with CFTRI, Mysuru. The Committee recommend that the modernization of FCI labs need to be taken up on priority and a suitable technology

need to be developed for the purpose to ensure the effective quality checks of foodgrains so as to make available the better quality food stuffs to the intended beneficiaries including poor families in the country."

24. The Ministry, in their action taken reply, have stated as follows:-

" All FCI Depots/District offices/Regional offices/Zonal offices are equipped to test the physical parameters of food grain samples. Besides physical parameters, chemical parameters are also to be tested hence, FCI has set up an ultra-modern Quality Control Lab at Institute of Food Security (IFS) Gurugram with the scope of testing of Mycotoxins, Uric Acid, residual toxicity of Malathion, Deltamethrin&Aluminum Phosphide so as to provide quality foodstuff to PDS beneficiaries.

On similar lines, action has been initiated to modernize four more labs under different Zonal Offices i.e. ZO (North), Noida/ZO (South), Chennai/ ZO (East), Kolkata & ZO (West), Mumbai with the scope of testing of pesticide residues, mycotoxins, uric acid in food grains including level of fortificants present in fortified rice so as to develop in-house capability for testing the quality of fortified rice. In this regard, suitable instructions have been issued to concerned zonal offices with a direction to take an immediate action.

In order to conduct chemical testing of food grains all the FCI Regional offices have entered into agreement with NABL accredited labs for testing of FSSAI parameters and fortificants in case of fortified rice. Samples are being sent to such third party labs on a regular basis for testing of quality.

25. The Committee desiring examination of the subject had felt that quality of huge quantities of food grains cannot be ensured through physical human inspection but can only be ensured by quality checks through technological intervention. The Committee had accordingly recommended that the modernization of FCI labs needs to be taken up on priority and a suitable technology need to be developed for the purpose to ensure the effective quality checks of food grains so as to make available the better quality food stuffs to the intended beneficiaries. The Committee had also desired to be apprised of the progress made with regard to the agreement signed with CFTRI, Mysuru. The Ministry in their action taken reply has apprised on measures taken by FCI for the ultra-modernisation of Quality Control Lab at Institute of Food Security (IFS) Gurugram; initiation of modernisation of four labs under different Zonal Offices along with agreement with NACL accredited labs for testing FSSAI parameters and fortificants in case of fortified rice. The Ministry has however not replied to the recommendation of the Committee for apprising the progress made in the agreement entered into with CFTRI, Mysuru. The Committee while acknowledging various steps taken by FCI desire that the actual progress

made may be intimated to the Committee towards modernization of FCI laboratories and also the progress made in the agreement signed with CFTRI, Mysuru in line with the proposals made in Consulting Report of CFTRI, Mysore.

Settlement of Audit Paras and Dues from CPSUs

Recommendations (Sl. No. 33)

26. The Committee in their Third Report, had observed and recommended as follows:-

“The Committee note that during 2015-16, two performance and three Commercial Audit reports were issued by C&AG. The major observations pertained to serious issues such as incidental charges, commission to societies, suboptimal utilisation of silos, management of gunny bags and road transport contracts, etc. The Committee however noted that C&AG had raised nearly 113 paras on FCI in their reports between 2013 to 2018. Out of the 113 paras raised, only 12 paras have been closed and 89 paras are pending with the Ministry and the C&AG. 12 paras are still pending reply of FCI. The Committee is of the view that the number of audit paras reflects the commission, omissions and violations on the part of the organisation that has to be rectified/ streamlined at the earliest. The Committee further note that out of the 44 paras raised by C&AG during 2015, 30 paras are still pending with the Ministry & C&AG and 6 paras are still pending reply from FCI. Similarly out of the 54 paras raised by C&AG during 2017, 51 are still pending with the Ministry. This reflects slackness and non-seriousness of the FCI/ Ministry on the observations of the C&AG. The Committee strongly recommend expediting settlement of pending audit paras of C&AG preferably within 03 months.”

27. The Ministry, in their action taken reply, have stated as follows:-

“As against 113 Paras / Sub-Paras raised in 6 C&AG Audit Reports in the past 7 years; as on 24th June’2021, replies to 93 Paras / Sub-Paras had been submitted with the Ministry /C&AG; 12 Paras are closed.

As regards to the pending 8 Paras / Sub-Paras, preparation of replies is under process and shall be submitted with the Ministry. These pending ‘Vetting Remarks’ are forwarded to FCI for further comments / additional information / clarification are in their 3rd to 6th journey.”

28. The Committee in view of the pendency of large number of audit paras, had strongly recommended expediting settlement of pending C&AG audit paras. The Ministry/FCI while giving account of 113 audit paras reported in 6 C&AG Reports in the past 7 years, have stated that 93 paras are submitted with the Ministry/C&AG; 12 paras are closed; 8 paras are under process and shall be submitted with the Ministry. The Committee observe from the reply of the Ministry that virtually no progress has been made in settlement of Audit paras as the position of closure of 12 paras was

very well known to the Committee at the time of recommending for early settlement of these paras. The Committee therefore deplore that apparently no sincere efforts have been made by the FCI/Ministry to settle these Audit paras early. The Committee therefore re-emphasise that FCI / Ministry may expeditiously take remedial steps to settle all the unsettled audit paras at the earliest and till then the Ministry should weekly monitor its progress. The Ministry should also keep vigil to ensure that FCI has taken remedial/ corrective steps and should also ensure non-repetition of the issues flagged by the C&AG. The action so taken may be apprised to the Committee.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

FCI – OVERVIEW

Recommendation (Sl. No. 1)

The Committee note that Food Corporation of India (FCI) is a public sector undertaking which was established by the 'Food Corporations Act, 1964'. It came into existence on 1st January, 1965. The FCI is functioning under the administrative control of the Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, Government of India. The functions of the FCI primarily consist of procurement, storage, movement and distribution of food grains on behalf of the Central Government. The food grains are procured at Minimum Support Price (MSP) and are distributed at Central Issue Price (CIP). The Committee observe that during the long journey since 1964, the FCI has been performing their mandated functions across the country. The Committee have made a comprehensive examination of the FCI as an organization and touched upon many issues pertaining to the management of the organization and those related to its functions in the areas of procurement, storage, movement and distribution of foodgrains and also maintenance of buffer stocks with due regard to ensure food security in the country. The Committee also observe that the Government of India had set up a High Level Committee (HLC) in August 2014 under the Chairmanship of Shri Shanta Kumar to suggest restructuring of FCI with a view to improve its operational efficiency and financial management and suggesting measures for overall improvement in management of foodgrains by FCI; reorienting the role and functions of FCI in MSP operations, storage and distribution of foodgrains and food security systems of the country; and also to suggest cost effective models for storage and movement of grains and integration of supply chain of foodgrains in the country. The HLC in their report had given major recommendations on key issues related to procurement, public distribution system, national food security act, stocking and movement, buffer stocking operations and liquidation policy, labour, direct subsidy to farmers, end to end computerization and the new face of FCI. The Committee on Public Undertakings while examining FCI in detail have made an indepth analysis of the recommendations of HLC also and found that very fruitful and concrete suggestions had been given by the HLC for improvement in the functioning of FCI. The Committee endorse the suggestions of HLC and expect the Government to take conclusive action thereon for the benefit of the general public. The Committee, on examination of various aspects of the functioning of FCI as has been narrated in Part-I of this Report have given their observations and recommendations in the succeeding paragraphs and are hopeful that these will be implemented by the FCI and the Government in right perspective so as to bring about significant improvements in the functioning of the Corporation so that the benefits of the Government's policy reaches to the poorest of poor and marginalized sections of the society in a fruitful manner.

Reply of the Government

Government of India vide order dated 20.08.2014 constituted a High Level Committee under the Chairmanship of Shri Shanta Kumar, Hon'ble MP (Lok Sabha) to recommend on restructuring of FCI. The HLC has submitted its report to Hon'ble Prime Minister on 21.01.2015.

Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution vide its letter dated 19.05.2015 has intimated the Government's decisions on the recommendations of the High Level Committee (HLC) on restructuring of FCI. Subsequently, Ministry of CA, F&PD vide its letter No. 14(1)/2014-Py.I dated 02.06.2015 has forwarded the Action Plan for implementation of acceptable recommendations of **HLC concerning FCI**.

The status (as on 31.05.2021) of Action Plan for implementation of acceptable recommendations of the HLC **concerning FCI** is enclosed as **Annexure-A**.

As regards silo construction, the Recommendations of High Level Committee, decisions taken by Gol and Action Taken by FCI thereon are attached at **Annexure-B**.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Board of Directors of FCI

Recommendation (Sl. No. 2)

2. The Committee note that as per section 7(1) of the Food Corporations Act 1964, the Board of FCI shall consist of 12 Directors namely—(a) Chairman (b) three Directors representing Ministries of (i) Food (ii) Finance, and (iii) Co-operation (c) Managing Director of the Central Warehousing Corporation (CWC) (d) Managing Director, FCI and (e) Six other Directors. As per clause (2) of section 7 of the Act, all the directors of the Corporation, except MD, CWC, shall be appointed by the Central Government. The Committee however observe that as against the mandatory strength of 12 members, only nine members were actually in position as on 31 December 2019 in the Board of the Corporation. The Committee was not apprised about the specific reasons for the vacant positions in the Board and also about the action taken or proposed to be taken to fill up these vacancies. The Committee therefore desire the Ministry and FCI to furnish a detailed note on (a) reasons for occurrence of vacancies of three Directors in the Board with the date of occurrence of these vacancies and action taken so far for filling up these vacant positions. The Committee, after taking into account the fact that vacant positions in the Board will definitely have impact on its effective functioning, strongly recommend that the vacancies in the Board be filled up immediately as per the provisions of section 7 of the Food Corporations Act in a time bound manner without further delay. The Committee may be apprised of the action taken in the matter within a period of three months.

Reply of the Government

The recommendation of the Committee is noted. Appointment of vacant posts of non-official director is under process.

Further, it is stated that against the mandatory strength of 12 members of BoD of FCI, 11 posts exist in the Board of Directors of FCI as Chairman & Managing Directors posts are merged as C&MD. On 31 December 2019, 9 posts of Board of Directors were filled and for filling up two posts of BoD, two panels were pending in Department of Public Enterprises for approval for long time.

The appointment of non-official Director is under process. For any appointment, it is required to take up the matter with DPE. It is mentioned that a Data Bank is being maintained by Department of Public Enterprises (DPE) and Persons desirous of including their names in the data bank are required to send their resume to Department of Public Enterprises after ensuring that they fulfil the criteria laid down by the Government in this regard. After approval of Hon'ble Minister a proposal is sent to DPE for consideration of the Search Committee. After consideration of Search Committee name is placed before Appointment Committee of Cabinet (ACC) of Department of Personnel & Training for final appointment. This consultative process takes times in filling up the vacant posts.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
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Comments of the Committee

(Please see para 7 of Chapter I of the Report)

Recommendation (Sl. No. 4)

3. The Committee note that the section 7(1) of the Food Corporations Act *inter-alia* provides that in addition to the Chairman of FCI and other members, the Managing Director of FCI shall also be a member in the Board of Directors of FCI. The Committee, however, observe that the present composition of the Board of Directors does not include the Managing Director of FCI. The Committee are of the firm view that the provisions of the Food Corporations Act, being mandatory, are necessarily to be complied with. The Committee therefore recommend that the composition of the Board be restructured by including the Managing Director of FCI in the Board in compliance of the provisions of the Food Corporations Act.

Reply of the Government

The post of Chairman and Managing Director of FCI are separate as per Food Corporation Act 1964 as well as FCI (Staff) Regulations 1971.

During the year 2003, Shri V.K. Malhotra, IAS(UP:70) was appointed as Managing Director of FCI by DoP&T. Subsequently, in the year 2004, Shri V.K. Malhotra, IAS(UP:70) was reappointed as Chairman with full additional charge of the post of

Managing Director. Since then, all appointments as organizational head of FCI were done as Chairman & Managing Director by the DoP&T.

In context of the recommendation to include the Managing Director of FCI in the Board of Directors, necessary actions will be taken in case appointment to the post of Managing Director(MD) is made by the Competent Authority.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]

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Comments of the Committee

(Please see para 13 of Chapter I of the Report)

Recommendation (Sl. No. 5)

4. The Committee observe that as per the DPE guidelines issued vide OM No. 9(15)/2012-GM dated 31st July 2013, non-official Directors on the Boards of CPSEs are to be drawn from, among others, professionals of repute having more than 15 years of domain experience in fields relevant to the company's area of operation and also from persons of eminence with proven track record from Industry, Business or Agriculture or Management. Further, the DPE OM No. 18(6)/91-GM dated 16.03.1992 and OM No. 18(6)/200-GM dated 26.11.2001 interalia provides that at least one third of the Directors on the Board of a PSE should be non-official and in the case of listed companies headed by the executive Chairman, at least half of the Directors should be independent Directors. The Committee found that though the FCI's Board structure give sufficient scope for appointment of independent directors, yet the present composition of the Board neither conform to the DPE guidelines nor the mandatory provisions of the Food Corporations Act. The Committee found that two non-functional Directors on Board at present are retired civil servants and apparently there is no professional expert on the board as an Independent Director. The Committee observe that engaging at Board level the management experts and professionals having domain expertise will bring qualitative changes in the functioning of the corporation. This is also much more necessary in a organization like FCI which is performing multi-faceted functions where banking upon only on retired civil servants in the Board will deprive the FCI of the domain expertise of the professionals. The Committee therefore strongly recommend that the professionals with proven track record in the areas of agriculture, food sciences, procurement, logistics, storage, etc. should be appointed as non- official directors in the Board of FCI and the present composition of the Board may be restructured taking into account the mandatory provisions of the Food Corporations Act and the guidelines issued by the Department of Public Enterprises(DPE) from time to time.

Reply of the Government

The recommendation of the Committee is noted. In this context, it is informed that final appointment of non-official directors in the BoD of FCI is done by the Department of Public Enterprises (DPE) and Department of Personal & Training(DoP&T) in consultation of Department of Food & Public Distribution. This Department role is limited to the recommendation of names which is taken from the Data Bank of DPE. The

recommendations of Committee will be placed before the Competent Authority for consideration/decision in consultation with DPE.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]

(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Comments of the Committee

(Please see para 16 of Chapter I of the Report)

Recommendation (Sl. No. 6)

5. The Committee also note that the representation to two major producing states- Punjab and Madhya Pradesh were given by appointing officers from these States in the Board with a view to ensure that the Board has the benefit of field level situations. The Committee, however observe that no specific criteria has been laid down for determining the representation to the States in the Board. As informed to the Committee, the criteria laid down by DPE for appointment at Board level are applicable for representing officers from the States and Principal Secretary of any major food producing States could be appointed in Board of Directors of FCI. The Committee while agreeing with the FCI's need for having two representatives from major food producing States on its Board to have the benefit of field level situations, recommend that rotational representation of the major food grains producing States of Wheat as well as those of Paddy(Rice) be given in the Board of FCI so that all major States are represented in the Board turn-by-turn which will facilitate the FCI in taking sound operational decisions.

Reply of the Government

It is stated that all the Directors are appointed by the Administrative Ministry. Presently 02 following Directors are on the Board of FCI from Wheat and Rice procuring states:-

1. Shri Faiz Ahmed Kidwai, Principal Secretary, Deptt. of Food, Civil supplies & Consumer Protection, Govt. of Madhya Pradesh from Major Wheat procuring State.
2. Shri Kona Sasidhar, Commissioner & Ex-Officio Secretary of Consumer Affairs, Food & Civil Supplies, Govt. of Andhra Pradesh from Major Rice procuring State.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]

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Comments of the Committee

(Please see para 19 of Chapter I of the Report)

Recommendation (Sl. No. 7)

6. The Committee observe that the Executive Committee (EC) of the Food Corporation of India which is competent to deal with any matter within the competence of the Corporation, consists of three official and one non-official director. The Committee is of the considered view that since the Executive Committee is competent to deal with almost all matters of the Corporation, at least the non-official director should be drawn from professionals with sound domain knowledge and requisite expertise in the areas of procurement, storage, preservation, logistics, etc. The Committee therefore recommend accordingly and hope that the appointments of members in Executive committee of FCI will be made accordingly.

Reply of the Government

The recommendation of the Committee has been noted and will be complied in the formation of next Executive Committee.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]

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HUMAN RESOURCE MANAGEMENT

Recommendation (Sl. No. 8)

7. The Committee express their satisfaction that against a sanctioned staff strength of 42038, the FCI is managing with only 21181 employees which is almost 50% of its sanctioned strength. The Committee was informed that the FCI got conducted a study by M/s Mckinsey & Co. on staffing norms and the sanctioned strength of FCI was revised on the basis of its report. The FCI further informed to the Committee that the manpower training is given from time to time to ensure that the employees are competent for handling the current and future needs of the company. The FCI has also got conducted HR audit by third party for audit of identified HR Policies, processes and systems of FCI, benchmarking of HR policies with leading practices from similar/comparable private sector and public sector companies. Further, the Human Resource management System (HRMS) is being implemented in FCI for full automation of its Human Resource System. The Committee while appreciating the various initiatives taken by FCI to enhance its organizational efficiency with reduced manpower, hope that FCI through these initiatives will be able to successfully deliver better results in the areas of their mandated operations and will also ensure that the performance/delivery of results does not get effected on account of shortage of manpower in the organisation.

Reply of the Government

With regards to the observation of the committee on manpower and sanction strength, it is encouraging that the committee appreciated that FCI is delivering its targets even with 50% of the sanctioned manpower. The current sanction strength was revised on the recommendation of third party consultant report, since then there has been a considerable reduction in manpower.

FCI has taken steps like engaging independent third party HR audit, to streamline its processes and to improve the efficiency/practices in the line with the best in the industry.

Further, roll out of Human Resources Management System (HRMS) and its implementation has facilitated in the automation of HR processes. HRMS was rolled out at pilot locations from 09.11.2020 and across all the offices from 01.03.2021. It is a web based application along with custom built Andriod / iOS app to facilitate self-service for employees.

FCI has also conducted a third party Sanction Strength audit last year through third party consultants with the intention to rationalize manpower and optimize HR efficiency. The final report of the audit has been submitted by third party consultant. The audit has recommended rationalization of different posts and cadres to improve efficiency and optimize resources. The recommendations are being examined by a Senior Officers' Committee for consideration.

FCI has recruited Cat-I, Cat-II and Cat-III given as under:

Category	Posts Advertised	No. of Candidates selected
Cat-III	4102	4061
Cat-II	330	318
Cat-I	89	Recruitment under process.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
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Recommendation (Sl. No. 9)

8. The Committee observe that the FCI is engaged in undertaking different types of works like procurement, storage, transportation and distribution of food grains across the country. In a organization like FCI, the posting/deployment of employees at one particular location for longer period may not be desirable in the overall interest of the organization. The Committee therefore desire that a structured transfer policy not only need to be put in place but also the same need to be religiously implemented in a transparent and indiscriminatory manner. The policy so made should be given wide publicity among employees with a view to make them aware well in advance about their transfer from a particular place after a certain period of time. The Committee therefore recommend accordingly and hope that the FCI will soon come out with the well structured posting and transfer policy with scientifically defined mechanism of its implementation alongwith the consequential action against the defiant employees.

Reply of the Government

FCI undertakes vital operations of Procurement, storage and distribution of food grains for PDS across the country on behalf of the GOI. Hence, optimum utilization of available manpower in a transparent manner is highly necessary. Taking this into account, FCI has formulated new comprehensive transfer policy guidelines which are transparent and sensitive posts and periodicity have been well defined to avoid any anomaly.

The new transfer policy was circulated through Circular no. EP-03-2021-06 dated 22.03.2021 and has been uploaded in FCI website i.e. www.fci.gov.in and also in HRMS. Apart from that it has been widely circulated to all offices of FCI through e-mail.

All offices have been directed to ensure compliance of transfer policy scrupulously and affect all transfers of employees by 30 June 2021 positively.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Recommendation (Sl. No. 10)

9. The Committee observe that there is a general tendency in the Officers appointed on deputation for over-stay in the borrowing organizations. The Committee during examination of the subject desire to ascertain as to the adherence of the CVC guidelines in the matters related to deputation, transfers and postings of the Officials in FCI and also about the instances when Officers appointed on deputation in FCI over stayed beyond the period prescribed in the guidelines. The FCI though informed to the Committee that they follow the guidelines but did not elaborate further on the issue. The Committee therefore desire the Government to furnish the details of officials who over-stayed beyond the stipulated deputation tenures in FCI during the last 10 years indicating the portfolios held by them during the period of their deputation along with the reasons for overstay. The Committee are of the considered view that the principles laid down in the guidelines on the subject need to be strictly followed particularly in a organization like FCI where the officers handle sensitive portfolios and therefore strongly recommend that the deputation tenure of the officials should not be extended beyond the prescribed period. The Committee are hopeful that the Government will act upon the recommendation of the Committee in letter and spirit with a view to set a high standard of moral values in the organization.

Reply of the Government

FCI follows the extent DOPT guidelines for deputation of the officers in/from FCI and as such officers are initially appointed on deputation for mutually agreed period and terms & conditions between lending and borrowing organization. Further, the period of deputation get extended with the approval of competent authority of the both organizations based on the requirement of the borrowing organization subject to maximum of 5 years as stipulated in DOPT guidelines in this reference. Further, it is to inform in last 10 years, there is no case of overstay on deputation of any officer in/from FCI.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

LABOUR MANAGEMENT

Recommendation (Sl. No. 11)

10. The Committee note that the FCI engages large number of labourers for loading and unloading of food grains. The Labourers deployed by FCI are in three categories viz. (i)

Departmental Labour (ii) Direct Payment System (DPS) Labour and (iii) No-work No-pay(NWNP) Labour. As informed to the Committee, presently there are about 11350 Departmental Labour, 19953 number of DPS labour and about 6705 number of NWNP Labour engaged with FCI. Apart from this, there are about one lakh contract labourers hired through various contractors employed by FCI. The Committee was informed that the sanctioned strength of the Departmental and DPS labourers was fixed in 2007 whereas that of NWNP labourers was fixed in the year 2010-11. Thereafter rationalization process of labour strength have been done on the basis of exemption notification dated 06.07.2016 and 26.06.2018 issued under section 31 of CL(R&A) Act by the Ministry of Labour in respect of already notified 226 depots. The exemption initially granted vide notification dated 06.07.2016 had been effective for two years i.e. upto 05.07.2018 and thereafter it was extended first upto 05.07.2020 and then again for another two years i.e. upto 05 July, 2022. Consequent upon the issue of exemption notification, the contract labourers shall continue to work in the exempted depots. The Committee was further informed that the Hon'ble Bombay High Court, Nagpur Bench directed Government of India to decide the de-notification of all the notified depots within 6 months. The time limit of 6 months has elapsed long back. In the meantime Hon'ble High Court Kerala at Ernakulam directed Ministry of labour to consider the de-notification of Kollam depot after obtaining comments of FCI. As informed to the Committee, the proposal for de-notification of Kollam depot alongwith the other notified depots has been sent to the Ministry of Labour through the Ministry of Consumer Affairs, Food and Public Distribution vide letter No. IR(L)/31(10)/2004/Vol.III dated 02.07.2018 followed by reminders dated 25/26.10.2018, 21/22.02.2019, 02/03.04.2019, 23.05.2019 & 08.07.2019, but decision is still awaited. The Committee's analysis of the comparative costs of different categories of labourers reveal that the cost of contractual labourers is much less than the designated categories of labourers. The engagement of contractual labourers for loading and unloading of food grains at depots and other locations will be effectively materialized only when the depots are de-notified but unfortunately, the Ministry of Labour has not taken final action for de-notification despite lapse of two years period. The Committee therefore strongly recommend the Government to immediately take action for de-notification of the depots of FCI so as to achieve the cost efficiency in the labour management.

Reply of the Government

FCI since long has been demanding for permanent de-notification of 226 notified depots from the Ministry of Labour & Employment. The work in FCI depots is intermittent and seasonal in nature. The High Level Committee under the chairmanship of Shri Shanta Kumar, Hon'ble MP(LS) had also recommended that contract labour is best suited for FCI considering the work in the depots. Once the depots are de-notified, FCI will be able to deploy contract labour in the depots and will rationalize the rest of the departmentalized labour i.e. DLS, DPS and NWNP. De-notification of the FCI depots will result in huge savings of Public Ex-chequer. The savings of Rs 600 crore has been done due to the Exemption granted by Ministry of Labour & Employment under Section 31 of the Contract Labour (R&A), Act.

The recommendation of the Committee on Public Undertakings (COPU) for permanent de-notification of the depots of FCI is highly solicited as the same will help in economizing the cost incurred by FCI in managing the labour.

FCI has been regularly pursuing the matter with the Ministry of Labour & Employment through Ministry of CA, F&PD. The proposal for de-notification of notified depots has been sent to Ministry of Labour through Ministry of CA,F&PD Vide letter No IR(L)/31(10)/2004/Vol.III dated 02.07.2018 followed by reminders dated 25/26.10.2018, 21/22.02.2019, 02/03.04.2019, 23.05.2019, 08.07.2019, 20.09.2019 & 17.01.2020. Ministry of Labour & Employment, decided to refer the matter to Central Advisory Contract Labour Board (CACLB) for detailed examination. Accordingly, a meeting was scheduled for 19.03.2020 by CACLB at New Delhi. This meeting could not be held due to COVID-19 pandemic. The next date of the meeting is yet to be fixed by the Ministry of Labour & Employment. A letter dated 25.06.2021 has also been issued by FCI to the Ministry of CA,F&PD with the request to take up the matter with the Ministry of Labour & Employment to expedite the matter.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Recommendation (Sl. No. 12)

11. The Committee note that the wage bill of Departmental labour, DPS Labour and NWNP Labour has been gradually reduced from Rs. 337238.76 lakh in 2014-15 to Rs. 216133.33 lakh i.e. a reduction of about 40% in the wage bill over a period of five years. The Committee was informed that the Hon'ble High Court, Nagpur Bench had passed an order giving liberty to the Corporation to implement its policy of change in the scheme of incentives. In compliance to the above order, FCI Headquarter sent a detailed proposal to the Ministry of Consumer Affairs, Food and Public Distribution for effecting changes in the service benefits of Departmental Labour and Direct Payment System (DPS) Labour for approval so that further course of action can be initiated by FCI towards making the necessary reforms. The FCI proposed the altered service conditions such as (i) Non-inclusion of incentives for computation of CPF (ii) Non-inclusion of incentive for computation of Gratuity (iii) Non- inclusion of HRA elements for computation of Incentive and OTA (iv) No payment of 'A' Area rates to DPS labour working in 'B' and 'C' Area, and (v) Consideration of Mandal as Handling Labour. The Committee also note that the proposal with regard to declaration of Departmental Labour system as Dying Cadre has been approved by the Ministry of Consumer Affairs, Food and Public Distribution on 03.01.2020 and the same has been communicated to field offices vide Circular No.1/2020 dated 08.01.2020 with the instruction that there will be no further induction under this Departmental Labour system. The Committee are hopeful that all these measures proposed to be taken by FCI will lead to substantial reduction in the cost on account of Department Labourer. The Committee however observe that in view of the declaration of Departmental Labour System as dying cadre, the FCI will be heavily dependent on other categories of designated and contractual labourers. The Committee therefore recommend that in the changed scenario, a well-defined policy for engagement of such labourers for performing various types of jobs at different locations in the country be framed so as to make the system of engagement of labourers as transparent and cost effective.

Reply of the Government

The proposed reforms in the service conditions of the Departmental Labour System and Direct Payment System labourers will help in curtailment of labour cost. The

declaration of the Departmental Labour System as 'Dying Cadre' by the Ministry of CA,F&PD has helped in defending court cases and ID Cases.

As cited above, the permanent de-notification of the FCI depots will enable FCI to engage contract labour in the depots. However, FCI labour will be rationalized & pooled into fewer depots. Being the principal employer, it will be ensured by FCI that the various labour laws applicable to the Contract labour with regard to their wages, benefits and welfare are complied with by the contractor. Nodal Officers have been appointed at field level for improving the working condition of Contract Labour and to ensure better facilities and provide adequate welfare provisions. Grievance Redressal Mechanism has also been introduced to settle the grievance of labours, if any, at the field level.

FCI is in agreement with the recommendation of the Committee. The Corporation is also in a position to manage the contract labour keeping in view all the relevant provisions pertaining to the contract labour. The Contractor engaged shall make payments to the contract workers as per the provisions of Minimum Wages Act, 1948, provide Welfare and Health facilities such as canteen/rest rooms, urinal, washing facilities, first aid etc., make contributions in accordance with the Employees Provident Funds & Misc. Provisions, Act, 1952, comply with the provisions of ESIC Act and Workmen Compensation Act. FCI is entrusted with the work of Procurement, Movement, Storage and Distribution of food grains as mandated by GoI. The food grains are primarily stored in gunny bags which are handled manually by labourers. In FCI depots & Rail heads the Contract labourers are engaged through Handling & Transport Contractor appointed by open enquiry under e-tendering system. Appointed Contractor provides the Contract Labour for carrying out work as per the scope of work in the Model Tender Form of 'Handling & Transport Contract'. HTC MTF in vogue already has sufficient provisions to ensure better facilities and adequate welfare provisions to contract labour like EPF, Minimum Wages, ESI, Workmen Compensation etc. As per the Model Tender Form, the Contractor has to pay not less than minimum wages to Contract labourers engaged by him as per the Minimum Wages Act, 1948. Also, Contractor has to ensure submission of EPF contribution in respect of Contract Labour as per the provisions of Employees Provident Funds & Misc. Provisions Act, 1952. Further, there is provision in MTF for providing facilities like canteen/restrooms, urinal and drinking water as per CL (R&A) Act, 1970 for the Contract labour by the Contractor. Nodal Officer has been appointed by FCI at field level to ensure compliance & implementation of various welfare provisions and facilities to Contract Labour. Also, Divisional Manager of FCI has been appointed as Appellate Authority for disposal of complaints/grievances of Contract Labour."

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]

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PROCUREMENT OF FOODGRAINS

Recommendation (Sl. No. 13)

12. The Committee note that the Government of India enacted the National Food Security Act(NFSA), 2013 which inter alia legally entitles upto 75% of the rural population and 15% of the urban population to receive subsidized food grains under Targeted Public Distribution System. The Government policy of procurement of food grains has broad objectives of ensuring Minimum Support Price (MSP) to the farmers and availability of food

grains to the weaker sections at affordable prices. It is also to ensure effective market intervention thereby keeping the prices under check and also adding to the overall food security of the country. The MSP is announced by the Government of India at the beginning of the sowing season of crops on the basis of the recommendations of the Commission for Agriculture Costs and Prices (CACP) which determines the MSP based on the input costs and margin to farmers. The FCI, the nodal central agency of the Govt. of India, alongwith other State Government agencies undertakes procurement of wheat and paddy under Price Support Scheme. The Committee observe that the objective of the food grains procurement by Government agencies is thus to ensure that farmers get remunerative prices for their produce and do not have to resort to distress sale to local vendors who exploit the farmers by offering very low price. The Committee while taking note of the significant role of FCI in achieving the objectives of the Food Policy of Government of India through procurement and distribution of foodgrains, express their hope that the Corporation will keep on making sustained efforts for bringing about improvements in their processes so as to deliver better results in future with a view to take the benefits of the policy of the Government to the doorstep of the intended beneficiaries of poor class of population.

Reply of the Government

FCI is making continuous efforts in bringing improvements in its process which are elaborated as below:

- I. In RMS 2021-22, Haryana and Punjab also switched from indirect payment of MSP to direct online transfer of benefits to farmers' bank account. Now "One Nation, One MSP, One DBT" has been implemented across the country.
- II. DBT eliminated fictitious farmers and reduces the diversion and duplication of payment as payment is being made directly to farmer's bank account which in many States is linked with Aadhaar number of the farmer.
- III. DBT of MSP has brought in responsibility, transparency, real-time monitoring and reduces pilferage in the system.
- IV. FCI and most of the State Govts. Have developed their own Online Procurement System which ushers in transparency and convenience to the farmers through proper registration and monitoring of actual procurement.
- V. Through e-procurement module deployed by procuring Agencies, farmers get latest/updated information regarding MSP declared, nearest purchase center, date of procurement etc. This not only has reduced the waiting period for delivery of stock by the farmers but also enables the farmer to deliver stock as per his convenience in the nearest mandi.
- VI. FCI and State Government agencies have adopted web services introduced by GOI/NIC for integration with National Food Procurement Portal (NFPP) so that daily procurement data may be pushed on NFPP.
- VII. The State agencies have to also ensure the use of Expenditure Advance Transfer module (EAT) of Public Financial Module System (PFMS) while making payment, as mandated by the Ministry of Finance, GOI by integrate their online payment system with PFMS so as to maintain financial integrity.

- VIII. Many State Govts. have integrated girdwari/crop survey, land records with their portal and also introduced bio-authentication of farmers which bring more transparency in the system and ensure maintaining audit trail of entire operation.
- IX. The online procurement system has largely eliminated the procurement from middlemen and has resulted in better targeting of the MSP to farmers.

Further, it is stated that the PDS is operated under the joint responsibility of Central Government and States/UTs. While the Central Government makes allocation of food grains, FCI ensures adequate quantity of good quality of food grains stocks at all its base depots throughout the country. The responsibility of distribution of food grains under PDS and Other Welfare Schemes (OWS) to the targeted beneficiaries' rests with the State/UT Governments and their Agencies through their retail distributional network like Fair Price Shops.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Recommendation (Sl. No. 14)

13. The Committee further note that there are two types of procurement viz. the Centralized Procurement System (Non-DCP) and the Decentralized Procurement System (DCP). Under the Centralized Procurement (Non-DCP), the procurement of food grains in the Central Pool are undertaken either by FCI directly or State Government agencies procure the food grains and handover the stocks to FCI for storage and subsequent issue against Government of India allocations in the same State or movement of surplus stocks to other States. The cost of the food grains procured by State agencies is reimbursed by FCI as soon as the stocks are delivered to FCI as per cost-sheets issued by Government of India. Under the Decentralized Procurement (DCP), the State Government itself undertakes direct purchase of paddy/rice and wheat and also stores and distributes these food grains under NFSA and other welfare schemes. The Central Government undertakes to meet the entire expenditure incurred by the State Governments on the procurement operations as per the approved costing. With regard to the pace of decentralization of procurement activities, the Committee has been informed that the procurement activities had been decentralized to the State Governments and as many as 16 States procure rice and about 4 to 6 States procure wheat and in such cases, FCI's activities start after the State Governments handover the excess stock to FCI. The Committee thus observe that the present emphasis of the Government is to handover the procurement operations of wheat and rice to States that have gained sufficient experience and have created reasonable infrastructure for procurement and move on to help those States where farmers suffer from distress sales at prices much below MSP and are dominated by small holdings like Eastern Uttar Pradesh, Bihar, West Bengal, Assam, etc. The Committee therefore recommend that the Government should provide all necessary assistance to the relatively inexperienced States and also the North-Eastern States with a view to strengthen their infrastructure and increase their potential to enable them to progressively increase their procurement activities.

Reply of the Government

FCI has already handed over procurement operation to State Governments in Andhra Pradesh, Telangana, Chhattisgarh, Odisha and Madhya Pradesh fully. FCI is participating in procurement operations in Punjab and Haryana on the request of concerned State Governments.

FCI is procuring around 1% of paddy and 10% of wheat out of total procurement done for central pool. Rest of the procurement is done by State Agencies. FCI has moved towards focusing more on storage and movement of foodgrains.

The list of DCP State for procurement of wheat and rice is as under:

DCP States for Rice & Wheat		
S.No.	Rice	Wheat
1	Uttarakhand	Madhya Pradesh
2	Chhattisgarh	Uttarakhand
3	Odisha	Chhattisgarh
4	Tamil Nadu	Gujarat
5	West Bengal	West Bengal
6	Kerala	Bihar
7	Karnataka	Maharashtra
8	Madhya Pradesh	Punjab
9	Andhra Pradesh	Rajasthan(nine districts)
10	Bihar	
11.	Telangana	
12.	Maharashtra	
13.	Gujarat	
14.	Andaman Nicobar	
15.	Tripura	
16.	Jharkhand(Six districts)	

On the recommendation of HLC committee, FCI moved towards the States, where farmers suffer from distress sales at prices much below MSP, and which are dominated by small holdings, like Eastern Uttar Pradesh, Bihar, West Bengal, Assam etc.

Conscious and persistent efforts are being made towards helping the States especially in the Eastern and North Eastern part of the Country to extend the benefit of MSP to the

farmers. To extend the benefit of MSP to the famers of Tripura, FCI has commenced procurement of Paddy in Tripura from KMS 2018-19.

The procurement done during last 4 years in the Eastern States is as under

(Fig. in LMT)

S. No.	STATES	KMS			
		2017-18	2018-19	2019-20	2020-21*
1	Assam	0.35	1.03	2.11	1.26
2	Bihar	7.93	9.49	13.41	23.84
3	Jharkhand	1.46	1.55	2.58	4.27
4	U.P.	28.74	32.33	37.90	44.78
5	WB	22.11	27.27	33.56	27.34
6	Tripura	0	0.18	0.14	0.11
Total		60.59	71.85	89.70	101.6

*KMS 2020-21 is under progress. Data as on 23.06.2021

The numbers of procurement centres for procurement of paddy operated during last 4 years are as under:

SNo.	STATES	KMS			
		2017-18	2018-19	2019-20	2020-21*
1	Assam	101	118	159	133
2	Bihar	6,688	6,161	6223	6508
3	Jharkhand	592	274	274	448
4	Tripura	0	37	44	44
5	UP	3,420	3,107	3,880	4453
6	WB	19,238	27,563	30,070	28,973
TOTAL		30,039	37,260	40,650	40,559

*KMS 2020-21 is under progress.

The number of farmers benefitted are as under:-

S.No.	STATES	KMS			
		2017-18	2018-19	2019-20	2020-21
1	Assam	4,332	12,921	26,537	17,194
2	Bihar	1,63,425	2,10,028	2,79,402	4,97,097
3	Jharkhand	42,346	34,595	53,305	1,03,946
4	U.P.	4,92,913	6,84,013	7,06,549	10,22,286
5	WB	3,50,181	7,33,357	8,05,186	8,14,772
6	Tripura	0	5,506	13,613	9,546
Total		10,53,197	16,80,420	18,82,607	24,64,841

*KMS 2020-21 is under progress.

Emphasis has also been given on procurement of wheat in Eastern States such as UP & Bihar.

The details of procurement of wheat is as under:

(Fig in LMT)

States	RMS 2019-20	RMS 2020-21	RMS 2021-22*
UP	37.00	35.77	56.41
Bihar	0.03	0.05	4.56

*RMS 2021-22 is under progress. Data as on 23.06.2021

It has been seen from above that in Bihar procurement of wheat has shown an steep inclined trend, 4.56 LMT wheat is procured in RMS 2021-22 as against 0.03 LMT wheat procured during RMS 2019-20, which indicates that farmers has shown their trust in Govt's procurement operations.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Recommendation (Sl. No.15)

14. The Committee further note that the procurement of wheat at MSP which was 283.35 LMT in 2010-11 has gone up to 341.32 LMT in 2018-19 while the procurement of rice at MSP which was 341.198 LMT in 2010-11 has gone to 443.30 LMT in 2018-19. The allotment to States which had been 241 LMT of wheat in the year 2014-15 has gone to 246 LMT in the year 2019-20 but the allotment of rice which was 373 LMT in the year 2014-15 has come down to 331 LMT in the year 2019-20. The Committee are happy to note that procurement from Eastern States during Kharif Marketing Season i.e. KMS which had been 65.97 LMT in 2016-17 has gone up to 86.34 LMT(as on 06.07.2020) in 2019-20. The Committee also feel satisfaction over the fact that the constant efforts made by the Corporation has resulted in reduction of procurement of Beyond Rejection Limit(BRL) stocks by 86.84% i.e. from 15586 MT during the year 2013-14 to 2107 MT during the year 2016-17. The BRL stocks further reduced to 1936 MT in 2017-18 which constitutes 0.005% of the total procured quantity in that year. The Committee also note that FCI has put in place well established monitoring mechanism for the procurement activities which includes joint inspection of food grain stocks, online procurement monitoring System(OPMS), analysis of samples in quality control laboratories, regular inspection of Fair Price Shops and Godowns etc. The Committee are hopeful that the FCI will bring more systemic improvements in their processes of procurement and other related activities by extensive use of information technology tools to minimize the possibilities of aberrations which may creep in the system on account of human intervention.

Reply of the Government

In order to bring all states to a standardised level of automation in procurement process by extensive use of information technology tools, minimum threshold parameters for national procurement standards have been identified.

- I. Online Registration of farmers: Name, Father's name. Address, Mobile Number, Aadhar number, Bank Account Details, Land details (Khata/Khasra), Self-cultivated or Land on rent/share cropping/contract
- II. Integration of registered farmer data with State's land record portal
- III. Integration of Digitized Mandi/Procurement center operations, Generation of buyer/seller forms, bill of sale proceeds etc.
- IV. Online payments with integration through Expenditure Advance Transfer (EAT) module of PFMS, for direct and speedy transfer of MSP to farmers.
- V. CMR/Wheat delivery Management: Auto generation of billing upon unloading of Acceptance note/Weight Check Memo and takeover of stocks
- VI. Data to flow through API based integration to the proposed unified GoI Portal for real time reporting of farmers benefitted, quantity procured and payments made.
- VII. Twenty Two (22) of these procuring states have online registration facilities for farmers capturing required details in their procurement portals.
- VIII. Land Records have been digitized for twelve (12) states and Eight (8) states have already integrated their Land Records System with Procurement Portal.

IX. All 23 states are doing online transfer to bank accounts for the MSP Procurement done. Thirteen (13) of these states are already making verified online payments through Aadhar enabled DBT or integration with PFMS.

Further, there is a reduction in BRL stocks during the period 2016-17 to 2020-21. The details of Procurement vs. BRL (June, 21) is as under:

CROP-YEAR	Procurement of Rice by FCI	BRL	%AGE
	(in LMT)	(in MT)	
2016-17	251.87	2107	0.008
2017-18	264.69	3290	0.012
2018-19	280.17	2187	0.008
2019-20	311.05	2999	0.010
2020-21 (upto 31.05.2021)	248.65	406	0.002

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

FUTURE ROLE OF FCI

Recommendation (Sl. No. 16)

15. The Committee observe that the procurement of food grains by FCI has gradually decreased over a period of time and as informed, the FCI now procures only 2% of paddy and 12% of wheat out of the total procurement done for the central pool. As such, the role of FCI in procurement has substantially minimized and it will further shrink with the more and more States opting for the Decentralized Procurement (DCP) System. The Committee therefore urge that in view of its gradual decreasing share in the procurement domain, the FCI should now focus and concentrate more on the effective storage and distribution management system for making available better quality food grains to the poor families and other intended beneficiaries through optimum utilization of their resources.

Reply of the Government

FCI has already handed over procurement operation to State Governments in Andhra Pradesh, Telangana, Chhattisgarh, Odisha and Madhya Pradesh fully. FCI is participating in procurement operations in Punjab and Haryana on the request of concerned State Governments.

FCI is procuring around 1% of paddy and 10% of wheat out of total procurement done for central pool. Rest of the procurement is done by State Agencies. FCI has moved towards focusing more on storage and movement of foodgrains.

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5	West Bengal	West Bengal
6	Kerala	Bihar
7	Karnataka	Maharashtra
8	Madhya Pradesh	Punjab
9	Andhra Pradesh	Rajasthan(nine districts)
10	Bihar	
11.	Telangana	
12.	Maharashtra	
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Emphasis has also been given on procurement of wheat in Eastern States such as UP & Bihar.

The details of procurement of wheat is as under:

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It has been seen from above that in Bihar procurement of wheat has shown an inclined trend, 4.56 LMT wheat is procured in RMS 2021-22 as against 0.03 LMT wheat procured during RMS 2019-20, which indicated farmers has shown their trust in Govt's procurement operations. Further, in order to upgrade the storage system, following steps are being taken by FCI:-

- **Creation of SILOS:** - In order to upgrade and modernize the storage facilities, construction of silos under PPP (Public Private Partnership) mode is being undertaken. In 2007-09, silos at 7 locations with capacity of 5.50 LMT were constructed. After 2016, Silos at 21 locations with capacity of 10.625 LMT have been completed and put to use and silos at 38 locations with capacity of 19.125 LMT are under implementation.

- **Phasing out of CAP:** -Govt of India has decided that CAP Storage should be phased out over a period of time. State Govts of Haryana and M.P have furnished their Action Plans to create scientific covered capacity by phasing out CAP.

FCI is also in the process of chalking out an 'Action Plan' for phasing out owned CAP capacity by way of Asset Monetization for which steps regarding appointment of consultant has been initiated.

In order to upgrade and modernize the storage facilities, construction of silos under PPP (Public Private Partnership) mode is being undertaken. In 2007-09, silos at 7 locations with capacity of 5.50 LMT were constructed. After 2016, Silos at 21 locations with capacity of 10.625 LMT have been completed and put to use and silos at 38 locations with capacity of 19.125 LMT are under implementation.

As already stated above FCI is responsible for making available of good quality of food grains to the State/UT Governments against the allocation made by the Govt. of India. The food grains are issued as per the quality norms prescribed by the Govt. of India. The responsibility for distribution of food grains to end beneficiaries, rests with the concerned State/UT Government.

As far as distribution management system is concerned, it is informed that FCI has well-defined system for supply of food grains to the State/UT Govts. for catering their requirement under NFSA/OWS.

FCI has to ensure availability of food grains in its depots situated at every nook and corner of the country for which stocks are moved from surplus states to deficit states as per the requirement of food grains of the State/UT. Movement planning is done on monthly basis as per the requirement of the States/UTs and final plan of movement is shared with all the stakeholders involved in the movement planning. State/UT Govts. or their nominated agencies lifts the stocks of food grains from the depots of FCI and distribute the same to the end consumers through their distribution network.

In order to further strengthen the distribution system, Department of Food & Public Distribution, Ministry of CAF&PD. Gol has taken various steps for End-to-End computerization of TPDS in the country. Ministry may please substantiate further on the progress made in this regard.

During COVID-19 pandemic, the most challenging job was to maintain food security of the nation due to lockdown like situation due to COVID-19 pandemic. FCI played a vital role during said period and through its effective distribution system, supplied a quantity of 945.92 LMT food grains during the period from 25.03.2020 to 31.03.2021 under various schemes of Govt. of India.

(Figs. InLMT)

Scheme	Wheat	Rice	Total
NFSA (Regular)	221.56	302.48	
PMGKAY –I (April to June 2020)	15.01	102.99	118.00
PMGKAY –II (July to November 2020)	88.47	98.35	186.82
Scheme for Non-NFSA card holders	2.57	7.09	9.66

Other Welfare Schemes(OWS)/Others	15.81	32.89	48.70
Open Market Sale Scheme (OMSS)	26.30	25.89	52.19
Scheme for Charitable/NGOs etc.	0.01	0.10	0.11
Allocation for Migrants/ Stranded Migrants (ANB)	1.83	4.57	6.40
Total	371.56	574.36	945.92

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

BUFFER STOCKS AND EXCESS STOCKS

Recommendation (Sl. No. 17)

16. The Committee note that the Food Corporation of India has to maintain buffer stocks as prescribed by the Government of India as a measure of food security to guard against scarcity of food grains. The buffer stock is presently equivalent to 4 months allocation. This stock enables the Government to intervene effectively to curb rising trend of crisis of foodgrains in the market. Thus, two types of stocks are maintained. The first is operational stock which are required for month to month distribution to the intended beneficiaries under Targeted Public Distribution System(TPDS) and Other Welfare schemes(OWS). The second is the Strategic Reserve which is required by the Government only to maintain and renew the stocks unless foodgrains are drawn from it in case of crisis situation such as abnormal shortfall in production of foodgrains in the country or natural calamity and in such a case, the procurement will be required to be higher in the next season to the extent of drawal from the Strategic Reserve. The Committee however observe that during evidence, it was brought before the notice of the Committee that as per norm of 2014 for having 23 million tonnes of buffer stock, presently it is about 64 million tons resulting in 40 million tonnes of excess stock. With regard to the disposal of excess stocks, the Committee was informed that Open Market Sale Scheme(Domestic) [OMSS(D)] Policy is formulated for every fiscal year to offload excess stock of wheat and rice which is above buffer stock in norms in the open market. There is a Committee constituted by the Government consisting of Secretary(Expenditure), Secretary(Food and Public Distribution), Secretary(Consumer Affairs) and Secretary, Department of Commerce to recommend quantity and price at which foodgrain stocks in excess of buffer and strategic norms are to be offloaded. With regard to the sale of excess stocks of foodgrains through OMSS(D), the Committee note that annual sale of excess stock had been 71.88 LMT in the year 2015-16, 47.45 LMT in 2016-17, 19.12 LMT in 2017-18, 90.30 LMT in 2018-19 and 52.48 LMT in 2019-20. The Committee were also given to understand that various proposals are being moved in the Government about liquidation of excess stocks but the details of these proposals were not elaborated. The Committee observe that norms for buffer stock have been fixed taking into account the primary objective of maintaining food security to guard against scarcity of food grains which may occur for various reasons but at the same time maintenance of large quantity of excess stocks over and above the fixed norms for buffer stock entails heavy cost to the Corporation. The Committee appreciate Government policy to procure the foodgrains at MSP without any cap to allow the farmers to sell their produce to the Government organisation and save them from distress sale to local venders at lower rates. The Committee however desire that the Government should prepare a detailed plan for

liquidation of excess stocks in time so that the financial burden on the Government is reduced to maximum extent.

Reply of the Government

Due to open ended procurement policy of the Govt. of India, the procurement of Wheat and Rice remains more than that of the normal requirement of food grains under NFSA and OWS which is around 600 LMT per year. The stock in excess of the requirement gets accumulated in the Central Pool on year-to-year basis.

The Govt. of India has constituted a committee, consisting of Secretary (Expenditure), Secretary (Food and Public Distribution) and Secretary (Consumer Affairs) to recommend quantity and price at which foodgrain stocks in excess of buffer and strategic norms are to be offloaded in domestic market. Every year, based upon the recommendation of the Committee of the Secretaries, DFPD, GoI, formulates the policy for sale of food grains under OMSS (D) i.e. Open Market Sale Scheme (Domestic). During 2020-21 a quantity of 50.32 LMT of food grains, comprising of 25.32 LMT wheat and 25.00 LMT rice have been sold under OMSS (D). However, the scope of disposal of food grains through Open Market Sale Scheme (Domestic) is also limited.

In order to ameliorate the hardships faced by the poor due to economic disruption caused by the Corona pandemic, Government of India announced various additional schemes like PMGKAY, AtmaNirbhar Bharat, Non-NFSA card holders & Charitable/NGOs. during COVID-19 period in 2020-21. Apart from regular schemes, following quantity of food grains were issued under different special schemes announced by Govt. of India:

(Figs. InLMT)

Scheme	Wheat	Rice	Total
PMGKAY –I (April to June 2020)	15.01	102.99	118.00
PMGKAY –II (July to November 2020)	88.47	98.35	186.82
Scheme for Non-NFSA card holders	2.57	7.09	9.66
Scheme for Charitable/NGOs etc.	0.01	0.10	0.11
Allocation for Migrants/ Stranded Migrants (ANB)	1.83	4.57	6.40
Total	107.89	213.10	320.99

Further, in view of resurgence of COVID during 2021-22, Govt. of India has announced following schemes:

(i) PMGKAY-III(May- June 2021)

Govt. of India allocated a quantity of around 79.51 LMT food grains to NFSA beneficiaries for two months i.e. May & June 2021 @ 5 Kg. per person per month, free of cost against which a quantity of 76.95 LMT has been supplied by FCI to State/UT Govts. upto 24.06.2021. The Govt. of India has further extended the PMGKAY for the period July to November 2021 and allocation of 198.78 LMT free food grains have been made.

(ii) Liberalised OMSS (D) Scheme

With the objective to make wheat and rice stocks easily available in open market, DFPD, Ministry of CAF&PD, Govt. of India has formulated the liberalised OMSS(D) policy for the year 2021-22. Rates have been made attractive and uniform rates, have been fixed pan India, without addition of any freight component to facilitate buyers to lift stocks from any place at ease during Covid period.

(iii) Scheme for NGOs/Charitable

The Govt. of India has extended the scheme for supply of food grains to Charitable/ Non-Governmental Organizations etc. engaged in relief operations/ running relief camps for migrant labourers/ vulnerable groups, during 2021-22 at Rs. 21/- per Kg. wheat and Rs. 22/- per Kg. rice.

(iv) Scheme for the persons not covered under NFSA

DFPD, Ministry of CAF&PD, Govt. of India has also renewed the scheme for providing food grains to the persons not covered under NFSA, , having State/UT ration card @ 5 Kg. per person per month for a period of eleven months i.e. from May, 2021 to March, 2022 at Rs. 21/- per Kg. wheat and Rs. 22/- per Kg. rice.

Details of food grains lifted from Central Pool during 2021-22 (Upto 24.06.2021) under various schemes are as under:

(Figs. InLMT)

Scheme	Wheat	Rice	Total
NFSA (Regular)	45.71	52.96	98.67
PMGKAY (May & June 21)	36.82	40.13	76.95
Scheme for Non-NFSA card holders	0.27	2.04	2.31
Other Welfare Schemes(OWS)/Others	2.58	5.07	7.65
Open Market Sale Scheme (OMSS)	4.52	3.21	7.73
Total	89.90	103.42	193.32

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

STORAGE FACILITIES AND CAPACITY UTILIZATION

Recommendation (Sl. No. 18)

17. The Committee note that over a period of time, the quantum of procurement of foodgrains has gone up and it has necessitated the requirement of additional storage capacities. As informed to the Committee, the FCI opts for short-term hiring of covered godowns as well as Cover & Plinth (CAP) to meet the short-term peak requirements of

storage capacity. The Committee's analysis reveals that the total storage capacity owned by the FCI was 387.40 LMT, 373.00 LMT, 361.91 LMT, 363.54 LMT, 381.06 LMT and 407.34 LMT during the year 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 respectively. Further, as on 1st July 2020, the storage capacity with State agencies was 471.24 LMT. Thus, against the total available capacity of 878.58 LMT, 812.94 LMT of stocks of central pool were stored. The Committee also note that out of total number of 2131 storage available as on 30.11.2019, 561 is owned by FCI and 1572 is hired by FCI. It was revealed during the examination of the subject that it is the excess procurement which necessitate additional storage facility but nevertheless once the foodgrains are procured, these are required to be safely preserved till its distribution/sale. The Committee observe that Cover & Plinth(CAP) storage facility is relatively not safe for storage of foodgrains for long duration and therefore the Committee desire that CAP system of storage need to be phased out. The Committee note that various schemes for construction of godowns for storage of stocks are (i) Private Entrepreneurs Guarantee Scheme (PEG) (ii) Central Sector Scheme (iii) Construction of Steel Silos and (iv) Cover and Plinth(CAP) Hiring Scheme. Under PEG Scheme, storage capacity is created by private parties, Central Warehousing Corporation and State Government agencies and the FCI gives guarantee of 10 years for hiring to private investors and 9 years to CWC/SWCs/State Agencies. Under the Central Sector Scheme, the storage capacity is created by FCI in North-Eastern States alongwith Himachal Pradesh, Jharkhand and Kerala. The construction of Steel Silos is to be done in Public Private Partnership (PPP) Model. The Committee hope that efforts will be made by all the stakeholders to create the storage capacity under the respective scheme and will achieve the target within the prescribed time period.

Reply of the Government

In order to upgrade and modernize the storage facilities, construction of silos under PPP (Public Private Partnership) mode is being undertaken. In 2007-09, silos at 7 locations with capacity of 5.50 LMT were constructed. After 2016, Silos at 21 locations with capacity of 10.625 LMT have been completed and put to use and silos at 38 locations with capacity of 19.125 LMT are under implementation.

Accordingly, proposal of additional silo capacities of 108.375 LMT at 247 locations under Hub & Spoke model are under the process of appraisal and approval.

In order to upgrade and modernize the storage facilities, construction of silos under PPP (Public Private Partnership) mode is being undertaken. In 2007-09, silos at 7 locations with capacity of 5.50 LMT were constructed. After 2016, Silos at 21 locations with capacity of 10.625 LMT have been completed and put to use and silos at 38 locations with capacity of 19.125 LMT are under implementation.

FCI has devised roadmap for development of silos which will be road-fed and will work on the Hub and Spoke Model. In order to further ease the process of development of Silos. The bid documents for Hub and Spoke silos have been prepared by adopting a consultative and inclusive approach. The tender documents and list of locations (247 locations with total capacity of 108.375 LMT) for silo construction under Hub & Spoke model are under the process of appraisal and approval.

Further, the Storage Capacity of owned godowns of FCI, CWC and State Agencies has been augmented by 45.23 LMT through reassessment of stack size from 140 MT to 174

MT. Additionally, a capacity of 27.44 LMT has been hired from Pvt Investors during the period from March, 2021 to May, 2021.

Under PEG Scheme, out sanctioned capacity of 153.11 LMT; a capacity of 144.18 LMT has been constructed as on 31.05.2021.

Under Central Sector Scheme, 0.48 LMT has been completed at 7 locations in NE States. In states other than North East Region, a capacity of 0.93 LMT for construction of godowns at 13 locations, out of which, 0.18 LMT has been completed at 3 locations.

In respect of phasing out of CAP, it is informed that FCI Hqrs. vide letter No. Proc. III/1(1)/2021/Misc. Policies dated 17.02.2021 has sent a proposal to Ministry for fixing a target to phase out CAP storage capacity by 25% in the first year, 35% in the second year and balance 40% in the third year so as to completely switch over to more scientific storage by RMS 2024-25 and for revision in MOU in consultation with the State Governments.

In this regard, meetings were held with the State Govts of Punjab, Haryana and MP on 23.03.2021 and 11.05.2021 and they were requested to furnish Action Plan for the same. Accordingly, State Govts of Haryana and MP have furnished their Action Plans to create scientific covered capacity by phasing out CAP.

The status of Silo, (Private Entrepreneur Guarantee(PEG) capacity and (Cover & Plinths) CAP capacity as on 31.05.2021 is given as under:-

(Fig. in LMT)

Silo			PEG Capacity	CAP		
Owned	Hired	Total		Owned	Hired	Total
1.10	8.88	9.98	113.67	25.71	11.57	37.28

Total Storage Capacity (Cap+Covered) under Central Pool as on 31.05.2021 is as under;

(Fig. in LMT)

FCI (Own+Hired)	State Agencies	Total
468.25	436.49	904.74

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]

(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

CONSTRUCTION OF SILOS : HUB AND SPOKE MODEL

Recommendation (Sl. No. 19)

18. The Committee note that Steel Silo storage 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 negligible compared to foodgrains storage in bags in conventional warehouses. The FCI informed that 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 would improve overall efficiency. As such, construction of Silos and utilization of Silos for storing

and transportation of foodgrains in bulk would be beneficial to the nation as a whole besides also creating an efficient Food Supply Chain Management System. The FCI has therefore planned to modernize its storage facilities by construction of modern steel Silos on a PPP mode. The Committee note that as against the target set in 2016 for creating 100 LMT silo capacity, FCI could create only 8.25 LMT even after four years which is just 8.25% of the target fixed. The silos were constructed in Punjab and Madhya Pradesh. The reasons attributed by FCI to their poor achievement is lack of availability of land and railway sidings which were made compulsory in the tender floated for the purpose. The Committee were informed that many big investors who showed interest to invest in silo construction could not move ahead because of these constraints. Since the earlier model failed, the Committee learn that FCI is changing its existing model under which silos are constructed on 'Hub and Spoke' model where in various silos are connected by road to a mother silo which will have rail connectivity. The Committee are of the opinion that setting up of smaller size silos near to the procurement and consumption locations will immensely reduce the transport cost of FCI as it will help in avoiding procuring grains at one location and sending them to the silo located at distant place and again bringing the foodgrains back for distribution under various welfare schemes to the same areas from where these foodgrains were actually procured. The Committee are of the view that this "to and fro" movements not only create a lot of logistic issues but also cast heavily on the Government in terms transportation charges and therefore these could be effectively reduced if the localised small silos are constructed and then integrated to the main silos under hub and spoke model. The Committee therefore recommend that immediate steps be taken to prepare a comprehensive scheme for creation of the Silos network on Hub and Spoke model throughout the country in a time bound manner.

Reply of the Government

In order to upgrade and modernize the storage facilities, Government of India chalked out an Action Plan for construction of steel silos on PPP (Public Private Partnership) mode in the country for a capacity of 100 LMT. At present, Silos with capacity of 10.625 LMT have been completed and put to use and 19.125 LMT silo capacity is under implementation.

Earlier silos with Railway siding were considered. A major bottleneck in construction of Railway siding silos has been difficulty to find and acquire suitable land along rail tracks. Hence, in order to fast track the progress of construction of steel silos, a professional study was conducted by FCI through M/s RITES for examining the feasibility of road-side silos with containerized movement. M/s RITES submitted its final report recommending Hub & Spoke Model with road side silos and containerized bulk movement. DFPD accorded "in-principle approval" for construction of silos under the Hub and Spoke model as proposed by FCI. Land for roadside silos is relatively easily available, as compared to land along rail side tracks.

Thereafter, by adopting a consultative and inclusive approach, involving and interacting with key stakeholders, the bid documents for Hub and Spoke silos were prepared. Draft Bid Documents were put up for stakeholder consultation and extensive deliberations on comments received on various issues and changes pertaining to contractual and technical issues considering the best practices and recent developments were undertaken.

The locations for silos have been identified considering the Storage Gap, concept of direct delivery from Mandis to consuming areas and distribution of silos on basis of buffer stock in consuming regions rather than be centrally maintained. Accordingly, proposal of additional

silo capacities of 108.375 LMT at 247 locations under Hub & Spoke model are under the process of appraisal and approval.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

FORMATION OF JOINT VENTURE WITH RAILWAY CPSUS

Recommendation (Sl. No. 21)

19. The Committee note that investors - both domestic and foreign - are willing to invest in creation of modern storage infrastructure had to withdraw for want of land and railway sidings. The Committee also note that FCI transports 85% of food grains through rail mode as it is the cheapest option. The Committee learn that FCI and the Department of Food and Public Distribution have not succeeded in convincing railways to give vacant land near the railway sidings to create storage infrastructure. The Committee recommend that the Government should explore the possibility of forming a Joint Venture with the Railways for undertaking the business of movement of foodgrains as such type of arrangement will be beneficial for FCI as well as Railways. The Committee may be apprised of the precise action taken by the Government in this regard.

Reply of the Government

The matter regarding utilization of surplus land of Railways for construction of storage infrastructure has been deliberated with Railways and certain locations were tentatively identified after joint inspection. CRWC/CWC were mandated to construct storage infrastructure on Railway Land as CRWC already had MoU with Railways.

As of now, around 80% of stocks are moved by rail to different parts of the country, still being the most economical mode. FCI and Railways work in tandem and maintain proper coordination to ensure that foodgrains are moved across the country.

However, no special benefits are given to FCI by Railways for transporting foodgrains. Freight rates charged for commodities under classification Foodgrains, Flours & Pulses by Railways is same to all whether it is FCI, Private party or any other Govt. Agency.

Further, recommendation of committee for exploring the possibility of forming a Joint Venture with the Railways appears to be a policy issue. Ministry may take a suitable view on same.

As far as, the matter regarding utilization of surplus land of Railways for construction of storage infrastructure, the same has been deliberated with Railways and certain locations were tentatively identified after joint inspection. CRWC/CWC were mandated to construct storage infrastructure on Railway Land as CRWC already had MoU with Railways.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

FINANCIAL PERFORMANCE

Recommendation (Sl. No. 22)

20. The Committee note that FCI is a 'No Profit No Loss' organization and is a 100% subsidized Corporation. As such, the commercial practices applied to other CSPUs set up with profit motives and adding value to its shareholders cannot be applied to FCI. The objective of the Government is not to make profit by procuring food grains at a lower cost and selling it at a higher price. The stated objectives of the government is to (i) provide remunerative production cost to farmers by ensuring payment of Minimum Support Price (MSP) (ii) provide foodgrain to public at large at subsidized price and (iii) maintain buffer stock and strategic reserve of foodgrain for the country. FCI executes Government welfare programs and fulfils its social objectives and thus is not a profit oriented entity. In case all the provisions of the Companies Act are made applicable to FCI, it may materially impact the subsidy calculation and will have financial implications on Government of India. The Corporation is governed under Food Corporation Act 1964 and many provisions of the Companies Act 2013 are not applied to it and some additions/ deletions/ modifications have been done in the financial statements of FCI in consultation with C&AG keeping in view the Act and the special nature of operations entrusted to FCI.

Reply of the Government

Observation of the committee is Factual. No comments to offer.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Recommendation (Sl. No. 23)

21. The Committee note that the sources of finance of FCI are mainly through equity share capital, cash credit constituting long term bonds, ways and means advance (WMA)/ unsecured short term advances and the National Small Saving Fund. The total budget of FCI constitutes Sales and Subsidy. The budget of FCI was Rs. 134762 crore during 2014-15, Rs. 131694 Crore during 2015-16, Rs. 131053 Crore during 2016-17, 133912 Crore during 2017-18, Rs. 156272 Crore during 2018-19 and Rs. 166085 Crore during 2019-20. There is no consistency in the sales figures. However, the subsidy has been constantly rising since 2015-16. The subsidy was Rs, 102425 Crore during 2015-16, Rs. 109136 Crore during 2016-17, Rs. 116282 Crore during 2017-18, Rs. 131787 during 2018-19, Rs. 140928 during 2019-20. There are three components of subsidy viz. consumer subsidy, buffer subsidy and losses. The rise in subsidy as explained by FCI is due to the increase in MSP every year. The Committee note that the MSP of wheat that was Rs. 1120 per quintal in 2010-11 has gone up to Rs. 1840 per quintal in 2018-19 indicating a rise in 64.3% over a period of 9 years. Similarly, MSP of common paddy that was Rs. 1000 per quintal in 2010-11 has increased to Rs. 1750 per quintal indicating an increase of 75% over the same period. The increase is also due to storage charges on the stock held in excess to the stocking norms. For instance, the Committee observed that as against stock holding norms

of 276 LMT of wheat and 135 LMT of rice, FCI held wheat stock of 458 LMT and rice stocks of 354 LMT by the end of March 2020.

Reply of the Government

The budget figures shown in the question is sum of sale and subsidy which is updated:

Amount in Rs. crore

Year	Sales	Subsidy	Total
2014-15	29,755	1,05,007	1,34,762
2015-16	29,269	1,02,425	1,31,694
2016-17	21,917	1,09,136	1,31,053
2017-18	17,630	1,16,282	1,33,912
2018-19	30,758	1,20,352	1,51,110
2019-20	23,434	1,32,408	1,55,842
2020-21(RE)	31,560	2,30,536	2,62,096

The Sales figures are mainly sum of foodgrains lifted by State Govts under NFSA / OWS and sale in OMSS (D).

The NFSA was introduced in 2013-14. However, the switch by states to NFSA was gradual resulting in higher sales value in 2014-15 to 2015-16 as Sales rate in APL/BPL was higher than sale rate in NFSA. After 2015-16 variation in sales value was only due to OMSS(D). The open sale quantity keeps varying as per the demand and supply situation, the sales figures change accordingly. The OMSS (D) sale position is given below –

Year	Wheat		Rice		Total Value (Rs in Cr)
	Qty (LMT)	Value (Rs in Cr)	Qty (LMT)	Value (Rs in Cr)	
2014-15	42.06	6,829.62	0	0.06	6,829.68
2015-16	70.37	11,157.19	0.89	203.93	11,361.12
2016-17	46.76	8,513.50	1.94	463.29	8,976.79
2017-18	13.82	2,644.43	4.69	1,172.35	3,816.78
2018-19	82.04	16,191.22	8.05	2,103.10	18,294.32
2019-20	34.15	7,512.19	14.61	3,668.75	11,180.94
2020-21(RE)	50.00	11,000.00	30.00	6,750.00	17,750.00

Due to above shown variation only, the sales figures are not consistent.

The procurement of Paddy and Wheat is open ended. As a result, there is excess stock well beyond the stock norms with FCI. FCI is incurring carrying cost to hold such excess stock which includes storage charges and interest.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Recommendation (Sl. No. 24)

22. The Committee further note that the Government sanctioned a loan of Rs. 65,000 Crore to FCI from National Small Saving Funds (NSSF) in 2017-18. During the same year FCI had made short term borrowing of Rs. 82376.48 Crore from Banks. FCI explained that the Rs. 65,000 Crore sanctioned to FCI during 2017-18 were book adjustments with no cash release. These loans were sanctioned for reversal of subsidy released to FCI and converting them into NSSF loans or for rollover/ recovery of previous NSSF loans/ WMAs released to FCI. Similarly the Short term loans (STL) from banks was taken to meet working capital requirement and cash flow mismatch. The Committee note that as on 30 October 2019, FCI had an outstanding short term loans (STL) of Rs. 4,700 Crore that rose to Rs. 40,700 Crore as on 31 March 2020.

Reply of the Government

During the year 2017-18, NSSF loan of Rs. 65,000 crore was released to FCI in three parts amounting to Rs. 14,000 crore for the rollover of NSSF Loan instalment, Rs.42,919.46 crore in lieu of reversal of subsidy allocation and remaining Rs. 8,080.54 crore was released in cash and subsequently paid back for repayment of WMA of Rs. 8,080 crore.

Further in respect of issue of rise in outstanding short term loans (STL) of Rs.4,700 crore to Rs. 40,700 crore,. It is stated that STLs are availed in order to meet the cash flow mismatch arising due to non-receipt/delay in receipt of funds from Gol. The details of receipt as well as expenditure reflecting the difference of approximately Rs. 37,988 crore, which was met by FCI through availment of STL from 1st November, 2019 to 31st March, 2020 are as under:-

Payments	Amount (Rs. In Crore)	Receipt	Amount (Rs. In Crore)
Normal Operations	57,497.00	Subsidy	13,164.02
Annual Bond Interest	1,480,.48	NSSF	19,435.98
NSSF Interest	8,164.02	Bonds	8,000.00
Payments of DCP States on behalf of DFPD	11,436.00		
Total	78,577.50	Total	40,600.00

As on 31.03.2021 the NSSF loan outstanding is **NIL** as all the liability in respect of NSSF has been discharged after the additional allocation of subsidy in Union Budget 2021-22 and STL outstanding was Rs. 20,500 crore which was subsequently repaid in the month of April, 2021.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

FIXATION OF ECONOMIC COST OF FOODGRAINS

Recommendation (Sl. No. 25)

23. The Committee note that the “economic cost” of foodgrains comprises of (i) pooled cost of foodgrains (ii) procurement incidentals consisting of statutory charges, gunny cost and others (iii) freight (iv) interest (v) handling charges (vi) storage charges (vii) administrative expenses and (viii) operational losses. The difference between Economic Cost and Central Issue Price is reimbursed to FCI in the form of “Subsidy.” The Committee’s analysis of the data furnished by FCI reveals that the MSP of wheat per quintal during 2017-18 was Rs. 1625 per quintal. The Acquisition Cost of Wheat during the same year was Rs. 1891 per quintal which included Rs. 1587.90 of pooled cost of wheat and Rs. 303.91 on procurement incidentals. The distribution cost of wheat was Rs. 406.11 per quintal. Thus, the Economic Cost of wheat was Rs. 2297.92 per quintal during 2017-18 against MSP of Rs. 1625 per quintal. Similarly, the economic cost of wheat during 2018-19 was Rs. 2505.67 against an MSP of Rs. 1735 declared by the Government. Further, an analysis of data on the Economic Cost of rice reveals that that the economic cost of Rice during 2017-18 was Rs. 3280.31 against and MSP of Rs. 1550 per quintal. Similarly, the Economic Cost of rice during 2018-19 was Rs. 3472.94 against an MSP of Rs. 1750 per quintal. The Committee express their apprehension that the norms adopted for calculation of the procurement incidentals, distribution costs for ascertaining the economic cost of wheat and rice apparently are on the higher side and therefore the Government is bearing expenditure in the form of Subsidy almost two times more than the MSP declared for rice and one and a half times more than the MSP of the wheat. The Committee therefore strongly recommend that the entire mechanism and the system of costing under different Heads as Acquisition cost and Distribution cost of the foodgrains need to be thoroughly reviewed with a view to reduce substantially the financial burden on public exchequer.

Reply of the Government

Economic Cost of FCI is sum of Acquisition Cost and Distribution Cost of food grains. Acquisition cost consists of pool grain cost (weighted average cost of MSP) and procurement incidentals.

Operational Cost of FCI comprises of following elements:-

1. Transportation Cost/Freight
2. Transit Losses
3. Storage Losses
4. Handling Charges
5. Administration Charges
6. Storage Charges
7. Interest Charges

Total Operation cost of FCI is apportioned into two parts- Distribution Cost and Buffer Carrying Cost. Distribution cost becomes the part of the Economic cost. Buffer Carrying Cost becomes the part of the Buffer Subsidy. The apportionment of operational Cost by FCI is made as per the guidelines laid down by the Ministry.

In 2019-20, FCI procured 16.60% of Wheat and 1.54% Paddy of its total procurement. Rest portion was taken over from State Govts from purchases made by them.

For purchase of FCI, the expenses are booked in respective heads. It is a small portion of total procurement cost. For taken over stock, states are reimbursed cost on the basis of Cost sheets issued by DFPD and the element wise payments were made to the respective Agencies.

The review of the mechanism and system of costing under different heads, needs to be taken up at the level of DFPD, since, FCI follows the costing system as prescribed by DFPD.

In the Budget of 2021-22, the GoI provided additional subsidy. As a result FCI repaid entire NSSF loan in 2020-21. Due to this, FCI would save interest of Rs 25307 cr in 2021-22. Because of this, the Economic cost of 2021-22 (BE) was revised as under –

Rate Rs./Qtl

Particulars	2021-22(BE) [Old Rate]	2021-22(BE) [Revised Rate]	Reduction
Wheat	2,993.80	2,573.14	420.66
Rice	4,293.79	3,678.92	614.87

The Economic cost of Rice is calculated whereas MSP is declared for Paddy. Pooled cost taken in Economic Cost is the sum of weighted average cost of MSP available for distribution in the year. For this calculation Paddy is converted into Rice by multiply with out-turn ratio. The out-turn ratio for converting Paddy to Rice is 67%. When MSP of Paddy is converted into Rice, the MSP of Rice is almost 150% of MSP of Paddy.

Example: MSP of Paddy Grade 'A' for RMS 2019-20 is Rs. 1835 per qtl. and when it is converted into Rice, the MSP becomes Rs.2738.81 per qtl. Which is around 150% of the MSP of Paddy.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public
Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Recommendation (Sl. No. 26)

24. The Committee are also surprised to note that the pooled cost of rice fixed for determination of Economic Cost of rice is almost one and a half times more than the MSP declared. While the costing has been made for all services involved right from the stage of procurement to the stage of distribution such as statutory charges, gunny cost, freight, interest, handling charges, storage charges, administrative expenses and operational losses etc., the Committee are not able to comprehend as to why then the pooled cost is separately shown one and a half times more than the MSP. The Committee therefore desire the Government to explain the reasons for adopting such method of costing and also to take corrective measures if the costing system is deficient on any accounts.

Reply of the Government

The Economic cost of Rice is calculated whereas MSP is declared for Paddy. As explained in the reply of earlier question, pooled cost is the sum of weighted average cost of MSP available for distribution in the year. For this calculation Paddy is converted into Rice by multiplying with outturn ratio. The outturn ratio for converting Paddy to Rice is 67%. When MSP of Paddy is converted into Rice, the MSP of Rice is almost 150% of MSP of Paddy.

Example: MSP of Paddy Grade 'A' for RMS 2019-20 is Rs. 1835 per qtl. and when it is converted into Rice, the MSP becomes Rs.2738.81 per qtl. which is around 150% of the MSP of Paddy.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Recommendation (Sl. No. 27)

25. The Committee note that about 15066.86 MTS of food grains were damaged in FCI's own godowns during the period from 2014-15 to 29 February 2020. The damages during the same period in CWC godowns and SWC godowns were 11713.51 MTS and 12097.05 MTS respectively. As informed to the Committee, there are no losses on account of rodents and also on account of storage. As per submission of FCI, there is a storage gain of 0.12 % during 2018-19 due to the fact that wheat gains weight as it absorbs moisture and rice loses moisture. The Committee however note that the losses on account of transit are 0.28% and in terms of money, FCI is losing annually about Rs. 300 crores due to this. The reasons for transit losses are stated to be on account of multiple handling, poor texture of gunnies, accentuated use of iron hooks, poor quality wagons, en-route pilferages, inadequate security at rail points, etc. The Committee while taking note of the various measures taken to prevent the losses on account of damages, storage and transit, express their opinion that the annual financial loss of Rs. 300 crores on account of transit alone is really worrisome. The Committee therefore recommend that concrete steps need to taken to strengthen the storage and transport management system in such a way as to minimize losses on these accounts.

Reply of the Government

In case of transit losses, there has been an improving trend and the overall losses in percentage terms are on decline. However, the higher value of transit losses during 2020-21 is because of higher quantity moved to meet the requirement of enhanced special allocations in the wake of Covid-19 pandemic. Also, the total movement during 2020-21 was 538.55 Lakh MT as against total movement of 409.58 Lakh MT during 2019-20. Moreover, MSP of foodgrains is increased every year resulting in higher value for same quantum of loss.

The trend of transit losses is given in the table below:

YEAR	MOU Targets (%)	Qty Moved (LMT)	Qty of Loss (LMT)	% of loss	Value of Loss (Rs Crore)
2015-16*	0.42	437.36	1.30	0.30	298.86
2016-17*	0.40	438.09	1.32	0.30	313.90
2017-18*	0.371 (Excellent grade)	456.72	1.12	0.25	286.40
2018-19*	0.294 (Excellent grade)	414.99	1.03	0.25	276.85
2019-20*	0.28 (Excellent grade)	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 Transit Loss. (Rail + Road)
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 Transit Losses:

The position of Storage & Transit losses is reviewed in every Monthly Performance Review Meeting (MPRM) at HQ level. At Zone level EDs,(Zone) monitor it in meetings and at Regional levels GM(R) reviews it in meetings. Accordingly, all concerned have been 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:-

- HQ/ ED (Zones)/ GM (Regions) are continuously pursuing close monitoring of the trend of transit losses and taking effective steps to bring them down.
- Spreading 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.
- Instructions have been issued to deploy Independent Consignment Certification Squad (ICCS) at the time of loading and unloading of rakes.
- Proper weighing and accounting at the time of receipt and issue is emphasized.
- Disciplinary action is initiated against delinquents wherever abnormal/unjustified transit losses are reported.

QUALITY CHECKS OF FOODGRAINS

Recommendation (Sl. No. 28)

26. The Committee note that with a view to introduce mechanized process for quality checking, FCI has purchased 30 Computerized Rice Analysers (Annadarpan SMART) developed by Centre for Development of Advance Computing (CDAC), Kolkata and made it available to 30 locations of 07 major procuring regions namely Punjab, Haryana, Uttar Pradesh, Orissa, West Bengal, Chhattisgarh and Andhra Pradesh during Kharif Marketing Season (KMS) 2017-18 and rice acceptance at these location were carried out through Computerized Rice Analysers (CRA). During KMS 2018-19, the CRAs were shifted to bigger centres and rice acceptance were carried out through it. The Committee note that FCI has entered into an agreement with CFTRI, Mysuru for providing consultancy services for modernizing FCI laboratories. The CNP Agreement was signed by both the parties and fresh tender was floated on 10.12.2018 for supply of major laboratory equipment regarding which the technical bid was opened on 03.01.2019 and technical evaluation was being done by the Technical Evaluation Committee. The Committee further learn that funds allocated for modernization of its lab at Gurugram could not be utilized and hence the remaining budget was allocated for modernisation of QC Lab at IFS Gurugram. The Committee are in agreement with the view of FCI that there is no proven technology even in the advanced countries to check the quality of foodgrains and the present CRA technology having its limitations. Yet the Committee feel that quality of such huge quantities of food grains cannot be ensured through physical human inspection but can only be ensured by quality checks through technological intervention. The Committee may be apprised of the progress made in the agreement signed with CFTRI, Mysuru. The Committee recommend that the modernization of FCI labs need to be taken up on priority and a suitable technology need to be developed for the purpose to ensure the effective quality checks of foodgrains so as to make available the better quality food stuffs to the intended beneficiaries including poor families in the country.

Reply of the Government

All FCI Depots/District offices/Regional offices/Zonal offices are equipped to test the physical parameters of food grain samples. Besides physical parameters, chemical parameters are also to be tested hence, FCI has set up an ultra-modern Quality Control Lab at Institute of Food Security (IFS) Gurugram with the scope of testing of Mycotoxins, Uric Acid, residual toxicity of Malathion, Deltamethrin & Aluminum Phosphide so as to provide quality foodstuff to PDS beneficiaries.

On similar lines, action has been initiated to modernize four more labs under different Zonal Offices i.e. ZO (North), Noida/ZO (South), Chennai/ ZO (East), Kolkata & ZO (West), Mumbai with the scope of testing of pesticide residues, mycotoxins, uric acid in food grains including level of fortificants present in fortified rice so as to develop in-house capability for testing the quality of fortified rice. In this regard, suitable instructions have been issued to concerned zonal offices with a direction to take an immediate action.

In order to conduct chemical testing of food grains all the FCI Regional offices have entered into agreement with NABL accredited labs for testing of FSSAI parameters and fortificants in case of fortified rice. Samples are being sent to such third party labs on a regular basis for testing of quality.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Comments of the Committee

(Please see para 25 of Chapter I of the Report)

REDUCING THE QUANTUM OF NON-ISSUABLE FOOD GRAINS

Recommendation (Sl. No. 29)

27. The Committee note that foodgrains that do not conform to FSSAI norms and further cannot be reconditioned for normal issue are considered as 'non-issuable' and are classified under various categories such as Feed I, II, III, Industrial Use, Manure and are disposed off through tender enquiry system after fixing reserve price. The Committee also note that scientific management and preservation of stock of food grains minimizes the quantum of non-issuable food grains. Besides, quality checks in procurement are also undertaken to ensure that anything below the specified quality are not accepted in the Central Pool and quality checks of foodgrains also done by third parties. Samples of foodgrains procured & stored in FCI godowns are periodically referred to FSSAI notified NABL accredited labs for quality checks. However, despite, so many measures taken, the Committee note that 6274.774 MTs of wheat was found non-issuable during 2014-15 and 4845.978 MTs during 2016-17. Similarly 18236.025 MTs of Rice was found non-issuable during 2014-15. The Committee do not understand how foodgrains become non-issuable especially when so many measures and quality checks are being undertaken from time to time for ensuring quality and the stocks are being disposed off on the principle of First In & First Out (FIFO) and planned liquidation of older crop year stocks being done by FCI on top priority. Although the data reflects considerable reduction in non-issuable foodgrains during 2017-18, the quantum of non-issuable foodgrains had increased during 2018-19. The Committee would like to be apprised in detail about the reasons for such situation and urge the FCI to effectively manage the stocks of the foodgrains so that quantum of non-issuable foodgrains are minimized. The Committee further desire the FCI to develop a scientific system to achieve this objective.

Reply of the Government

FCI follows scientific methods of preservation. Regular preventive and curative measures are undertaken to ensure quality of foodgrains during storage. However, being perishable commodity, losses due to damage majorly because of natural calamities are bound to happen. However, it has been ensured that damage to foodgrains is kept at minimum. Year-wise position of non-issuable foodgrains against the off-take quantity is

placed as :

ACCRUAL OF NON-ISSUABLE FOODGRAINS IN FCI AGAINST OFFTAKE QUANTITY

Crop Year	Non-Issuable foodgrains accrued (in MT)	Off-take Quantity (in LMT)	% of Damaged foodgrains against off-take qty.
2014-15	18847	501.75	0.037
2015-16	3116	490.15	0.006
2016-17	8776	473.31	0.020
2107-18	2663	452.16	0.006
2018-19	5213	500.08	0.010
2019-20	1930	455.13	0.004
2020-21	1850	688.57	0.003

During the period 2014-15 to 2020-21, occurrence of damage to foodgrains in FCI was reduced from 0.04% to 0.003%. Majority of damage was caused due to natural calamities such as rains, cyclones and floods. Details placed as :

STATEMENT SHOWING REASONS FOR ACCRUAL OF NON-ISSUABLE FOODGRAINS IN FCI DURING 2014-15 to 2020-21(Fig. in MT)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
A. NATURAL CALAMITIES							
Rain	130	119	138	22	0	15	2
Flood	6144	0	204	1527	4390	993	1447
Cyclone	9251	2039	4	5	0	689	67
A. TOTAL	15525	2158	346	1554	4390	1697	1516
B. OPERATIONAL REASONS							
Prolonged Storage	318	31	30	3	8	0	0
Quality Complaints	551	354	56	39	106	63	196
Transit Damaged	516	417	186	262	271	106	83
Negligence	1746	79	7924	11	0	0	0
Others	191	77	234	794	438	64	55
B. TOTAL	3322	958	8430	1109	823	233	334
G. TOTAL (A+B)	18847	3116	8776	2663	5213	1930	1850

Damage monitoring cells have been set up at District & Regional Office levels to

investigate each case of damage to foodgrains. Wherever damage due to negligence is observed, action is taken against the defaulting officers/ officials and recoveries effected from storage agencies in case negligence on part of their staff is observed.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]

(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

COMPUTERIZATION AND MODERNIZATION OF DEPOTS

Recommendation (Sl. No. 30)

28. The Committee note that 561 Depots/Godowns are owned by FCI, 191 Depots/Godowns are owned by the Central Warehousing Corporation and 702 Depots/Godowns are owned by the State Warehousing Corporations. FCI has implemented the Depot Online System (DOS) Application to automate all the operations at FCI Depots with the vision to transform the food supply chain management through innovative use of technology for ensuring transparency, reliability and efficiency in their procurement, storage and distribution operations. The other objectives of the project include standardization and automation of depots level processes, enablement of real time monitoring of operations, timely data reporting, data based decision support system and effective planning and optimization of administrative works. Further FCI is also implementing Food & Essential Commodities Assurance & Security Target (FEAST) application of NIC for managing the supply chain of Public Distribution System across 16 States/UTs. They also plan to integrate FEAST to DOS that will ensure transmission of indent related information from FEAST to Depot Online System (DOS) and then the Release Order related information from DOS to FEAST. Similarly, the CWC has implemented WMS application in its Depots that need to be integrated with DOS. The Committee however learn that the DOS is currently operational in only 533 FCI Depots and 144 CWC Depots. As per the information furnished to the Committee, all SWC godowns hired by FCI were to be brought online on DOS by the 1st of April 2020 but the updated status of actual progress made in this regard is not known. The Committee observe that the online computerized system will ensure that the Government has the real time data/information on the quantity of availability of foodgrains in the stocks in their Depots/Godowns which will help in taking timely and quick decisions on various related issues. The Committee are thus of the considered view that unless all the Depots/Godowns are fully computerized and modernized, the main objectives of implementing Depot Online System by FCI will not be materialized. The Committee therefore recommend the Government to expedite not only the computerization and modernization processes in all the Depots/Godowns of FCI, CWC and SWCs but also the integration work of DOS with FEAST in a time bound manner preferably within 6 months' time so that the intended benefits of the online foodgrain management system could be fully achieved at the country level in near future.

Reply of the Government

In order to implement DOS in non – FCI depots (Hired godowns), a meeting was held on 17.01.2020 at FCI HQ, attended by SIs of the WMS Application of CWC/ SWCs for deciding further course of action. In the meeting, SWCs were requested to ensure all their

godowns hired by FCI for keeping central pool stocks are brought online with the DOS application to provide the Government of India with the real-time information on Central Pool Stocks of FCI.

Since then, about 1646 godowns hired by FCI have been provisioned in DOS Application. As on 24.06.2021, the status of implementation of Depot Online System (DOS) in FCI owned and Hired godowns is mentioned below :

	FCI Owned	Hired depots				
		CWC	SWC	PEG	Others	Total
Provisioned in DOS #	555	193	804	494	155	2201

Figures taken from National Dashboard of DOS (as on 24-06-2021)

DOS-FEAST Integration:

In order to ensure end-to-end monitoring of food-grains distributed to state governments under NFSA, integration of DOS (FCI Stock Accounting Software) and FEAST (State Supply Chain Management software) was conceptualized. FEAST is developed by NIC for managing the Supply Chain of Public Distribution System and has been implemented, either partially or fully across 16 States / UTs. State Govt./UTs submit Indents/Requests to FCI and depending upon the allocation and the amount paid by the State Govt./UT, FCI issues a Release Order (RO) to the Representatives of State Govt./UT, who in turn lift the stocks from FCI Depots, for further disbursement in PDS.

The integration of FEAST to DOS will ensure transmission of indent related information from FEAST to DOS and then the Release Order related information from DOS to FEAST.

API-based integration from Indents (along-side details of Indenter) received from state governments to issue of stock through release order (RO) from FCI with the truck chit details from DOS has been completed.

NIC has state-wise instance of FEAST application (currently for 11 States) and in order to communicate with DOS all these individual instances have been brought under a CAS (Central Authentication Server) system.

For Integration of DOS with FEAST, joint testing by FCI and NIC teams has been done successfully in test environment.

FEAST implementing states (Goa, Uttarakhand, Nagaland), identified by NIC, to be tested in production, post server upgradation which is pending with the system integrator.

In order to further increase transparency in procurement operations, GOI has envisaged an ecosystem where the procurement portals being used by the State Governments captures the Minimum threshold parameters in respect of Farmer Registration, Land record verification & online payment through EAT module of PFMS. Meeting has been held with the State Governments on 11.06.2021 and they have been apprised for completion of the exercise by the beginning of the next KMS.

It is also proposed that these MTPs will be captured through APIs in the National Portal.

FAP (Financial Accounting Package)

FAP is an Oracle based online ERP (Enterprise Resource Planning) software for Finance and Accounts related work of the corporation implemented up to divisional office level (Total Units -197).

At Present, following activities are done through FAP:

- Preparation of Annual Accounts;
- Preparation of Salary, Wages and other payments to all employees and all types of FCI labour;
- All payments, receipts, invoices and bills are routed through FAP.

FAP has provision for tracking of bills. FAP is integrated with the PFMS application of GOI through SFTP server for MIS purposes.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

INCENTIVISING CROP DIVERSIFICATION

Recommendation (Sl. No. 31)

29. The Committee note that the procurement of wheat and rice is open ended which implies that whatever comes from the farmers for sale has to be procured at Minimum Support Price(MSP). The larger quantity of procurement definitely results in higher financial burden on the Government in the form of subsidy. As per the data furnished to the Committee, every year the procurement is nearly 40 LMT higher than the buffer stocking norms which increases the expenditure on storage costs. Also, due to excess stocks, there are chances of the stocks getting spoiled. As per estimation submitted before the Committee, approximately Rs. 2 lakh crore excess stocks are there and therefore it is high time for giving a serious thinking by the Government for promoting cultivation of other commercial crops by incentivizing the farmers. The other aspect is that rice and wheat being water guzzling crops, their cultivation adversely impacts the water table in the wheat and rice producing areas. The Committee however note that apart from the involvement of the Ministry of Consumer Affairs, Food and Public Distribution (CAF&PD), for the fixation of MSP and incentivising cultivation of oilseeds, pulses, millets and commercial crops, the Ministry of Agriculture also needs to be consulted and taken into confidence for ensuring MSP to farmers on alternate crops other than rice and wheat. The Committee, therefore, recommend that the Government in consultation with both the Ministry of Consumer Affairs, Food and Public Distribution and the Ministry of Agriculture needs to explore for developing a suitable programme for incentivising cultivation of crops like millet, oilseeds, pulses and other commercial crops.

Reply of the Government

Recommendation of COPU is being taken up with Ministry of Agriculture & Farmer Welfare.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

VIGILANCE CASES

Recommendation (Sl. No. 32)

30. The Committee note that as on 30 September 2019, there are 37 Major and 155 Minor vigilance cases pending with FCI. The number of cases reported every year are enormously high considering that in 2017 alone 64 major cases and 753 minor cases were reported. In 2018-19, there were 92 major and 736 minor cases reported. And as on 30 September 2019, 48 major and 326 minor cases were reported. The Committee note that although FCI has tried to quickly dispose off many cases every year, yet the number of fresh cases reported every year are surprisingly very high. One of the reasons for recurrence of the cases could be either FCI taking a lenient view while disposing of the cases or sufficient harsher punishment not being levied on the charged officer. This is substantiated by the fact that more than 800 fresh cases are being reported by FCI every year. Such unpleasant scenario is despite FCI taking many preventive measures for non-occurrence of such cases in matters related to procurement, storage, contracts, transportation/ movement, distribution and on labour issues. The Committee understand that incidence of corruption/ malpractice are high as FCI is a large organisation with about 21,000 staff and about 38,000 number of Departmental Labour with most of its activities having direct staff and public interface. The Committee are of the view that such high incidence of corruption in FCI not only reflects a bad reputation about the organisation but also raises apprehensions on the efforts made by the Government to fight corruption. The Committee recommend that there should be zero leniency and zero tolerance on corruption and incidence of malpractice/ corruption should be dealt strictly, meting with harsher punishment to deter officials in repeating the offence.

Reply of the Government

The Status of Major and Minor Penalty cases during the last four years are as under:-

Period	Opening Balance		Number of cases initiated during the year		Number of Cases disposed during the year		Closing Balance	
	Major	Minor	Major	Minor	Major	Minor	Major	Minor
2017-18	156	187	64	753	74	742	146	198
2018-19	146	198	92	736	112	706	126	228
2019-20	126	228	71	620	85	661	112	187
2020-21	112	187	53	664	79	706	86	145

The total number of cases have shown a decreasing trend during last four years. Further, the disposal of the cases has been done in time bound manner, which also reflects in the reduction in the closing balance over the years. The concerns expressed by the Committee about high incidence of corruption have been noted and following remedial actions are being taken:-

- i. FCI seeks advice of Central Vigilance Commission (wherever applicable) in corruption matters and takes further necessary action keeping in view the advice of the Commission. FCI has taken disciplinary action in all cases in consonance with advice of CVC, during last two years.

- ii. Cases of criminal nature and having high financial implications are referred to Central Bureau of Investigation (CBI). All cases forwarded by CBI for grant of Prosecution Sanction/Permission for Preliminary Investigation/FIR are dealt with expeditiously and disposed of in time bound manner.
- iii. Amendment in Regulations of FCI have been done on 16.10.2020 for imposing penalty of dismissal/removal from service wherever corruption/bribery or disproportionate assets are proved.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

SETTLEMENT OF AUDIT PARAS AND DUES FROM CPSUS

Recommendation (Sl. No. 33)

31. The Committee note that during 2015-16, two performance and three Commercial Audit reports were issued by C&AG. The major observations pertained to serious issues such as incidental charges, commission to societies, suboptimal utilisation of silos, management of gunny bags and road transport contracts, etc. The Committee however noted that C&AG had raised nearly 113 paras on FCI in their reports between 2013 to 2018. Out of the 113 paras raised, only 12 paras have been closed and 89 paras are pending with the Ministry and the C&AG. 12 paras are still pending reply of FCI. The Committee is of the view that the number of audit paras reflects the commission, omissions and violations on the part of the organisation that has to be rectified/streamlined at the earliest. The Committee further note that out of the 44 paras raised by C&AG during 2015, 30 paras are still pending with the Ministry & C&AG and 6 paras are still pending reply from FCI. Similarly out of the 54 paras raised by C&AG during 2017, 51 are still pending with the Ministry. This reflects slackness and non-seriousness of the FCI/Ministry on the observations of the C&AG. The Committee strongly recommend expediting settlement of pending audit paras of C&AG preferably within 03 months.

Reply of the Government

As against 113 Paras / Sub-Paras raised in 6 C&AG Audit Reports in the past 7 years; as on 24th June'2021, replies to 93 Paras / Sub-Paras had been submitted with the Ministry /C&AG; 12 Paras are closed.

As regards to the pending 8 Paras / Sub-Paras, preparation of replies is under process and shall be submitted with the Ministry. These pending 'Vetting Remarks' are forwarded to FCI for further comments / additional information / clarification are in their 3rd to 6th journey.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Comments of the Committee

(Please see para 28 of Chapter I of the Report)

Recommendation (Sl. No. 34)

32. The Committee further note that dues amounting to Rs. 92.18 Crore from MMTC, Rs. 6.64 Crore from STC and Rs. 6.65 Crore from PEC are pending payment to FCI despite regular persuasion by the Corporation. The dues relate to export of wheat during the period 2012 to 2014. As per the reply furnished by FCI, the matter regarding settlement of claim of MMTC has been referred to the Ministry of CAF&PD while the matter of STC and PEC is being pursued. The Committee recommend that all out efforts be made to recover or settle the pending dues of Rs. 105.40 Crore from the concerned CPSUs that has been pending since the last 6-8 years and FCI might be losing huge interest on it.

Reply of the Government

1. For settlement of claims pending with MMTC, these are under the provisions of Administrative Machinery for redressal of CPSE's disputes (AMRCD) last meeting was held on 13.10.2020 at FCI, Hqrs for reconciliation of claims and counter claims between officials of MMTC and FCI.

2. For settlement of claims pending with STC, a meeting was held on dated 09.12.2019, followed by meeting dated 30.07.2020 and 20.08.2020. For conducting next meeting letter dated 05.01.2021 and 29.01.2021, 25.03.2021 and 16.06.2021 has been written to STC. STC vide letter dated 18.06.2021 informed that due to covid-19 pandemic reconciliation of all figures was not taken place and meeting may take place after reconciliation of figures related to STC & FCI.

3. In case of PEC, FCI vide letter dated 11/14.06.2021 has requested MoCAF&PD to take up the matter with PEC as per provisions of AMRCD as PEC is not responding to any meeting for claims settlement.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public
Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

CHAPTER III

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

- NIL -

CHAPTER IV

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

Recommendation (Sl. No. 3)

1. The Committee's analysis further reveals that section 7(1) of the Act clearly provides for mandatory representation of three separate Ministries viz. (i) Food (ii) Finance and (iii) Co-operation by appointing one Director each from these Ministries in the Board of FCI. The Committee however observe that against the norm of one official Director representing each of these Ministries, the Board of FCI in fact has two officers -{(AS &FA) and JS (P&FCI)}-from the same Ministry viz. Ministry of Consumer affairs, Food and Public Distribution and none from the Ministry of Finance has been appointed in the Board which is apparently in violation of the provisions of section 7 of the Food Corporations Act, 1964. The Committee would therefore like to be apprised of the circumstances in which two officers from one Ministry i.e. Ministry of Consumer affairs, Food and Public Distribution have been appointed on the Board of FCI and also the reasons for not making any appointment from the Ministry of Finance on the Board despite the mandatory requirement thereof. The Committee therefore recommend that immediate steps be taken by the Government to set right the representation of each three Ministries in the Board of FCI in the same ratio as has been provided in the Food Corporations Act, 1964. The Committee may be apprised of the action taken in the matter within a period of three months.

Reply of the Government

AS&FA/FA is considered as the representative of Ministry of Finance in the Ministry and has been appointed in the BoD of FCI.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Comments of the Committee

(Please see para 10 of Chapter I of the Report)

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS TO WHICH THE GOVERNMENT HAVE FURNISHED INTERIM REPLIES AND FINAL REPLIES

Movement and Distribution of Foodgrains

Recommendation (Sl. No. 20)

1. The Committee note that one of the major functions of FCI is to move food grains from surplus producing states to consuming / deficit states. The proper and planned movement of food grains ensures (i) evacuation of stocks from surplus regions, (ii) meet the requirements of deficit regions for NFSA/ TDPS and other schemes, and (iii) create buffer stocks in deficit regions. The Committee further note that Punjab, Haryana and Madhya Pradesh are the surplus States in terms of wheat procurement vis-à-vis their own consumption. Similarly, Punjab, Haryana, Andhra Pradesh/Telengana, Chhatisgarh and Odisha are surplus States in terms of rice procurement vis-à-vis their own consumption. Surplus stocks of wheat and rice in these states are moved to deficit States to meet the requirements under NFSA/ TDPS and other schemes as well as to create buffer stocks. There are various modes of transport for movement of food grains viz. (i) Multimodal Transport movement, (ii) Containerized movement, (iii) Long Route Road Transportation, (iv) Bulk Movement, etc. The movement under these are undertaken through road, rail, coastal or riverine mode. Under the Multimodal Transport Movement, FCI has undertaken a Pilot project of containerized multimodal coastal movement of 25000 MTs of food grains from Punjab to Karnataka. Similarly, under the same pilot project, movement of food grains by CONCOR from identified centres of Punjab to Kerala viz Cochin, Quilon, etc. and also to Tamil Nadu is being taken up to make a cost-benefit analysis in comparison with the conventional movement of rakes. The Committee learn that FCI has taken several initiatives for increasing movement using waterways also. However, the fact remains that rail movement is much cheaper and economical mode for movement of food grains. About 85% of the FCI's movement takes place through rail. FCI spends about Rs. 10,000 crore annually for transporting food grains all across India, out of which Rs. 8,500 Crore goes to the Indian Railways alone. The Committee recommend the Government to get an independent study conducted on the movement-cost economics taking into account the operational feasibility and economical viability of the major modes/routes of transport so as to minimize the transportation costs and to reduce the financial burden on public exchequer. The Committee would also like to be apprised of the outcome of the pilot projects undertaken to determine the cost economics of the containerized costal movement from Punjab to down south in Kerala, Karnataka and Tamil Nadu.

Reply of the Government

FCI has taken initiatives in exploring the feasibility of moving food grains through multimodal costal/ riverine mode so as to supplement rail/road movement through coastal movement.

Fig. in MT

Year	Multimodal Coastal Movement from Ex-AP to Kerala
2018-19	45,132
2019-20	55,554
2020-21	35,776
Total	2,79,586

FCI has also initiated containerized movement of foodgrains on certain routes through CONCOR/ Associates wherein it is found to be economical in comparison to conventional Railway rates.

Year	No. of Container Rakes Moved	Freight Savings (in Rs Lakhs)
2016-17	13	44
2017-18	134	662
2018-19	167	796
2019-20	309	694
2020-21	296	480
Total	919	2,676

A total of twelve (12) rakes (27,912 MT) were also moved from Punjab to Karnataka using multimodal containerized mode under Pilot project, from March'19 to March'20 on experimental basis through CONCOR. FCI floated three (3) tender enquiry for appointment of Multimodal Transport operators for the movement of food grains under Multimodal Coastal movement from designated depots of Punjab Region to designated depots in Kerala, Karnataka and Tamil Nadu, but no bids were received in any of the tender enquiry.

[Ministry of Consumer Affairs, Food & Public Distribution (Department of Public Distribution)]
(O.M. No. 14-4/2019-FC-I/E-368662 Dated 30.07.2021)

Comments of the Committee

(Please see para 22 of Chapter I of the Report)

NEW DELHI;
24 January, 2022
04 Magha, 1943 (Saka)

SANTOSH KUMAR GANGWAR
Chairperson
Committee on Public Undertakings

ANNEXURE

[Annexures to the reply of the Government to Recommendation (SI.No. 1)]

ANNEXURE A

Recommendations of High Level Committee, decisions taken by Government of India and Action Taken by FCI thereon

Sl. No.	Recommendations	Action Taken
1.	HLC recommends that FCI hand over all procurement operations of wheat, paddy and rice to states that have gained sufficient experience in this regard and have created reasonable infrastructure for procurement. These States are Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Odisha and Punjab.	<p>FCI has already handed over procurement operation to State Governments in Andhra Pradesh, Telangana, Chhattisgarh, Odisha and Madhya Pradesh fully. FCI is participating in procurement operations in Punjab and Haryana on the request of concerned State Governments.</p> <p>FCI is procuring around 1% of paddy and 10% of wheat out of total procurement done for central pool. Rest of the procurement is done by State Agencies. FCI has moved towards focusing more on storage and movement of foodgrains.</p> <p>The list of DCP State for procurement of wheat and rice is attached as Annexure-II.</p>
2.	FCI should move on to help those states where farmers suffer from distress sales at prices much below MSP, and which are dominated by small holdings, like Eastern Uttar Pradesh, Bihar, West Bengal, Assam etc. This is the belt from where second green revolution is expected, and where FCI needs to be pro-active, mobilizing state and other agencies to provide benefits of MSP and procurement to larger number of farmers, especially small and marginal ones.	<p>On the recommendation of HLC committee, FCI moved towards the States, where farmers suffer from distress sales at prices much below MSP, and which are dominated by small holdings, like Eastern Uttar Pradesh, Bihar, West Bengal, Assam etc.</p> <p>Conscious and persistent efforts are being made towards helping the States especially in the Eastern and North Eastern part of the Country to extend the benefit of MSP to the farmers. In ongoing KMS 2020-21, 101.6 LMT rice has been procured in Eastern states as against 34.28 LMT rice procured during KMS 2013-14. To extend the benefit of MSP to the famers of Tripura, FCI has commenced procurement of Paddy in Tripura from KMS 2018-19.</p> <p>The procurement done during last 4 years in the Eastern States is as under</p>

(Fig. in LMT)

S. N.	STATES	KMS			
		2017-18	2018-19	2019-20	2020-21*
1	Assam	0.35	1.03	2.11	1.26
2	Bihar	7.93	9.49	13.41	23.84
3	Jharkhand	1.46	1.55	2.58	4.27
4	U.P.	28.74	32.33	37.90	44.78
5	WB	22.11	27.27	33.56	27.34
6	Tripura	0	0.18	0.14	0.11
Total		60.59	71.85	89.70	101.6

*KMS 2020-21 is under progress. Data as on 23.06.2021

The numbers of procurement centers for procurement of paddy operated during last 4 years

are as under:

SN.	STATES	KMS			
		2017-18	2018-19	2019-20	2020-21*
1	Assam	101	118	159	133
2	Bihar	6,688	6,161	6223	6508
3	Jharkhand	592	274	274	448
4	Tripura	0	37	44	44
5	UP	3,420	3,107	3,880	4453
6	WB	19,238	27,563	30,070	28,973
TOTAL		30,039	37,260	40,650	40,559

*KMS 2020-21 is under progress.

The details of number of farmers benefitted are as under:-

S.N.	STATES	KMS			
		2017-18	2018-19	2019-20	2020-21
1	Assam	4,332	12,921	26,537	17,194
2	Bihar	1,63,425	2,10,028	2,79,402	4,97,097
3	Jharkhand	42,346	34,595	53,305	1,03,946
4	U.P.	4,92,913	6,84,013	7,06,549	10,22,286
5	WB	3,50,181	7,33,357	8,05,186	8,14,772
6	Tripura	0	5,506	13,613	9,546
Total		10,53,197	16,80,420	18,82,607	24,64,841

*KMS 2020-21 is under progress.

Emphasis has also been given on procurement of wheat in Eastern States such as UP & Bihar.

The details of procurement of wheat is as under:

(Fig in LMT)

States	RMS 2019-20	RMS 2020-21	RMS 2021-22*
UP	37.00	35.77	56.41
Bihar	0.03	0.05	4.56

*RMS 2021-22 is under progress. Data as on 23.06.2021

It has been seen from above that in Bihar procurement of wheat has shown an inclined trend, 4.56 LMT wheat is procured in RMS 2021-22 as against 0.03 LMT wheat procured during RMS 2019-20, which indicates that farmers has shown their trust in Govt's procurement operations.

In KMS 2019-20, 89.70 LMT of Rice has been procured in Eastern States. As on 23.06.2021, 101.6 LMT rice has been procured in ongoing KMS 2020-21 in Eastern States.

3 DFPD/ FCI at the Centre should enter into an agreement with states before every procurement season regarding costing norms and basic rules for procurement.

MOU with States both DCP & Non-DCP are being entered into. Suitable provision has been made in the MOU. It has also been emphasized that in the situation of State giving any bonus/ financial incentive, in direct or indirect form, over and above MSP, if the overall procurement of State is in excess of the total allocation of the State made by the Government of India under TPDS/OWS, such excess quantity shall be treated to be outside the central pool.

4 Quality checks in procurement have to be adhered to, and anything below the specified quality will not be acceptable under central pool. Quality checks can be done either by FCI and/ or any third party accredited agency in a transparent manner with the help of mechanized processes of quality checking.

❖ FCI is setting up an Ultra- modern Quality Control Lab at Institute of Food Security (IFS) Gurugram. Major five (5) Equipments have already been purchased & installed. List of Chemicals/reagents has been finalized and required budget has been allocated to IFS, Gurugram for its purchase. Majority of the minor equipments and glassware have also been purchased. Central Food Technological Research Institute (CFTRI), Mysuru has been requested to visit IFS, Lab to check installation & calibration of equipment.

❖ Samples of food-grains procured & stored in FCI godowns are periodically referred to FSSAI notified NABL accredited labs for quality checks. In the FY 2020-21, from 01.04.2020 to 31.03.2021, 9825 samples of food-grains from different godowns of FCI across the India were sent for quality checks out of

which result of 7759 samples have been received and found conforming to FSSR 2011 specifications.

❖ With a view to introduce mechanized process for quality checking, 30 Computerized Rice Analyzers (Annadarpan^{SMART}) developed by Centre for Development of Advance Computing (C-DAC), Kolkata were made available at 30 locations of 07 major procuring regions namely Punjab, Haryana, Uttar Pradesh, Odisha, West Bengal, Chhattisgarh and Andhra Pradesh and rice acceptance at these locations is being carried out through Computerized Rice Analyzer (CRA) since KMS 2017-18. In addition, as per our request, EOI have been received from 07 firms / parties to provide AI based technology solutions for analysis of food grains and a committee of senior officers has already been constituted to evaluate the options received from interested parties for developing technologies in foodgrains analysis. Evaluation of options is in progress.

5 Gol needs to revisit its MSP policy. Currently, MSPs are announced for 23 commodities, but effectively price support operates primarily in wheat and rice and that too in selected states. This creates highly skewed incentive structures in favour of wheat and rice.

In KMS 2016-17, FCI procured 64737.16 MT of Moong, 18234.67 MT of Urad and 175301.40 MT of Tur. FCI did not participated from RMS 2017-18 onwards in procurement of pulses as per decision taken by DoCA.

As per the direction of DAC&FW vide letter dated 11.10.2018, FCI carried out procurement of pulses in KMS 2018-19, Rabi 2018-19, KMS 2019-20 & RMS 2020-21 under PSS Scheme.

The details of Pulses procured under PSS during KMS 2018-19, Rabi 2018-19, KMS 2019-20 & RMS 2020-21 by FCI are as under

(Fig. in MTs)

States	KMS 2018-19			Total	Rabi 2018-19	KMS 2019-20	RMS 2020-21
	Moong	Urad	Tur		Chana	Tur	Chana
Maharashtra	5981.82	3636.64	0	9618.46	46.1	9245.13	15159.92
M.P.	207	52852.24	0	53059.24	0	0	0
Andhra Pradesh	0	493	0	493	0	0	0

Karnataka	0	0	15341.81	15341.81	0	0	0
Gujarat	0	0	0	0	0	1612	0
Total	6188.82	56981.88	15341.81	78512.51	46.1	10857.13	15159.92

FCI is carrying out procurement of pulses in ensuing KMS 2020-21 under PSS scheme

(Fig. in MTs)

States	KMS 2020-21(As on 22.03.2021)
	Tur
Maharashtra	
Gujarat	17.20
Total	17.20

6 HLC recommends that FCI should outsource its stocking operations to various agencies such as Central Warehousing Corporation, State Warehousing Corporation, Private Sector under Private Entrepreneur Guarantee (PEG) scheme, and even state governments that are building silos through private sector on state lands (as in Madhya Pradesh). It should be done on competitive bidding basis, inviting various stakeholders and creating competition to bring down costs of storage.

Total number of depots with FCI as on 28.02.2021 is 2096. FCI has its own godowns at 545 places. In addition, FCI hires godown from State Government/ CWC/SWC and Private parties also.

In NE states, As per recommendation of HLC, FCI has decided to handover godowns constructed under plan scheme by FCI in NE region and other state to CWC for Preservation, Maintenance and Security (PMS) works. Initially, capacity of 61,580 MT (total 19 FCI godowns) constructed under Plan scheme has been offered to CWC for carrying out the Preservation and Maintenance Services. **(List of godown enclosed at Annexure III).**

Out of which, capacity of 5000 MT at Karimganj, 7000 MT at Jogighopa, 4600 MT at Bishnupur and 5000 MT at Lalbazar has been taken over by CWC for PMS works. For the remaining 15 depots, CWC has also been requested to take over

depots for PMS works.

7 India needs more bulk handling facilities than it currently has. Many of FCI's old conventional storages that have existed for long number of years can be converted to silos with the help of private sector and other stocking agencies. Better mechanization is needed in all silos as well as conventional storages.

While there is need to work out specific quantity and what places it needs to be through a more detailed study, HLC's overall assessment is that given the overall production in the country, and drought prone nature of many regions, a silo capacity of about 10 MMT (together for wheat and rice) should be created in the next 3-5 years.

- Govt. of India has approved Action Plan for construction of 100 LMT silos upto 2019-20 with following tentative targets:

Commodity/ Agency	FCI	CWC	State Govt.	Total
Wheat	27.75	2.50	61.00	91.25
Rice	1.25	0	7.50	8.75
Total	29.00	2.50	68.50	100.00

- The implementation status is as under:

No. of locations Tendered (tendering date)	Type/Mode	Capacity (LMT)	Status
6 (23.04.2015)	VGF	2.5	1 in use. 1 terminated. 4 in progress.
26 (25.05.2016)	Non-VGF	13.5	3 in use. 7 terminated. 16 at various stages.
8 (23.08.2017)	Non-VGF	4.5	5 terminated/scrapped. 3 CA signed.
9 (07.12.2017)	Non-VGF	4.5	5 scrapped. 2 resiled. 2 in progress.
7 (11.05.2018)	Non-VGF	3.5	CA signed, in progress of CPs fulfillment.
9 (17.09.2018)	Non-VGF	4.5	Financial bid opened. Tender scrapped for 4 locations and LoA issued for remaining 5 locations.
2 (07.12.2016)	VGF	1	CA signed.

2 (10.03.2017)	VGF	1	CA signed and 1 location is terminated.
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The updated statement showing Agency & State-wise status of silo construction is enclosed as **Annexure-IV & V**.

The summary of action taken is as under:

- Silos with railway sidings at 6 locations (VGF route) for 2.5 LMT have been sanctioned. However, for Whitefield location, contract/agreement has been terminated due to failure of concessionaire to meet conditions precedent. 25000 MT silo at Kotkapura has been put to use in RMS 2017-18. Work is in progress in balance 4 locations.
- Work awarded for 13.5 LMT at 26 locations under Non-VGF route, which are with railway siding. However, contract for seven locations, with capacity of 0.5 LMT each, i.e. Rohtak, Palwal (Haryana), Rangapani, Dankuni, Macheda (West Bengal), Varanasi (UP), Bettiah (Bihar) have been terminated. Three locations (Barnala, Patiala and Sangrur) have been taken over and are in use.
- Tender for 8 locations (4.5 LMT) was floated under Non-VGF mode out of which 2 locations has been scrapped. Further, CA has been signed for 3 locations and 3 locations have been terminated.
- Tender for 9 more locations (4.5 LMT) in Bihar were finalized under Non-VGF mode out of which 5 locations where single bid was received were re-tendered and LOA for 4 locations issued on 27.07.2018. Out of these 4 locations, the selected bidder for 2 locations (Muzaffarpur and Sitamarhi) has withdrawn/resiled from the contract, hence terminated and locations will be re-tendered, CA for remaining 2 locations has been signed. However, 5 locations where single bid was received were re-tendered along with two more locations i.e. Baroda(Gujarat) and Rohtak(Haryana) on 11.05.2018 and CA signed for 7 locations (3.5 LMT).
- Tender for 9 more locations (4.5 LMT) in West Bengal floated under Non-VGF mode on 17.09.2018 and technical bids were opened on 26.03.2019. Out of 4.5 LMT, 3 LMT capacity is for fresh tender and 1.5 LMT capacity is for retendered locations (Rangapani, Dankuni, Macheda) which were terminated earlier.As per HLC (dated 21.05.2020) decision the financial bids have been opened on 29.07.2020, tender scrapped for 4 locations and LoA issued for remaining 5

		<p>locations.</p> <ul style="list-style-type: none"> • Silo operator for silo construction at Kaimur&Buxar (total 1 LMT) under DEA-VGF mode has been selected and CA signed on 15.01.2018. Land parcel acquired by the Concessionaire and transferred to the Authority.The Appointed Date has been issued on 05.11.2019 • Silo operator for silo construction at Dhamora and Borivali (total 1 LMT) under DBFOT mode has been selected and CA signed on 15.02.2019.Appointed Date has been issued for Dhamora. As per HLC (21.09.2020) decision Borivali location has been terminated. <p>It was observed that there are certain issues regarding construction of Railway siding silos with specialized wagon movement that affect the pace of implementation of silo projects. To address such issues, a study was conducted by M/s RITES to analyse whether a Hub and Spoke model of silos with containerized movement would be more effective. M/s RITES have submitted its final report recommending Hub & Spoke model with road side silos and containerized bulk movement. HLC during its meeting held on dated 06.12.2019 has recommended the proposal which has been approved by the Ministry. HLC dated 21.05.2020 decided that the tender documents for Hub & Spoke should be reviewed and finalized by ED level committee. After finalization by ED level committee and approved by the HLC dated 21.09.2020 the tender documents and the list of locations for silo construction under Hub & Spoke locations has been forwarded to M/o CA,F&PD on 01.10.2020 for approval.</p>
8	<p>Covered and plinth (CAP) storage should be gradually phased out with no grain stock remaining in CAP for more than 3 months. Silo bag technology and conventional storages where ever possible should replace CAP.</p>	<p>FCI didan assessment of existing depots where vacant land or CAP storage was available and identified 7 locations viz. Changsari (Assam), Katihar(Bihar), Narela(Delhi), Whitefield(Karnataka), Sahnewal (Punjab),Kotkapura (Punjab) and Harduaganj (UP) where FCI had vacant land that was sufficient to set up silos with Railway Siding.</p> <p>Moreover, as a part of recent exercise of Hub & Spoke model, FSD Malaut (1 LMT), FSD Alwer (0.5 LMT), Lalpur (Bulandshar) (0.5 LMT), Sandila (Hardoi) (0.5 LMT), Gandhidham (0.375 LMT), FSD Wadhwan (0.25 LMT), FSD Wankaner (0.25 LMT) have been identified for development of Silo on vacant land or dismantling of existing CAP.</p>
9	<p>Each state, especially the deficit ones in difficult</p>	<p>i. The monthly allocation of food grains for NE is 2.42 LMT and existing</p>

terrain (like hilly areas of North-East, Jammu and Kashmir (etc), must have storage of grains for at least three months of their consumption requirement.

storage capacity in NE is 6.27 LMT. Storage gaps at various centers have been worked out and the shortfall is being covered through construction capacities under PEG Scheme, Silos and Central Sector Scheme (CSS). The status is as under:-

- i. Construction works for 30,020 MT are in progress and a capacity of 27,530 MT has been completed in NE under Central Sector Scheme.
- ii. Silo at Changsari (Assam) for a capacity of 50,000 MT has also been planned.
- iii. In Assam, under PEG scheme, 25,000 MT capacity at Barpeta has been completed .
- iv. Tender for 34,180 MT capacity in Meghalaya is also under process. Out of which, 15000 MT capacity has been sanctioned.
- v. Capacity of 13,000 MT and 49,000 MT at Nagaland and Tripura has been approved in 57th HLC dated 06.10.2020 for construction under PEG Scheme.

II. Average monthly allocation in J&K under NFSA/OWS is 0.65 LMT. As on 28.02.2021, total covered storage capacity with FCI in J&K is 2.67 LMT (Owned 1.03 LMT and Hired 1.64 LMT), which is sufficient to store more than 3 month's requirement. In addition, a capacity of 0.69 LMT is under construction under PEG Scheme in J&K.

➤ The Region wise storage capacity and monthly allotment of (Rice and Wheat) of NE and J&K as on 28.02.2021 is as below-

Sr. N.	Region	Capacity in LMT	Monthly Allotment in MT
1	Assam	4.05	156800
2	AP	0.33	7800
3	Meghalaya	0.22	16030
4	Mizoram	0.25	6090
5	Tripura	0.44	24760
6	Manipur	0.52	14747
7	Nagaland	0.46	13420
8	Sikkim	0.11	3850
9	J&K	2.77	65430

The construction work of godowns is going on in the States of North-East region

under Plan Schemes. A capacity of 27530 MT has been completed and taken over and construction work is under progress of 0.30 LMT capacity in NE states. In addition to the above capacities, a capacity of 69160 MT at five location are under construction under PEG scheme in J&K.

10 FCI engages large number of workers (loaders) to get the job of loading/ unloading done smoothly and in time. Currently there are roughly 16,000 departmental workers, about 26,000 workers that operate under Direct Payment System (DPS), some under no work no pay, and about one lakh contract workers. A departmental worker (loader) costs FCI about Rs 79,500/ per month (Apri-Nov 2014 data) vis-a-vis DPS worker at Rs 26,000/per month and contract labour costs about Rs 10,000/ per month.

Some of the departmental labour (more than 300) have received wages (including arrears) even more than Rs 4 lakhs/per month in August 2014. This happens because of the incentive system in notified depots, and widely used proxy labour. This is a major aberration and must be fixed, either by de-notifying these depots, or handing them over to states or private sector on service contracts, and

by fixing a maximum limit on the incentives per person that will not allow him to work for more than say 1.25 times the work agreed with him.

These depots should be put on priority for

**Following action has been taken so far on the recommendation of HLC.
Exemption of depots from Section 10 of Contract labour (R&A) Act 1970.**

In pursuance to the order passed by Bombay High Court, Nagpur Bench, the exemption notification was issued by the Ministry of Labour and Employment on 06.07.2016 exempting all 226 depots/ railheads from the applicability of Section 10 of Contract Labour (R&A) Act 1970 for a period of 2 years. This exemption was extended upto 05.07.2020 vide Gazette Notification dated 26.06.2018 and subsequently further extended for two years w.e.f. 06.07.2020 to 05.07.2022 vide Notification No. S.O.2040(E) dated 25.06.2020.

Consequent upon issue of Exemption Notification total of 9,193 labourers have been repositioned out of 45,009 labourers, thereby vacating 149 depots and 72 railheads and 29,284 contract labours have been deployed in vacated depots/railheads. There is likely annual saving of Rs. 600 crores on account of this exercise. With the extension of exemption for further two year w.e.f 06.07.2020 to 05.07.2022 the Zonal Offices and Regional Offices has been further requested to look for 2nd phase of rationalization of labour on a case to case basis.

De-notification of notified depots.

Hon'ble Bombay High Court, (Nagpur Bench) vide judgement dated 20.11.2015, directed Government of India to decide on the denotification of all the notified depots within 6 months. The time limit of 6 months is already over.

In the meantime, Hon'ble High Court Kerala at Ernakulum directed Ministry of Labour & Employment to consider the denotification of Kollam depot after obtaining comments of FCI. The proposal for denotification of Kollam depot along with the other notified depots has been sent to Ministry of Labour through Ministry of CA,F&PD Vide letter No IR(L)/31(10)/2004/Vol.III dated 02.07.2018. Ministry of Labour & Employment, has decided to refer the matter to Central Advisory Contract Labour Board (CACLB) for detailed examination. Accordingly, a meeting was fixed on 19.03.2020 by CACLB at New Delhi. This

mechanization so that reliance on departmental labour reduces. If need be, FCI should be allowed to hire people under DPS/ NWNP system.

HLC recommends that the condition of contract labour, which works the hardest and are the largest in number, should be improved by giving them better facilities.

meeting could not be held due to COVID-19 pandemic. The next date has yet not been decided.

Thus the matter is still pending with the Ministry of Labour and Employment.

Declaration of Departmental Labour System(DLS) as Dying Cadre.

Proposal for Declaration of Departmental Labour system (DLS) as *Dying Cadre* has been approved by Ministry of CA,F&PD on 03.01.2020 and same has been communicated to field offices vide Circular No.1/2020 dated 08.01.2020 with the instruction that there will be no further induction under DLS.

Changes in existing incentive scheme.

Hon'ble Bombay High Court, Nagpur Bench also passed the following order :-
"We also clarify that the respondent/Corporation would be at liberty to implement its policy of change in the Scheme of incentives".

In compliance to above order FCI Hqrs. has sent a detail proposal to the Ministry of CA,F&PD on 08.10.2018 for effecting changes in the service benefits of Departmental labour and Direct Payment System (DPS) labour. Following changes in service benefits are required:

- [i] Non-inclusion of incentives for computation of CPF;
- [ii] Non-inclusion of incentive for computation of Gratuity;
- [iii] Non- inclusion of HRA elements for computation of Incentive and OTA;
- [iv] No payment of 'A' Area rates to DPS labour working in 'B' and 'C' Area; and
- [v] Consideration of Mandal as Handling Labour.

The matter is under consideration in MoCA,F&PD.

Revision of Datum:

In pursuance to Award dated 05.07.2016 passed by CGIT, Karkardooma, Delhi, the datum of DLS workers has been revised from 105 to 135 Bags per worker per day, resulting in reduction of incentive by about 30%.

Improved Condition of Contract Workers:

Nodal Officers have been appointed at field level for improving the working condition of Contract Labour and to ensure better facilities and provide adequate welfare

provisions like EPF, Minimum wages, ESI, Workmen Compensation etc. Grievance Redressal Mechanism has also been introduced to settle the grievance of labours, if any, at the field level and Nodal officers have been designated for same.

Introduction of VRS Scheme:

For introduction of suitable VRS (Voluntary Retirement Scheme) in respect of Departmental Labour, the proposal was sent to the Ministry of CA, F&PD on 22/26.11.2018. The matter is under consideration in MoCA, F&PD.

11. HLC recommends total end to end computerization of the entire food management system, starting from procurement from farmers, to stocking, movement and finally distribution through TPDS. It can be done on real time basis, and some states have done a commendable job on computerizing the procurement operations. But its dovetailing with movement and distribution in TPDS has been a weak link, and that is where much of the diversions take place.

I. The current status of implementation of Depot Online System (DOS) is as follows:

- a) Considered as Go Live w.e.f. 1st Dec'18
- b) Status of implementation in FCI owned and Hired godowns :

	FCI Owned	Hired depots				Total
		CWC	SWC	PEG	Others	
Provisioned in DOS#	549	198	731	464	86	2028

Figures taken from National Dashboard of DOS (as on 30-04-2021)

II. Progress on key e-Governance Initiatives

a. Integration of DOS with Food & Essential Commodities Assurance and Security Target (FEAST):

- Integrates DOS with PDS, for release order related data exchange
- Developed and deployed in production; Joint testing with NIC and SI done.
- FEAST implementing states (Goa, Uttarakhand, Nagaland), identified by NIC, to be tested in production

b. Integration of DOS with National Food Procurement Portal (NPP):

- Enables automatic flow of procurement data from DOS to NPP
- Developed and Deployed in production.
- Gaps in data (DOS and NPP) identified; Being resolved by SI team in coordination with the NIC team and FCI's procurement division.

c. Development of National Dashboard in DOS:

- Depicts information pertaining to FCI's owned and hired depots.
- Developed and deployed in production.

(Monthly Report)

(As on 31.05.2021)

Point No. 1**STATES UNDERTAKING DECENTRALISED PROCUREMENT OF RICE**

DCP for Rice		
S.N.	State	With Effect From
1	Uttrakhand	2002-03
2	Chhattisgarh	2001-02
3	Odisha	2003-04
4	Tamil Nadu	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 for KMS 2015-16.
10	Bihar	2013-14
11.	Telangana	Fully DCP from KMS 2014-15.
12.	Maharashtra	2016-17
13.	Gujarat	2017-18
14.	Andaman	2003-04
15.	Tripura	KMS 2018-19 (Rabi Crop) , KMS 2019-20 (Rabi Crop)& KMS 2020-

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	Chhattisgarh	2001-02
4	Gujarat	2004-05
5	West Bengal	2010-11
6	Bihar	2014-15
7	Maharashtra	2020-21
8	Punjab*	2014-15

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.

Point No. 6

List of Godowns offered for PMS to CWC				
	State	Centre	Capacity in MT	Remarks
I.	ASSAM			
1.		Jogigopa	7,000	Taken over by CWC on 02.09.2019.
2.		Lalbazar	5,000	Taken over by CWC on 02.02.2021.
3.		Karimganj	5,000	Taken over by CWC on 11.11.2017
Total			17,000	
II.	ARUNACHAL PRADESH			
4.		Anjaw (Khupa)	640	-
5.		Upper Siang (Yingkiong)	640	-
6.		Lohit (Tezu)	3,340	-
7.		Ziro	2,500	-
8.		Seppa	1,670	-
9.		Twang	1,670	-
10.		Ainini (Dibang Valley)	640	-
Total			11,100	
III.	DIMAPUR (NAGALAND)			
11.		Mon	2,220	-
12.		Mokokchung	2,500	-
13.		Tuensang	2,500	-
Total			7,220	
IV.	N.E.F.			
14.	Tripura	Chandrapur	5,000	-
15.	Aizawal	Lunglei	2,920	-
16.		Lanwngtlai	3,340	-
Total			11,260	
V.	MANIPUR (IMPHAL)			
17.		Senapati	5,000	Approval of Hqrs. given for handing over FSD, Thoubal and FSD, Bishnupur instead of this depot. FSD, Bishnupur taken over by CWC on 01.03.2020.
18.		Ukhrul	5,000	-
19.		Jiribam	5,000	-
Total			15,000	
GRAND TOTAL			61,580	

Point No. 7**Annexure-IV**
(Position as on 01.06.2021)**AGENCY WISE STATUS OF SILO CONSTRUCTION**

Fig. In LMT (No. of Locations)

Agency	Target	Completed Capacity/ No. of locations after 2016	Under Implementation			Awarded to State Govt. on Nomination	Total	Capacity approved by HLC for Hub & Spoke	Locations to be identified	Rice Silos to be implemented after outcome of Pilot Project	Total
			Under Construction	LoC to be issued	Total						
FCI	29	4.625/9*	10.625/21	7/14	17.625/35	0	22.25/44	35.875/100	18.275	15.1	30.75 + 69.25 = 100
CWC	2.5	0	0	0	0	0	0				
State Govt.	68.5	6/12	0	1.5/3	1.5/3	1/1	8.5/16				
Total	100	10.625/21	10.625/21	8.5/17	19.125/38	1/1	30.75/60				

**STATEMENT SHOWING AGENCY-WISE STATE-WISE
STATUS OF SILO CONSTRUCTION**

(Fig. In LMT)

Agency	State	Target as per Action Plan	Completed	Contracts Awarded			Awarded to State Govt. on nomination	Total	Capacity Approved by HLC for Hub & Spoke	Locations to be identified	Rice Silos to be implemented after outcome of Pilot Project	Grand Total
				Under Construction	Land Not Acquired	Total						
FCI	Assam	0.5	0	0.5	0	0.5	0	0.5	35.875	18.275	15.1	30.75 + 69.25
	Bihar	4.5	0.5	1.5	3.5	5	0	5.5				
	Chattisgarh	1	0	0	0	0	0	0				
	Delhi	1	0	0	0.5	0.5	0	0.5				
	Gujarat	1	0.5	1.5	0	1.5	0	2				
	Karnataka	0.25	0	0	0	0	0	0				
	Haryana	3	1.375	0.625	0.5	1.125	0	2.5				
	Maharashtra	1	0	0	0	0	0	0				
	Punjab	4.25	2.25	2	0	2	0	4.25				
	Rajasthan	1.5	0	0	0	0	0	0				
	Uttar Pradesh	7	0	4	0	4	0	4				
West Bengal	4	0	0.5	2.5	3	0	3					
Total		29	4.625	10.625	7	17.625	0	22.25				
CWC	Punjab	2.5	0	0	0	0	0	0				
State Govt.	Andhra Pradesh	3.5	0	0	0	0	0	0				
	Bihar	5	0	0	0	0	0	0				
	Gujarat	2	0	0	0	0	0	0				
	Haryana	6.5	0	0	0	0	0	0				
	Madhya Pradesh	10	4.5	0	0	0	0	4.5				
	Maharashtra	0.5	0	0	0	0	0	0				
	Orrisa	2	0	0	0	0	0	0				
Punjab	24.25	1.5	0	0	0	0	1	2.5				

	Rajasthan	4.75	0	0	0	0	0	0				
	Telangana	1.5	0	0	0	0	0	0				
	Uttar Pradesh	5	0	0	1.5	1.5	0	1.5				
	West Bengal	3.5	0	0	0	0	0	0				
Total		68.5	6	0	1.5	1.5	1	8.5				
G.Total		100	10.625	10.625	8.5	19.125	1	30.75	35.875	18.275	15.1	100

Recommendations of High Level Committee, decisions taken by Government of India and Action Taken by FCI thereon

S. No.	Recommendations	Decisions taken	Action Taken by FCI																																																								
7	<p>India needs more bulk handling facilities than it currently has. Many of FCI's old conventional storages that have existed for long number of years can be converted to silos with the help of private sector and other stocking agencies. Better mechanization is needed in all silos as well as conventional storages.</p> <p>While there is need to work out specific quantity and what places it needs to be through a more</p>	<p>FCI will undertake construction of approx. 43.5 lakh tonnes capacity of silos in next five years.</p> <p>FCI depots having railway sidings, will be upgraded to Silos first.</p> <p>Where FCI or State Agencies do not have their own land, Silos would be</p>	<ul style="list-style-type: none"> Govt. of India has approved Action Plan for construction of 100 LMT silos upto 2019-20 with following tentative targets: <table border="1"> <thead> <tr> <th align="center">Commodity/ Agency</th> <th align="center">FCI</th> <th align="center">CWC</th> <th align="center">State Govt.</th> <th align="center" colspan="2">Total</th> </tr> </thead> <tbody> <tr> <td align="center">Wheat</td> <td align="center">27.75</td> <td align="center">2.50</td> <td align="center">61.00</td> <td align="center" colspan="2">91.25</td> </tr> <tr> <td align="center">Rice</td> <td align="center">1.25</td> <td align="center">0</td> <td align="center">7.50</td> <td align="center" colspan="2">8.75</td> </tr> <tr> <td align="center">Total</td> <td align="center">29.00</td> <td align="center">2.50</td> <td align="center">68.50</td> <td align="center" colspan="2">100.00</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The implementation status is as under: <table border="1"> <thead> <tr> <th align="center">No. of locations Tenders (tendering date)</th> <th align="center">Type/Mode</th> <th align="center">Capacity (LMT)</th> <th align="center">Status</th> </tr> </thead> <tbody> <tr> <td align="center">6 (23.04.2015)</td> <td align="center">VGF</td> <td align="center">2.5</td> <td align="center">2 in use. 1 terminated. 3 in progress.</td> </tr> <tr> <td align="center">26 (25.05.2016)</td> <td align="center">Non-VGF</td> <td align="center">13.5</td> <td align="center">7 in use. 7 terminated. 12 at various stages.</td> </tr> <tr> <td align="center">8 (23.08.2017)</td> <td align="center">Non-VGF</td> <td align="center">4.5</td> <td align="center">5 terminated/scrapped. 3 CA signed.</td> </tr> <tr> <td align="center">9 (07.12.2017)</td> <td align="center">Non-VGF</td> <td align="center">4.5</td> <td align="center">5 scrapped. 2 resiled. 2 in progress.</td> </tr> <tr> <td align="center">7 (11.05.2018)</td> <td align="center">Non-VGF</td> <td align="center">3.5</td> <td align="center">CA signed, in progress of CPs fulfillment.</td> </tr> <tr> <td align="center">9 (17.09.2018)</td> <td align="center">Non-VGF</td> <td align="center">4.5</td> <td align="center">Financial bid opened. Tender scrapped for 4 locations and</td> </tr> </tbody> </table>					Commodity/ Agency	FCI	CWC	State Govt.	Total		Wheat	27.75	2.50	61.00	91.25		Rice	1.25	0	7.50	8.75		Total	29.00	2.50	68.50	100.00		No. of locations Tenders (tendering date)	Type/Mode	Capacity (LMT)	Status	6 (23.04.2015)	VGF	2.5	2 in use. 1 terminated. 3 in progress.	26 (25.05.2016)	Non-VGF	13.5	7 in use. 7 terminated. 12 at various stages.	8 (23.08.2017)	Non-VGF	4.5	5 terminated/scrapped. 3 CA signed.	9 (07.12.2017)	Non-VGF	4.5	5 scrapped. 2 resiled. 2 in progress.	7 (11.05.2018)	Non-VGF	3.5	CA signed, in progress of CPs fulfillment.	9 (17.09.2018)	Non-VGF	4.5	Financial bid opened. Tender scrapped for 4 locations and
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detailed study, HLC's overall assessment is that given the overall production in the country, and drought prone nature of many regions, a silo capacity of about 10 MMT (together for wheat and rice) should be created in the next 3-5 years.	built on Private land. FCI has already engaged a Consultant for this work.				LoA issued for remaining 5 locations.
		2 (07.12.2016)	VGF	1	CA signed.
		2 (10.03.2017)	VGF	1	CA signed and 1 location is terminated.

The updated statement showing Agency & State-wise status of silo construction is enclosed as **Annexure-I & II.**

The summary of action taken is as under:

- Silos with railway sidings at 6 locations (VGF route) for 2.5 LMT have been sanctioned. However, for Whitefield location, contract/agreement has been terminated due to failure of concessionaire to meet conditions precedent. 0.75 LMT silos at Kotkapura and Katihar have been put to use. Work is in progress in balance 3 locations.
- Work awarded for 13.5 LMT at 26 locations under Non-VGF route, which are with railway siding. However, contract for seven locations, with capacity of 0.5 LMT each, i.e. Rohtak, Palwal (Haryana), Rangapani, Dankuni, Macheda (West Bengal), Varanasi (UP), Bettiah (Bihar) have been terminated. Seven locations (Barnala, Patiala, Sangrur, Jind, Sonapat, Bhattu and Ahmedabad) have been taken over and are in use.
- Tender for 8 locations (4.5 LMT) was floated under Non-VGF mode out of which 2 locations has been scrapped. Further, CA has been signed for 3 locations and 3 locations have been terminated.
- Tender for 9 more locations (4.5 LMT) in Bihar were finalized under Non-VGF mode out of which 5 locations where single bid was received were re-tendered and LOA for 4 locations issued on 27.07.2018. Out of these 4 locations, the selected bidder for 2 locations (Muzaffarpur and Sitamarhi) has withdrawn/resiled from the contract, hence terminated and locations will be re-tendered, CA for remaining 2 locations has been signed. However, 5 locations where single bid was received were re-tendered along with two more

			<p>locations i.e. Baroda(Gujarat) and Rohtak(Haryana) on 11.05.2018 and CA signed for 7 locations (3.5 LMT).</p> <ul style="list-style-type: none"> • Tender for 9 more locations (4.5 LMT) in West Bengal floated under Non-VGF mode on 17.09.2018 and technical bids were opened on 26.03.2019. Out of 4.5 LMT, 3 LMT capacity is for fresh tender and 1.5 LMT capacity is for retendered locations (Rangapani, Dankuni, Macheda) which were terminated earlier.As per HLC (dated 21.05.2020) decision the financial bids have been opened on 29.07.2020,tender scrapped for 4 locations and LoA issued for remaining 5 locations. • Silo operator for silo construction at Kaimur&Buxar (total 1 LMT) under DEA-VGF mode has been selected and CA signed on 15.01.2018. Land parcel acquired by the Concessionaire and transferred to the Authority.The Appointed Date has been issued on 05.11.2019 • Silo operator for silo construction at Dhamora and Borivali (total 1 LMT) under DBFOT mode has been selected and CA signed on 15.02.2019.Appointed Date has been issued for Dhamora. As per HLC (21.09.2020) decision Borivali location has been terminated. • It was observed that there are certain issues regarding construction of Railway siding silos with specializedwagon movement that affect thepace of implementation of silo projects. To address such issues, a study was conducted by M/s RITES to analyse whether a Hub and Spoke model of silos with containerized movement would be more effective. M/s RITES have submitted its final report recommending Hub & Spoke model with road side silos and containerized bulk movement. DFPD accorded “in-principle approval” for construction of silos under the Hub and Spoke model as proposed by FCI. Land for roadside silos is relatively easily available, as compared to land along rail side tracks. • Thereafter, by adopting a consultative and inclusive approach, involving and interacting with key stakeholders, the bid documents for Hub and
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			<p>Spoke silos were prepared. Draft Bid Documents were put up for stakeholder consultation. Views were invited from over 80 stakeholders including government entities, sector experts, private sector entities, institutions etc. and extensive deliberations on comments received on various issues and changes pertaining to contractual and technical issues considering the best practices and recent developments were undertaken.</p> <ul style="list-style-type: none"> The locations for silos have been identified considering the storage gap and distribution of silos on basis of buffer stock in consuming regions rather than be centrally maintained. Accordingly, proposal of additional silo capacities of 108.375 LMT at 247 locations under Hub & Spoke model are under the process of appraisal and approval.
8	<p>Covered and plinth (CAP) storage should be gradually phased out with no grain stocks remaining in CAP for more than 3 months. Silo bag technology and conventional storages where ever possible should replace CAP.</p>	<p>There are 8.90 LMT FCI owned CAP capacity. CAP Complexes having 5000 MT or above capacity will be taken up for conversion into silos.</p>	<p>FCI did an assessment of existing depots where vacant land or CAP storage was available and identified 7 locations viz. Changsari (Assam), Katihar(Bihar), Narela(Delhi), Whitefield(Karnataka), Sahnewal (Punjab),Kotkapura (Punjab) and Harduaganj (UP)where FCI had vacant land that was sufficient to set up silos with Railway Siding. Moreover, as a part of recent exercise of Hub & Spoke model, Katihar (0.50 LMT), FSD Gandhidham (0.375 LMT), FSD-Wadhwan (0.25 LMT), FSD-Wankaner (0.25 LMT), FSD Borivali (1 LMT), FSD Solapur (0.25 LMT),BG-Malaut (1 LMT), FSD- CAP Alwar (0.5 LMT), Sandila (Hardoi) (0.5 LMT), Lalpur (Bulandshar) (0.5 LMT), FSDRoza (0.5 LMT); FSdDhamora (0.25 LMT); FSD Gonda (0.5 LMT); FSD Khurja (0.25 LMT), FSD Chandari (1 LMT)have been identified for development of Silo on vacant land or dismantling of existing CAP.</p>

AGENCY WISE STATUS OF SILO CONSTRUCTION

Fig. In LMT (No. of Locations)

Agency	Target	Completed Capacity/ No. of locations after 2016	Under Implementation			Total
			Under Construction	LoC to be issued	Total	
FCI	29	4.625/9*	11.625/23	6/12	17.625/ 35	22.25/44
CWC	2.5	0	0	0	0	0
State Govt.	68.5	6/12	0	1.5/3	1.5/3	7.5/15
Total	100	10.625/21	11.625/23	7.5/15	19.125/ 38	29.75/59

**Bhattu location is partially completed for a capacity of 37500 MT out of 50000MT..*

**STATEMENT SHOWING AGENCY-WISE STATE-WISE
STATUS OF SILO CONSTRUCTION**

(Fig. In LMT)

Agency	State	Target as per Action Plan	Completed	Contracts Awarded			Total
				Under Construction	Land Not Acquired	Total	
FCI	Assam	0.5	0	0.5	0	0.5	0.5
	Bihar	4.5	0.5	2	3	5	5.5
	Chattisgarh	1	0	0	0	0	0
	Delhi	1	0	0	0.5	0.5	0.5
	Gujarat	1	0.5	1.5	0	1.5	2
	Karnataka	0.25	0	0	0	0	0
	Haryana	3	1.375	1.125	0	1.125	2.5
	Maharashtra	1	0	0	0	0	0
	Punjab	4.25	2.25	2	0	2	4.25
	Rajasthan	1.5	0	0	0	0	0
	Uttar Pradesh	7	0	4	0	4	4
West Bengal	4	0	0.5	2.5	3	3	
Total		29	4.625	11.625	6	17.625	22.25
CWC	Punjab	2.5	0	0	0	0	0
State Govt.	AndhraPradesh	3.5	0	0	0	0	0
	Bihar	5	0	0	0	0	0
	Gujarat	2	0	0	0	0	0
	Haryana	6.5	0	0	0	0	0
	MadhyaPradesh	10	4.5	0	0	0	4.5
	Maharashtra	0.5	0	0	0	0	0
	Orrisa	2	0	0	0	0	0
	Punjab	24.25	1.5	0	0	0	1.5
	Rajasthan	4.75	0	0	0	0	0
	Telangana	1.5	0	0	0	0	0
	Uttar Pradesh	5	0	0	1.5	1.5	1.5
West Bengal	3.5	0	0	0	0	0	
Total		68.5	6	0	1.5	1.5	7.5
G.Total		100	10.625	11.625	7.5	19.125	29.75

APPENDIX-I

MINUTES OF THE NINETEENTH SITTING OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2021-2022)

The Committee sat on Tuesday, the 21st December, 2021 from 1500 hrs. to 1515 hrs. in Room No '147', 3rd Floor, Parliament House, New Delhi.

PRESENT

Shri Santosh Kumar Gangwar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lavu Sri Krishna Devarayalu
3. Dr. Heena Vijaykumar Gavit
4. Shri Chandra Prakash Joshi
5. Smt. Kanimozhi Karunanidhi
6. Shri Janardan Mishra
7. Shri Arvind Kumar Sharma
8. Shri Sushil Kumar Singh
9. Shri Ramdas Chandrabhanji Tadas

Rajya Sabha

10. Shri K.C. Ramamurthy
11. Shri M. Shanmugam

SECRETARIAT

1. Shri R.C. Tiwari - Additional Secretary
2. Shri G.C. Prasad - Additional Director

2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee convened for consideration and adoption of the following four draft Action Taken Reports:-

- (i) *****
- (ii) *****
- (iii) Action Taken by the Government on the Observations/Recommendations of the Committee contained in the Third Report of the Committee on Public Undertakings (17th Lok Sabha) on Food Corporation of India.
- (iv) *****

3. The Committee then considered and adopted the aforesaid reports one by one without any modifications. The Committee then authorized the Chairperson to finalize the aforesaid Draft Reports on the basis of factual verification by Ministries/Departments concerned and present the same to Parliament.

The Committee then adjourned.

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APPENDIX - II

(Vide para 4 of the Introduction)

Analysis of the Action Taken by Government on the Observations/ Recommendations contained in the Third Report of the Committee on Public Undertakings (2020-21) on Food Corporation of India (FCI)

I	Total number of recommendations		34
II	Observations/Recommendations that have been accepted by the Government [vide Recommendations [vide Recommendations at Sl. Nos. 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33 and 34]	Total	- 32
		Percentage	- 94.12
III	Observations/Recommendation which the Committee do not desire to pursue in view of Government's replies.	Total	- NIL
		Percentage	- NA
IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and need reiteration. [vide Recommendation at Sl. No. 3]	Total	- 01
		Percentage	- 2.94
V	Observations/Recommendations to which the Government has furnished interim replies. [vide Recommendation at Sl. No. 20]	Total	- 01
		Percentage	- 2.94