

CHAPTER I – PERFORMANCE REVIEW

FOOD, CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

1.1 Targeted Public Distribution System

The main objective of the Public Distribution System is to ensure regular supply of essential commodities like rice, wheat, kerosene, etc. at reasonable and affordable price particularly to the weaker sections of the society/community. Review of implementation of the scheme revealed non-finalisation of the list of below poverty line families and distribution of foodgrains on the basis of estimates. Evaluation of the implementation of the scheme as a whole was also not done and as such, the impact of the scheme remained unassessed.

Highlights

Delay in finalisation of third expansion of the Antyodaya Anna Yojana beneficiaries resulted in depriving 14,600 poorest of the poor families of the benefit of subsidised foodgrains.

(Paragraph 1.1.10.1)

Compared to the quantity of foodgrains allotted by the Government of India, there was short lifting of foodgrains/commodity by the Department thereby depriving the beneficiaries of the benefit of subsidised foodgrains/commodity.

(Paragraph 1.1.11.1)

In Ri-Bhoi Sub-Division, data regarding milling of 12,022 MT of wheat lifted by the *chakki* mills during 2006-10 was not available. Data regarding distribution of *chakki* atta converted out of wheat lifted by the *chakki* mills of Shillong Sadar (35,671.62 MT) and Ri-Bhoi (12,022 MT) Sub-Divisions was also not available.

(Paragraph 1.1.11.2)

The Department had not maintained uniform retail price for foodgrain as higher rates for rice were charged from BPL and AAY ration card holders.

(Paragraph 1.1.11.3)

1.1.1 Introduction

Public Distribution System (PDS) is a food management strategy of the Government of India (GOI), the main objective of which is to ensure regular supply of essential commodities like rice, wheat, kerosene, *etc.* at reasonable and affordable price particularly to the weaker sections of society.

In order to target the poorer section of the population, GOI streamlined the PDS in June 1997 and introduced the 'Targeted Public Distribution System' (TPDS) scheme. Under the TPDS, special ration cards were to be issued to 'Below Poverty Line' (BPL) families and foodgrains were to be provided to them at specially subsidised prices. States were to formulate and implement foolproof arrangements for identification of the poor and deliver foodgrains to them through FPSs in a transparent and accountable manner. The TPDS also covered the population 'Above Poverty Line' (APL) level.

To reduce hunger among the poorest segments of population and to make TPDS benefits more substantial in terms of both quantity and nutrition for this section of the population, the Antyodaya Anna Yojana (AAY) was launched by the GOI in December 2000. The AAY was being implemented in Meghalaya since November 2001. Under AAY, special ration cards were to be issued and TPDS commodities were to be provided to this section of the population at a further subsidised prices.

TPDS is operated under the joint responsibility of the Central and the State Governments. The Central Government through Food Corporation of India (FCI) is responsible for procurement, storage, transportation and bulk allocation of foodgrains to the State Government. The operational responsibility including allocation within the State, identification of families below poverty line, issue of Ration Cards and supervision of the functioning of Fair Price Shops (FPS) rest with the State Government.

In order to maintain supplies and secure availability and distribution of essential commodities in exercise of the power conferred by Section 3 of the Essential Commodities Act, 1955, GOI notified in August 2001, Public Distribution System (Control) Order 2001. The order mainly contains provisions with regard to (i) identification of BPL families; (ii) Ration Cards; (iii) Sale and issue price; (iv) Distribution of foodgrains; (v) Licensing; and (vi) Monitoring.

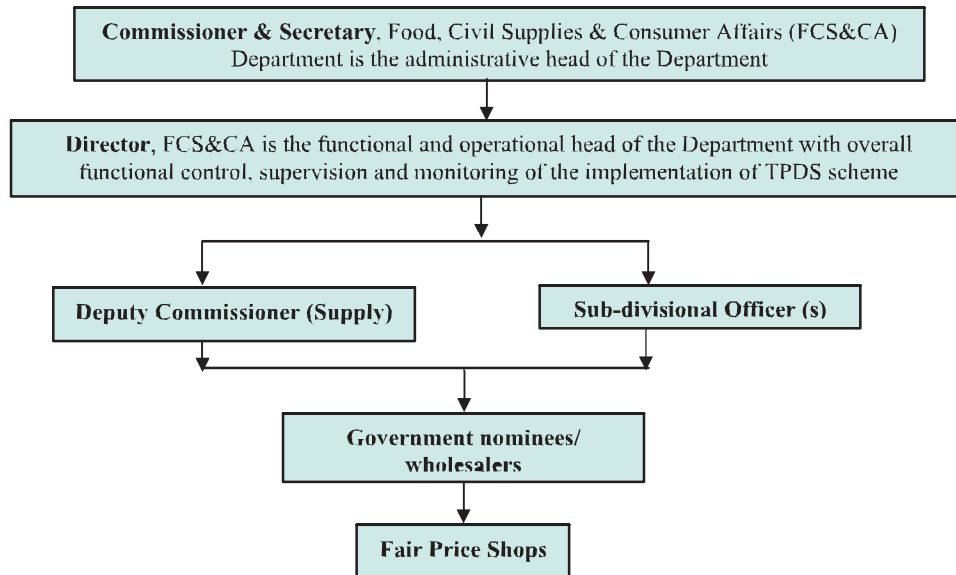
The TPDS in Meghalaya is regulated under the 'Meghalaya Foodgrains (Public Distribution System) Control Order, 2004', which deals with appointment of Nominees/Agents and Retailers and regulation of Purchase, storage and sale of foodgrains by them.

In Meghalaya, TPDS operates through a network of 4,284 (Urban: 655; Rural: 3,629) Fair Price Shops (FPS).

1.1.2 Organisational set up

The Food, Civil Supplies and Consumer Affairs Department (FCS&CA) of the State Government is responsible for implementing the TPDS in Meghalaya. Organisational structure for TPDS and AAY in the State is detailed below:

Chart 1.1



The Deputy Commissioners (Supply) (DC) of the Districts and the Sub-Divisional Officers (Supply) (SDO) in the sub-divisions of FCS&CA Department are responsible for issuing ration cards, appointment of Fair Price Shop dealers, re-allocation of TPDS commodities (allocated for the district/sub-divisions) to the Government nominated wholesale dealers and FPS, monitoring/inspection of lifting and distribution of TPDS commodities to the ration card holders and submission of prescribed periodical reports/returns to the Directorate.

1.1.3 Scope of Audit

A performance review of foodgrains management covering the implementation of TPDS during 2000-06 was included in Paragraph 3.3 of the Report of the Comptroller and Auditor General of India (CAG) for the year ended 31 March 2006 in respect of Government of Meghalaya. The review was discussed by the Public Accounts Committee (PAC) on 24 August 2010. The recommendations of the PAC, however, have not been presented to the State Legislature (October 2010).

The current performance review on TPDS covered the activities and processes involved in implementation of the TPDS in the State during 2006-07 to 2009-10. Test check was carried out in the offices of the Secretary, FCS&CA Department, Director,

FCS&CA, DCs of three¹ Sadar Sub-Divisions out of seven districts, SDOs of three² out of eight sub-divisions and 63 out of 4,283 FPSs.

1.1.4 Audit Objectives

The objectives of the performance audit were to examine the:

- efficacy of the system for identification of different category of beneficiaries;
- effectiveness of allocation and distribution of foodgrains by Government to ensure that all people have access to foodgrain in time at prescribed quantity and rates; and,
- adequacy and effectiveness of the monitoring systems.

1.1.5 Audit Criteria

The following audit criteria were adopted for achieving the audit objectives:

- PDS (Control) Order 2001;
- Meghalaya Foodgrains (Public Distribution System) Control Order, 2004;
- GOI guidelines for identification of beneficiaries;
- Scale of issue of foodgrains prescribed by the Government;
- Guidelines/Instructions prescribed for issue of Ration Cards, weeding out bogus ration Cards;
- Prescribed monitoring and evaluation mechanism.

1.1.6 Audit Methodology

The performance audit commenced with an 'entry conference' on 6 May 2010 with the Secretary, FCS&CA Department and other officers of the Department in which the audit objectives, scope of audit, criteria, audit methodology and selection of the units were discussed in detail. For the purpose of the review, districts, sub-divisions, blocks and FPSs were selected on the basis of random sampling. The audit evidences were collected through requisition of records, issue of questionnaires and discussions with the officers/officials at various levels. Audit findings were discussed with the various Departmental functionaries at an 'exit conference' held on 12 November 2010 and their views incorporated in this review at appropriate places.

1.1.7 Acknowledgement

Audit acknowledges the cooperation extended by the various officials of the Department at Shillong and officials of the offices and subordinate establishments of the Department to Audit personnel in carrying out this assignment.

¹ East Khasi Hills, West Garo Hills and Ri-Bhoi Districts

² Sohra, Dadengiri and Ampati.

1.1.8 Audit Findings

The important points noticed during the course of the performance audit are discussed in the succeeding paragraphs.

1.1.9 Finance and Expenditure

The authorised wholesalers were to initially bear the expenditure on procurement of TPDS commodities (except AAY rice) and subsequently realise the cost including transportation charges and profit from the FPSs. Expenditure of the State Government on the scheme was restricted to administrative expenses and transportation charges under AAY.

Budget provision and expenditure during 2006-10 were as follows:

Table 1

(Rupees in crore)

Year	Budget provision			Actual expenditure	Savings (Percentage)	Amount surrendered
	Original	Supplementary	Total			
2006-07	5.80	0.73	6.53	6.15	0.38 (6)	0.40
2007-08	7.52	1.66	9.18	6.90	2.28 (25)	0.33
2008-09	6.13	0.86	6.99	6.57	0.42 (6)	0.45
2009-10	8.57	0.78	9.35	8.76	0.59 (6)	0.55
Total	28.02	4.03	32.05	28.38	3.67 (11)	1.73

Source: Appropriation Accounts (Grant No. 32).

The table above shows variation of 6 per cent and 25 per cent between budget provisions and actual expenditure. During 2006-10, the Department obtained supplementary provisions in excess of actual requirement. Again, during 2007-08, supplementary provision obtained by the Department proved unnecessary because of non-utilisation of even the original provision. Moreover, saving of ₹ 1.95 crore, during 2007-08 was not surrendered during the year contrary to the provision of the Budget Manual which provides for surrender of all anticipated savings to the Finance Department latest by 15th March so that the same could be utilised for other purposes.

1.1.10 Identification of targeted beneficiaries and issue of ration cards

The BPL households were determined on the basis of population projections of the Registrar General of India for 1995 and the State wise poverty estimates (1993-94) of the Planning Commission. The total number of BPL households so estimated in the State was 1.83 lakh (constituting 40.86 per cent of the population of the State), of which 28,100 families were later classified as AAY families in December 2000.

1.1.10.1 Identification of targeted beneficiaries

As per PDS (Control) Order 2001, the Government was to identify families living below the poverty line by formulating suitable guidelines for the purpose of identification of BPL families, including the AAY families. The exercise of identification of BPL families was to be completed within three months of issue of order, if it had not been done already. Gram Sabhas/local representative bodies were to finalise the list of beneficiaries belonging to BPL and AAY families. Further, GOI directed (September 2002) the State Government to identify the BPL families for the 10th five-year plan (2002-07) by adopting a normative approach through 'Score Based Ranking'.

In the State, the Community and Rural Development (C&RD) Department conducted (2002) survey of household in rural areas and identified 2,05,234 BPL families. The survey of urban areas was not conducted. However, the publication of the BPL list was kept in abeyance on the instruction of GOI in view of a stay order of the Supreme Court (July 2003). With the vacation of the stay and final orders of the Supreme Court, GOI (August 2006) allowed finalisation of BPL list after complying with procedure prescribed by it.

Audit scrutiny revealed that

- In 2008-09, the three Municipal Boards (Tura, Williamnagar and Jowai) carried out survey of the urban areas and identified 27,456 BPL families.
- Survey for the remaining three municipal areas (Shillong, Baghmara and Resubelpara) was, however, not conducted till June 2010.
- Even after a lapse of five years of GOI's clearance to finalise the BPL list, the State Government had not finalized (June 2010) the BPL list for rural areas prepared on the basis of survey carried out by the C&RD Department.

Thus, there are 2,32,690 BPL families in the State excluding the BPL families in three urban areas. The Planning Commission, however, projected (2005-06) the number of BPL families in the State as 86,000. The vast difference between the projection of the Planning Commission and the number identified by the C&RD Department and Municipal Boards remains unexplained (June 2010). Thus, figures of BPL families identified in the surveys remains doubtful as the State has failed to carry out review of the list of BPL and AAY families every year for deletion of ineligible families and inclusion of eligible families.

Notwithstanding the decrease in the number of BPL families as projected by the Planning Commission, the GOI continued to allot TPDS commodities to the State on the basis of the earlier estimated number of BPL families of 1.83 lakh.

GOI expanded the AAY scheme three times, in June 2003, August 2004 and April 2005, to bring more families under the ambit of the scheme. There were delays in identification and issue of ration cards under third expansion, as a result GOI allotted

AAY quota of rice at pre-expanded number of 55,600 beneficiaries till March 2007, though another 14,600 families could have benefitted under AAY scheme from April 2005 onwards.

1.1.10.2 Issue of ration cards

As per PDS (Control) Order, 2001; the State Government was to issue distinctive ration cards to APL, BPL and AAY families and conduct periodical review and checking of ration cards to weed out ineligible and bogus cards.

The Department has been issuing distinctive ration cards to APL, BPL and AAY families as envisaged in PDS (Control) Order, 2001. However, there are delays in issue of ration cards to APL families. A mention was made in Paragraph 3.3 of the Report of the CAG of India for the year ended 31 March 2006 about ration cards not being provided to the majority of the APL families. In response, the Department stated (August 2008) that though ration cards were not issued to all, the APL families drew rations as per their entitlement and that the Government was in the process of issuing computerised ration cards to the eligible families. During the current review, it was noticed that issue of distinctive ration cards to the APL families of greater Shillong areas was started in June 2009 and 58,191 distinctive ration cards have been issued till March 2010. The status of issue of ration cards in remaining areas has not been intimated.

Further, the Department had not carried out periodical checking of ration cards or reviewed the list of BPL and AAY families, which is a matter of serious concern especially in view of existence of 15,202 bogus APL ration cards under Shillong Sadar Sub-Division as mentioned in Paragraph 3.3 of the Report of CAG of India for the year ended 31 March 2006.

Accepting the fact, the Department has stated that it shares the concern in this matter and added that unless the public come up with specific report it is an uphill task to conduct a check by the Department on its own due to shortage of manpower. The Department should devise a suitable action plan, within the available human resources, which would send a signal to the public that possessing a bogus ration card would invite serious consequences.

1.1.11 Allotment, Lifting and Distribution of Foodgrains

Allocation of TPDS foodgrain for all categories of beneficiaries (BPL, AAY and APL) are made by GOI in advance on an annual basis and the State Government is given 60 days to lift foodgrain for the allocated month. FCI releases the foodgrain to the State on deposit of the full value by 20th day of the allocated month which are then lifted by the Government nominated wholesale dealers and distributed through the network of FPSs. Audit scrutiny revealed the following irregularities in the lifting and distribution of foodgrain:

1.1.11.1 Lifting of Rice

GOI allocated 5,02,452 MT of rice to the State during 2006-10. Against this, 4,93,291 MT were lifted by the Department leaving a shortfall of 9,161 MT of rice. Year-wise position of allotment of rice *vis-à-vis* lifting by the department is given below:

Table 2: Quantity of Rice allotted and lifted during 2006-10

Year	Quantity allotted by the GOI				Quantity lifted by the Department				Short lifting
	AAY	BPL	APL	Total	AAY	BPL	APL	Total	
2006-07	23,352	53,508	37,248	1,14,108	23,352	53,489	31,244	1,08,085	6,023
2007-08	29,484	47,376	51,252	1,28,112	29,463	47,226	49,350	1,26,039	2,073
2008-09	29,484	47,376	53,256	1,30,116	29,484	47,376	52,532	1,29,392	724
2009-10	29,484	47,376	53,256	1,30,116	29,484	47,376	52,915	1,29,775	341
Total	1,11,804	1,95,636	1,95,012	5,02,452	1,11,783	1,95,467	1,86,041	4,93,291	9,161

Source: Information furnished by the Joint Director, FCS&CA.

Similarly, against 82,592 MT of sugar allotted by the GOI during 2006-10, the Department lifted 32,785 MT resulting in short lifting of 49,807 MT of sugar during the period. Year-wise position of quantity of sugar allotted *vis-à-vis* lifted is given in the following table.

Table 3: Sugar allotted and lifted during 2006-10

Year	Quantity allotted by the GOI	Quantity lifted by the Department	Short lifting
2006-07	20,648	8,643	12,005
2007-08	20,648	5,966	14,682
2008-09	20,648	8,576	12,072
2009-10	20,648	9,600	11,048
Total	82,592	32,785	49,807

Reasons for short lifting of foodgrains, particularly 190 MT of rice meant for BPL (169 MT) and AAY (21 MT) families during the period of review, were not furnished, though called for. In the process, the BPL and AAY segments of population were the ultimate sufferers as they were deprived of the benefit of subsidised foodgrains and sugar.

Government, while agreeing with audit contention that short lifting of the allotted quota had deprived the beneficiaries of their entitlement, stated (November 2010) that there were instances of failure on the part of some nominees to deposit the value of BPL and AAY rice with FCI in time. It also added that the main reason for shortfall in lifting of allotted quantity of APL rice was attributed to parity of price of PDS rice with that of the open market which had led to the reluctance of APL consumers to lift the stocks from the FPS as the choices on quality available in the open market were much preferred by the consumers. Reasons for not depositing the value of BPL and AAY rice by some nominees with FCI and the intended remedial measures had not been stated.

1.1.11.2 Lifting of Wheat

According to existing arrangements, the nominated *chakki* mills lift the wheat from FCI and grind the same into wholemeal *atta* for distribution to the APL beneficiaries through FPSs under the TPDS. The lifting of wheat by *chakki* mills was to be supervised by the inspecting staff of the Department.

A mention was made in paragraph 3.3 of the Report of the CAG of India for year ended 31 March 2006 about lifting of wheat although there was no requirement of wheat in the State as the consumers did not prefer *chakki atta*.

The Department (August 2008) stated that the total annual requirement of wheat, as assessed in 2005, was 1,550 MT for four sub-divisions (Shillong Sadar, Ri-Bhoi, Nongstoin Sadar and Sohra) and there was no requirement in the other sub-divisions. Notwithstanding limited requirement of wheat in the State, during 2006-10, out of the allotment of 48,321 MT, 47,693.62 MT of wheat were lifted by the *chakki* mills of Shillong Sadar and Ri-Bhoi Sub-Divisions. The other two sub-divisions, viz., Nongstoin and Sohra, were to lift *chakki* atta from the *chakki* mills of Shillong Sadar Sub-Division for distribution in the respective sub-divisions. Allotment and lifting of wheat under TPDS during 2006-10 are shown below:

Table 4

(In MT)

Year	Shillong Sadar Sub-Division		Ri-Bhoi Sadar Sub-Division	
	Allotment	Quantity lifted	Allotment	Quantity lifted
2006-07	6,076	5,836.06	1,620	1,620
2007-08	7,061	6,818.56	2,244	2,099
2008-09	10,082	10,082.00	4,078	4,078
2009-10	12,935	12,935.00	4,225	4,225
Total	36,154	35,671.62	12,167	12,022

Source: Information furnished by the concerned SDOs.

Thus, against total requirement of 6,200 MT of wheat during 2006-10, nominated *chakki* mills of two sub-divisions lifted a total quantity of 47,693.62 MT of wheat which was more than seven times the requirement of the State.

Scrutiny of records revealed that there was:

- no data available in the records of the DC, Ri-Bhoi Sadar Sub-Division regarding milling of the lifted quantity of 12,022 MT of wheat by the *chakki* mills
- no details of distribution of *chakki* atta converted from 47,693.62 MT of wheat lifted by *chakki* mills to the beneficiaries of all the four sub-divisions.

This indicates the Department's failure to ensure proper utilisation of the lifted quantity of wheat and also its failure to ensure that the subsidised wheat reached the intended beneficiaries. Further, Department's action for allotment of wheat to *chakki* mills, in the absence of demand of *chakki* atta by the consumers, had resulted in undue benefit to the mill owners.

1.1.11.3 Distribution of foodgrains

As per GOI guidelines, retail issue rate of rice for distribution to BPL and AAY families at the scale of 35 kg per month per card was fixed (April 2002) at ₹ 6.15 and ₹ 3 respectively.

According to the Sixth Report of the Commissioners of Supreme Court³, the GOI and State Government should ensure that under no circumstances is the issue price for BPL rice higher than ₹ 6.15 per kg/ AAY rice higher than ₹ 3 per kg and the foodgrains should not be distributed at less than the prescribed scale of 35 kg per month to a BPL/AAY card holding household which has four or more members. Action Taken Report (ATR) on the Sixth Report furnished (August 2006) to the Commissioners of Supreme Court by the Commissioner & Secretary, Community & Rural Development (C&RD) Department of the State indicated that rice was distributed to the BPL and AAY beneficiaries at ₹ 6.15 per kg and ₹ 3 per kg respectively at the scale of 35 kg per family per month.

To ascertain whether exact quantity of PDS commodities were distributed to beneficiaries at exact issue price, Audit issued questionnaire to 2,636 FPS level VCs through the DCs/SDOs of six sub-divisions⁴ selected for detailed scrutiny, requesting them to indicate the rate at which PDS items were being sold, quantity of PDS items being issued to the beneficiaries, etc. 1,123 FPS level VCs responded to the audit questionnaire.

Feedback received from these FPS level VCs through the DCs/SDOs concerned revealed that:

- out of 995 FPSs in six sub-divisions with 30,743 BPL ration card holders, only 21 FPSs were issuing TPDS rice to 817 ration card holders under their jurisdiction at the prescribed rate of ₹ 6.15 per kg. The remaining 974 FPSs were charging higher rates varying from ₹ 6.25 to ₹ 10 per kg from 29,926 BPL ration card holders;
- similarly, in respect of AAY beneficiaries, out of 783 FPSs, 580 FPSs were issuing rice to 15,644 beneficiaries at the prescribed rate of ₹ 3 per kg and remaining 203 FPSs involving 2,862 AAY beneficiaries were charging higher rates varying from ₹ 3.15 to ₹ 8 per kg; and
- out of 474 FPSs in six sub-divisions, around 51 *per cent* (241 FPSs) of these FPSs were distributing rice to BPL/AAY ration card holders at a reduced scale (quantity not specified).

³ On Supreme Court's Orders against writ petition (Civil) No. 196/2001 by the People's Union For Civil Liberties Vrs. Union of India and Others.

⁴ Shillong Sadar, Tura Sadar, Ri-Bhoi Sadar, Sohra, Ampati and Dadenggre.

Consequently, BPL/AAY families of these six sub-division have an additional financial burden of ₹ 2.08 crore every year (29,926 BPL families - ₹ 1.90 crore and 2,862 AAY families - ₹ 18.26 lakh).

In the feedback it was intimated by the FPS level VCs that higher rates were fixed to cover the transportation and handling charges of foodgrains up to distribution centre from the godowns of Government nominated wholesale dealers. It was also stated that foodgrains were distributed at reduced scale to extend the benefit to other poor section/category, who were not provided with ration cards.

Government stated (November 2010) that though it desires to maintain the issue price of foodgrains to the BPL and AAY beneficiaries, the margin allowed by GOI (₹ 0.50 per kg) is not sufficient to meet the expenses that the wholesale nominees have to spend for the operations and the Department had taken up with GOI for review of margins in order to ensure that the end retail price is maintained by the FPSs. Government has also expressed apprehension about bearing the additional transportation cost due to its limited financial resources.

This situation establishes the fact that the Department failed to comply with the directives of the Commissioners of Supreme Court thereby depriving the genuine beneficiaries of the full benefit due to them under the TPDS.

1.1.12 Allotment, lifting and distribution of Kerosene Oil

The allocation of kerosene oil for the State is sub-allocated to the agents/wholesalers appointed by the public sector oil marketing companies. The retailers are appointed by the DCs/SDOs who lift the allotted quantity from the agents/wholesaler for distribution to the consumers.

During the period 2005-10, 26,232 KL of Kerosene oil was allotted each year and the State Government lifted entire quantity allotted to it. As per the recommendation (October 2005) of the National Council of Applied Economic Research (NCAER) commissioned by GOI, the distribution of subsidised kerosene oil was to be restricted to BPL beneficiaries only. Instead, kerosene oil was being distributed in the State to all ration card holders (including APL) on the basis of 9.5 litres in urban areas and 4.7 litres in rural areas per month. Consequently, the genuine BPL beneficiaries were deprived of the benefit of the subsidized kerosene. Further, the policy adopted by the State Government is indicative of unfair distribution with urban bias.

Besides, records regarding monthly stock, lifting and distribution of kerosene by the retailers were also not maintained indicating lack of proper accounting by the Department. This lapse of the Department is fraught with the risk of diversion of highly subsidized commodity not only for the sale in the open market but also for adulteration of petrol and diesel.

The contention of Audit is reinforced by the outcome of PDS awareness meeting-cum-workshops organized under Dadengiri Civil Sub-Division during May-June

2009, wherein the main issue that was consistently raised was of selling of kerosene oil in black market at higher rates - an accepted fact.

Government stated (November 2010) that specific directives in this regard were yet to be received from the GOI. The reply does not absolve the State Government for adoption of inequitable and wrong policy and as a result (i) rural population are entitled for less kerosene oil than their urban counterparts who have much better access to alternate fuel like LPG and electricity and (ii) BPL/AAY families are being deprived of the benefit because of extension of this benefit to the APL families who have access to and can afford alternate fuel.

1.1.13 Quality Control

PDS (Control) Order, 2001 provides that the representatives of the State or their nominees and FCI should conduct joint inspection of the stocks intended for PDS to ensure that the quality of foodgrains conforms to the prescribed specifications.

Audit check of the record revealed that the quality control infrastructure or laboratory has not been created in the State.

Government stated (November 2010) that as a step towards ensuring that only quality foodgrains are distributed through FPS, the Department issued instructions to all DCs/SDOs to take sample of stocks available with FCI at the time of lifting by Government nominees and to display the same in the FPSs for information of the consumers. This exercise would ensure that the stocks are not replaced with inferior ones by the dealers.

1.1.14 Vigilance, Inspection and Monitoring

For successful implementation of any programme/project/scheme, it is crucial to have a robust monitoring mechanism to ensure that the targets/milestones fixed and the objectives are achieved. PDS Control Order, 2001 provides for strict vigilance, monitoring and inspection of the scheme in order to prevent diversion of the TPDS commodities and effective implementation and maintaining quality of these commodities.

1.1.14.1 Inspection

The PDS Control Order, 2001 prescribed for regular inspection of FPSs by the designated authority at least once in six months and also for issue of orders by the State Government specifying the inspection schedule, list of check points and the authority responsible for ensuring compliance. Details of inspections conducted during 2008-10 in the selected districts/sub-divisions are given below:

Table 5

Sl. No.	Sub-Division	Number of FPSs	Number of inspections		Shortfall (per cent)
			required to be conducted	Actually conducted	
			during 2008-10		
1.	Shillong Sadar	881	3,624	616	3,008 (83)
2.	Tura Sadar	380	1,520	324	1,196 (79)
3.	Ri-Bhoi	293	1,172	158	1,014 (87)
4.	Sohra Sub-Division	73	292	52	240 (82)
5.	Ampati Sub-Division	483	1,932	187	1,745 (90)
6.	Dadenggiri Sub-Division	325	1,300	13	1,287 (99)

Source: Monthly Status Reports on TPDS of the Sub-Divisions concerned.

As can be seen from the above table, inspection of FPSs was not conducted by the designated authority regularly. Against the requirement of 292 to 3,624 inspections of FPSs to be conducted during 2008-10, actual number of inspections were between 13 and 616. Besides, the required schedule of inspection of FPSs was also not prepared by the Department. Thus, the inspection mechanism envisaged in the PDS Control Order, 2001 remained unfulfilled.

1.1.14.2 Vigilance

The PDS (Control) Order, 2001 envisages constitution of VCs at State, district and block levels for implementation and monitoring the functioning of FPSs. The State and District levels VCs were to meet at least once every six and three months respectively. The FPS level VCs were to meet monthly to monitor the distribution of PDS items, conduct social audit of the accounts of the FPSs to ensure proper utilization of PDS items and report to the competent authority of any suspected malpractice.

Though VCs at State, District and FPS levels were formed, meetings of these committees were not conducted regularly as required in the PDS (Control) Order, 2001.

Government stated (November 2010) that the matter was reviewed and instructions issued to the DCs/SDOs to ensure that all FPS are attached with a VC and to activate any committee that it found defunct.

Considering the important role of FPS in the distribution and monitoring of the TPDS scheme, the Commissioners of Supreme Court in their Sixth Report recommended that training should be provided to the FPS level VCs at least once in two years. In the Action Taken Report of August 2006, the Department stated that the DCs/SDOs had been asked to arrange training to the members of the FPS level VCs. However, the Department neither prepared any module for training nor imparted any training to the members of the FPS level VCs and thus, the above instructions remained unfulfilled even after a lapse of four years.

1.1.14.3 Monitoring and evaluation

Under the provisions of PDS (Control) Order 2001, submission of periodical reports on off-take, utilization of stock, *etc.* were to be monitored and submitted to GOI. With a view to strengthen effective implementation of TPDS and to arrest diversion of foodgrains under TPDS, the GOI prescribed (March 2007) formats of Status Report on Nine Point Action Plan on TPDS for monthly submission to GOI. Although the State Government was furnishing the information to the GOI, they were general in nature without any specific mention of action taken on Nine Point Action Plan.

Government while accepting the fact that the report submitted may not be up to the required standard, stated (November 2010) that it should not be concluded that the scheme was not seriously being monitored by the Department. Government's reply highlights its ignorance as these reports are a tool through which action could be taken to make PDS more effective and efficient. The information which is not complete and comprehensive does not serve the intended purpose.

Audit noticed that an innovative initiative was being practiced by sub-divisional administration of Dadengiri (Civil) Sub-Division, West Garo Hills. Recognising the need to educate, enlighten and forewarn the dealers, awareness campaigns at different daily/weekly markets and *Jan Sunwai* (Public Meeting) were organised during 2008-10 with both the beneficiaries and dealer attending. The main aim of these campaigns and meetings, interacting with the people, was to cut down response time to complaints of irregularities, speedy grievance redressal, reaching out to the beneficiaries of TPDS. The objective was also to ensure that all the poor and needy come under the PDS network and that ignorance of rules and regulations does not become a convenient excuse on part of rural dealers to shirk responsibilities. These meetings were able to achieve to an extent the intended aim/objectives. Such notable initiative needs to be replicated by all other sub-divisions of the State to streamline the PDS.

1.1.15 Conclusion

The objective of regular supply of essential commodities to the weaker sections of society at reasonable and affordable prices could not be reasonably assessed because of non-finalisation of the list of BPL families. The reliability of the BPL/AAY beneficiaries identified in the rural areas of the State by C&RD Department in 2002 is questionable as the percentage of number of BPL/AAY families in the State has gone up by almost 10 *per cent*, despite huge amounts of funds spent on various poverty alleviation programmes in the State during last two decades.

The beneficiaries were made to pay higher rate for TPDS commodities and were also issued foodgrains at a reduced scale contrary to the spirit of TPDS. Vigilance, monitoring and inspection of the TPDS were not up to the desired level as envisaged under PDS (Control) Order. Periodical review/check of beneficiaries list has not been

carried out by the Department to weed out the bogus ration cards and also eliminate the ineligible families.

1.1.16 Recommendations

- ❖ **Efforts should be made to finalise the list of BPL and AAY families in a time bound manner by carrying out review of the existing list so that the benefits of the TPDS reach the genuine families.**
- ❖ **Devise an action plan within the available human resources to weed out bogus ration cards immediately.**
- ❖ **Supply of foodgrains at the prescribed rates and quantity to the identified beneficiaries should be ensured.**
- ❖ **Appropriate action should be taken to avoid short lifting of foodgrains.**
- ❖ **Inspection, vigilance, monitoring and evaluation mechanism needs to be strengthened to ensure that the schemes are implemented properly.**