

Chapter 11 Monitoring Mechanism

As envisaged in the PDS Control Order, 2001, the State Government shall ensure periodic system of reporting and monitoring, regular inspection and meeting of vigilance committees at State, district, block and FPS levels. Audit scrutiny revealed that submission of reports and returns, functioning of vigilance committees, inspection of FPSs etc., were far from satisfactory as discussed in the following paragraphs.

11.1 Returns/Utilisation Certificates (UCs)

According to the PDS (Control) Order 2001, the State Government should furnish UCs as per prescribed proforma within two months from the date of allocation, failing which future allocation of foodgrain would be curtailed. For this purpose fixed time schedule and formats of returns were prescribed as under:

- FPS to district authorities – 7th of the following month of allocation in Form A.
- District authority to State Government – by 15th of the following month (Form B).
- State Government to the Central Government– at the end of the following month (Form C).

Instead of following the prescribed procedure, the State to arrive at the monthly position of lifting and distribution compiled the monthly returns from the FPSs and GPSSs/WSCCs, after compilation at sub-divisional levels, are sent to Director, FCS&CA for compilation to bring out the state level position and for intimation to State Government and onward transmission to the GOI. Test-check however, revealed that out of 120, only 30 FPSs (25 *per cent*) were submitting monthly returns and that too not on regular basis. None of the 31 test-checked WSCCs/GPSSs was submitting monthly returns regularly. At the sub-divisional level six out of 15 were not submitting returns.

Director, FCS&CA in his report (June 2009) to the Government stated that most of the district/sub-divisions were not submitting the mandatory monthly returns and Director after compilation of the few returns received, arrived at the monthly state figure by collecting information from the remaining districts.

- Audit scrutiny of utilization certificates submitted by the Director, FCS&CA for the period from April 2005 to November 2009 revealed the closing balance of September 2007 was not correctly carried forward to the opening balance of October 2007 resulting in a discrepancy of 7.81 lakh MT of PDS commodities as detailed in table – 1.

Table - 1
Position of discrepancy in closing and opening stock balances

(Quantity in MT)

Sl.No.	Commodity	Closing Balance of September 2007	Opening Balance of October 2007	Difference	Rate (₹ per MT) (CIP)	Amount (₹ in crore)
1	APL Rice	1,85,706.00	3,774.32	1,81,931.68	8,300	151.00
2	BPL Rice	3,34,715.30	4,867.06	3,29,848.24	5,650	186.36
3	AAAY Rice	1,29,254.60	3,353.65	1,25,900.95	3,000	37.77
4	Wheat	1,45,009.00	1,702.02	1,43,306.99	6,100	87.42
Total				7,80,987.85		462.55

Source: Returns/UCs furnished to Government by the Director, FCS & CA, Assam.

In reply (July 2010) the Joint Director, FCS&CA submitted a revised statement wherein the earlier quantity of PDS commodities shown distributed (1.14 lakh MT) in October 2007 was enhanced to 8.95 lakh MT and thus adjusted the discrepancy. Audit analysis, however, revealed that the monthly quantity of PDS commodities distributed during the year in other months ranged between 0.87 lakh MT to 1.60 lakh MT. The reply is therefore, not tenable as the quantum of distribution during October 2007 was abnormally high and unrealistic too.

- Audit scrutiny further revealed that there were discrepancies in Opening/closing balances totaling 413.98 qtls of PDS rice valued at ₹ 3.44 lakh¹ during 2009-10 in a co-operative society².

Thus, the veracity of the State Government figures of lifting and distribution of PDS Commodities maintained by the State and intimated to the GOI was doubtful. Besides there were delays in submission of UCs to the Central Government ranging from 19 to 111 days in the months of April 2005, October 2006, October-December 2007, January 2008 and April 2008.

11.2 Inspection of GPSSs/FPSs

According to PDS (Control) Order, 2001, the inspecting officers of the district /sub-divisions were to inspect each FPS at six month's interval. Records of 15 test-checked sub-divisions showed that inspections were not carried out as per norms as detailed in *Appendix-IX*.

Against 1,09,390 inspections to be carried out in five years actual inspections were only 4,878 (4 per cent). The few inspection carried out resulted in suspension and cancellation of PDS licenses as commented in Paragraph 10.5.3.

¹ At CIP of ₹ 830 per qtl.

² Godown No.2 of Dibrugarh Co-operative Whole Sale Society Ltd.

11.3 Vigilance Committee

According to PDS (control) Order, 2001 and guidelines issued by the State Government, periodicity of meeting of the Vigilance Committee for Public Distribution System at the State, district/sub-division, GPSS and FPS levels (for a group of 10 to 20 FPSs) shall not be less than one meeting in a quarter during a year. Accordingly, four meetings each, at State, district/sub-divisions, GPSS and FPS level were to be held in each year.

The periodicity of meetings to be held was subsequently changed (w.e.f. 2007-08) from quarterly to monthly in respect of FPSs and once in two months in respect of GPSSs and sub-divisional levels. No records in respect of quarterly reviews conducted by State level Vigilance Committee were furnished to audit. The position of setting up of VCs and number of meetings held at various levels in 15 selected sub-divisions for the years 2005-10 was as under:

Table - 2

Position of Vigilance Committees set up and Meetings held for the years 2005-10

Year	No. of VCs		No. of Meetings	
	Required	Existed	Required	Held
A) Sub-Divisional level (14/15 nos.)				
2005-06	14	4	56	4
2006-07	15	9	60	10
2007-08	15	8	90	17
2008-09	15	7	90	7
2009-10	15	7	90	6
B) GPSS level (248 nos.)				
2005-06	248	42	992	7
2006-07	248	98	992	91
2007-08	248	154	1,488	150
2008-09	248	136	1,488	205
2009-10	248	108	1,488	133
C) FPS level (10939 nos.)				
2005-06	1,094	334	4,376	81
2006-07	1,094	362	4,376	112
2007-08	1,094	808	13,128	245
2008-09	1,094	621	13,128	262
2009-10	1,094	719	13,128	412

Source: Compiled data from Sub-Divisional level formats.

The above table shows that there was a huge shortfall in respect of number of VCs formed and periodical meetings held at all levels against the norms. Thus, the system to monitor information relating to lifting, distribution of food grain under TPDS, for reviewing the overall functioning of the scheme to rectify lapses and other deficiencies, if any, was largely non-functional.

In reply, the Director stated (July 2010) that necessary guidelines were issued to constitute vigilance committees at all levels and that no State level vigilance and monitoring committee existed.

11.4 FPS Committee

GOI envisaged formation of FPS Committee by Gaon Panchayat for inspecting the FPS records to watch functioning of FPS and the FPS's Committee report was to be placed before a larger body for onward transmission to State Government for taking necessary action.

Audit scrutiny revealed that out of 15 test-checked sub-divisions, FPS committees were formed in 13 sub-divisions. Against 8,385 committees to be formed during 2005-10 there were only 797 committees in existence.

As for reports to be furnished by the committees, no records were shown to audit which indicated that the PRIs were not involved in the functioning of TPDS to bring in transparency in PDS.

11.5 Area Officers' Scheme

For regular and effective review and monitoring of the TPDS in the States, Officers of the rank of Deputy Secretary, Director or equivalent rank are to be nominated as Area Officers for the states by GOI to provide a mechanism to co-ordinate with the State Governments, under the Area Officers' Scheme, launched by the GOI in February 2000 with broad features as under:

The Area Officers were required to visit two districts of their allotted territories once in a quarter and review the functioning of the TPDS and to submit report within 10 days bringing out issues, findings alongwith recommendations on actionable points and sent to the Secretary of State Government for taking remedial action towards smooth functioning of the TPDS.

No records pertaining to Area Officers' Scheme for the State of Assam, however, was produced to audit by the Director as the scheme remained unimplemented in the State.

11.6 Concurrent Evaluation of TPDS

Concurrent evaluation of TPDS by the D/O Food and Public Distribution, M/O CA, F&PD, GOI was taken up in Assam alongwith 25 other States and UTs and the study was awarded to National Council of Applied Economic Research (NCAER) in January 2006 to ascertain the functioning of PDS. The evaluation was done in 2006-07 and various points raised by NCAER, on Performance of PDS. No other evaluation was taken up by GOA during 2005-10.

In view of the observations made in the report of NCAER, all the Deputy Commissioners/Sub-Divisional Officers and Food, Civil Supplies & Consumer Affairs Branch Officers were directed to look into the shortcomings pointed out and

take corrective measures. However, no records were made available to audit in regard to action taken. No comment was also made in the exit conference (October 2010).

11.7 Quality control

One of the primary objectives of PDS is that the foodgrain distributed to consumers are of Fair Average Quality (FAQ) and are fit for human consumption.

As per PDS (Control) Order, 2001, the representatives of the State or their nominees and FCI should conduct joint inspection of the stock intended for PDS to ensure that the quality of foodgrain conformed to the prescribed quality specification. To address the issue of sub standard foodgrain, GOA also decided (July 1998) that sample foodgrain would be drawn jointly by the officials of FCS&CA department and FCI local authority at the time of delivery for quality checks/analysis.

However, none of the 15 test checked sub-divisions could furnish any evidence of availability of laboratory testing facilities and quality checks therein to safeguard against bad quality of foodgrain being delivered to beneficiaries.

Thus, there was no assurance about issue of good quality of foodgrain conforming to the standard as laid down under the Prevention of the Food Adulteration Act, 1954.

There was no system of evaluation of the implementation of the programme through regular internal control mechanism and meaningful monitoring including implementation of Area Officers' Scheme of GOI.

Recommendations

The Government should ensure strengthening the monitoring of the distribution of foodgrain through regular inspection including inspection by district level officers, vigilance committees and Government of India's Area Officers.

Necessary quality control checks need to be exercised to ensure distribution of foodgrain of fair average quality.