



सत्यमेव जयते

Report of the Comptroller and Auditor General of India

Performance Audit

on

Supply Chain Management of Public Distribution System



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Karnataka
Report No. 5 of the year 2024

**Report of the Comptroller and Auditor General of India
on Performance Audit of Supply Chain Management
of Public Distribution System**

for the year ended March 2022

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Preface

This Report for the year ended March 2022 has been prepared for submission to the Governor of Karnataka under Article 151(2) of the Constitution to be tabled in the State Legislature.

This Report of the Comptroller and Auditor General of India contains the results of Performance Audit of “Supply Chain Management of Public Distribution System” covering the period 2017-22.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2017-22 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 2017-22 have also been included, wherever necessary.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Audit wishes to acknowledge the cooperation received from the Department of Food Civil Supplies and Consumer Affairs at each stage of the Audit process.

Executive Summary

Executive Summary

Why did CAG do this Audit?

Targeted Public Distribution System (TPDS) is aimed at ensuring supply of essential commodities free of cost to beneficiaries. TPDS distributes foodgrains *viz.*, rice, wheat, ragi and jowar to rural/urban population through a network of Fair Price Shops (FPS) covering 66 *per cent* of the State population. The food grain supply chain of this distribution network in the State involves 20,324 FPS, 302 State Warehouses and 63 Food Corporation of India (FCI) Godowns, catering to the needs of 5.26 crore beneficiaries (Antyodaya Anna Yojana, Priority Household and State beneficiaries) with a distribution of 26.04 lakh MT of foodgrains per annum.

Considering the magnitude of foodgrains lifted, transported, stored and distributed to beneficiaries through FPS, CAG took up the Performance Audit of Supply Chain Management of Public Distribution System. The objective was to assess the economic efficiency of supply chain management including lifting and transporting of food grains from FCI to Fair Price Shops through intermediary Wholesale Depots of the State. The functioning of Wholesale Depots and FPS *viz.*, storage practices and delivery of food grains along with internal controls and monitoring mechanism was also assessed.

Major Audit Findings:

The current system of different costing formulae for wholesale and retail transportation adopted by the Department lacks justification. The formulae are deficient in terms of inclusion of fixed costs *i.e.*, driver salary, driver batta, wear and tear of the vehicles engaged, which increased proportionately with increased distances.

In the absence of specific policy of supply of foodgrains to FPS from the nearest WSD, the State supplies foodgrains from the WSD to the respective FPS in the jurisdictional Taluk boundary. Audit observed that in many cases, FPS though closer to WSD of neighbouring/adjacent Taluk, are being served by far away administrative WSD. As a result, extra transportation costs are being incurred on account of transportation/handling and storage costs.

State specific Standard Operating Procedures (SOPs) for storage operations in WSDs were not prepared/notified by the State and WSDs did not comply with safe food storage practices as notified by Warehousing Development and Regulation Authority (WDRA). Lack of timely action by the Department towards distribution of seized stock rendered the food grains being rotten and unfit for human consumption.

The shortcomings in the infrastructure and practices of FPS included storage of fertilisers and pesticides along with foodgrains, lack of buffer stock storage facility, usage of unauthorised/non renewed weighing scales, FPS closed during working hours *etc.*, indicating poor functioning/monitoring of FPS.

Instances of absence of stock weighing at entry and exit points of WSDs, shortages in mandatory inspections by Food Inspectors, Food Shirestadar and Deputy Directors as per the prescribed job chart which pointed to weak internal controls. The reconciliation of physical stock of FPS with that of stock as per Financial Stock Management System (FIST) module was not carried out. Some of the WSDs continued to operate without valid licenses.

Summary of Audit Recommendations:

Transportation costing and Contractual obligations: *The State Government should ensure that the contractual obligations on transporters are strictly enforced by the District Authorities and responsibility must be fixed for violations/deviations. State Government should also ensure the transporters use authorised vehicles and disallow the transportation claims made on passenger vehicles.*

The State Government may consider issuing specific instruction to supply of food grains from the nearest WSD to FPS rather than jurisdictional Taluk boundary.

Warehouse Depot Operations: *The State Government should formulate detailed guidelines for warehouse operations by WSDs and ensure their compliance. Responsibility should be fixed on District Authorities for non-disposal of seized stock, for short supply of food grains to FPS due to non-reduction of weight of gunny bags and on WSD managers for unhygienic/poor maintenance of WSDs. The State Government should ensure proper shipment-wise billing to track and trace each shipment.*

Fair Price Shops Operations: *The Department should conduct frequent inspections and shortages/excesses of food grains against the stock indicated in FIST module should be viewed seriously and the licences of defaulting FPS owners should be cancelled as per the conditions laid down while granting licence. The State Government should strictly enforce the conditions laid down in Control Order and to strengthen IT system for robust stock accounting. Further, Government should ensure weighing scales are calibrated as required under Karnataka Legal Metrology (Enforcement) Rules 2011.*

Internal Control Systems:

State Government should ensure that penalty be imposed on the transporters for overloading the vehicles beyond their capacities and fix responsibility on the concerned staff for the lapses. The storage and handling losses at the FPS should be accounted and authorities should be held accountable for short supply of foodgrains to beneficiaries. The State Government should devise SOPs for accounting the food grains at all levels and adhere to monthly calendar of PDS activities for effective supply chain management and fix responsibility for lapses on the concerned officials. Further, it must be ensured that the WSDs are operated with authorization/valid licences and quality controls of food grains be maintained as per FSSAI guidelines. The State Government should ensure documentation and conduct of periodical inspections as spelt out in the TPDS control order to prevent mismanagement of the foodgrains. The State Government should ensure formation

and functioning of mandatory Vigilance Committees and conduct Social Audit as required for bringing out the accountability.

Chapter–I
Introduction

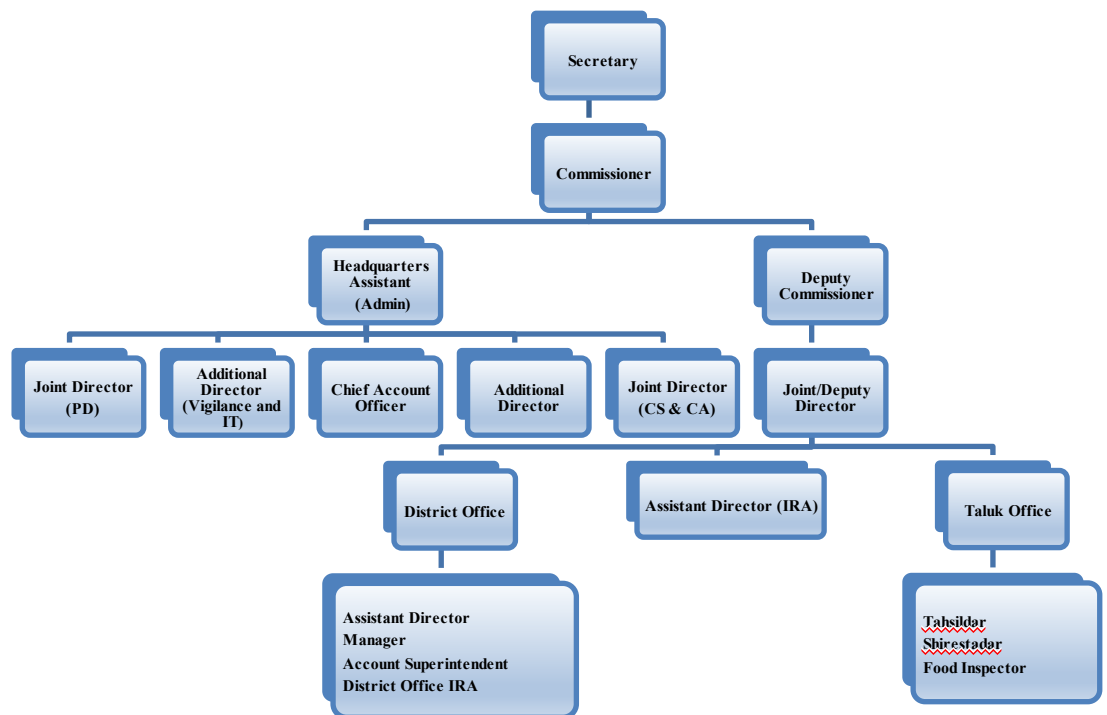
Chapter I: Introduction

Targeted Public Distribution System (TPDS) is aimed at ensuring supply of essential commodities (food grains) to the public at affordable prices through a network of Fair Price Shops (FPS). Department of Food, Civil Supplies and Consumer Affairs is entrusted with the responsibility of distribution of essential commodities *viz.*, Rice, Wheat, Jowar, Ragi *etc.*, TPDS was revamped under the National Food Security Act (NFSA), 2013 (Act) with a shift in welfare perspective of household food security to a right-based approach. The subsidised foodgrains are being provided to 5.26 crore beneficiaries under 1.53 crore ration cards (March 2022) under Antyodaya Anna Yojana, Priority Household and Non-Priority Household categories.

1.1 Organisation Chart

The Department of Food, Civil Supplies, Consumer Affairs and Legal Metrology Department is headed by the Secretary at Government level and assisted by the Commissioner, responsible for the overall implementation and monitoring of TPDS. At the District level, Deputy Commissioners with the assistance of Additional/ Joint/Deputy Directors of the Department are implementing TPDS.

Chart 1: Organisation chart of the Department



The State Government authorised ‘Karnataka Food and Civil Supplies Corporation’ (KFCSC) and other cooperative institutions viz., wholesale nominees¹ for purchase of foodgrains from 63 FCI Godowns in the State. The lifting and transportation of food grains is carried out by wholesale transport (transport foodgrains from Food Corporation of India warehouses to Wholesale Depots) and retail transport (transport foodgrains from Wholesale Depots to Fair Price Shops) contractors engaged by the department on year-to-year basis. Fair Price Shops being the delivery points of essential commodities serve the beneficiaries as per their allotment.

1.2 Expenditure towards Public Distribution System operations in the State

The details of the fund allocated, and expenditure incurred towards PDS operations during the period 2017-18 to 2021-22 is as shown in **Table 1:**

Table 1: Statement showing funds allocated and expenditure incurred towards PDS operations

Year	AAY/PHH		NPHH	
	Funds allocated	Expenditure	Funds allocated	Expenditure
2017-18	2,850.00	2,529.01	3,235.00	1,270.77
2018-19	3,565.87	3,561.89	12.22	8.15
2019-20	3,855.17	3,798.04	5.00	4.06
2020-21	3,238.95	3,085.65	20.00	19.32
2021-22	6,628.10	6,605.10	20.00	3.33

Source: Figures furnished by the Department.

1.3 Audit Objectives

The objectives of the Performance Audit (PA) was to examine whether:

- (i) the Wholesale Depots (WSD) -fair price shop network mapping for transportation, storage and delivery of food grains distributed in TPDS is done in economic, effective and efficient manner;
- (ii) the IT/Software systems developed by the department for TPDS is effective in implementation and monitoring of the scheme; and
- (iii) the grievance redressal, internal controls and monitoring by the department are adequate and effective.

¹ Taluk Agriculture Produce Cooperative Marketing Society, Ryot Agriculture Produce Cooperative Marketing Society.

1.4 Audit Criteria

The main source of Audit criteria for the PA were:

1. The TPDS (Control) order 2015 of the Government of India and the Karnataka Essential Commodities (PDS) Control Order 2016 and other relevant Government orders and notifications issued from time to time by GoI/GoK
2. National Food Security Act, 2013 and rules made thereunder
3. Essential Commodities Act, 1955
4. Karnataka Legal Metrology (Enforcement) Rules, 2011
5. Food Safety and Standards Authority of India (FSSAI), Warehousing Development and Regulation Authority (WDRA) and FCI Guidelines/Manuals for best transportation and warehousing practices
6. Government of India guidelines forend-to-end computerisation of TPDS, 2013 and FPS automation guidelines 2014
7. Software Development and Re-Engineering Guidelines – MeitY, Government of India
8. Standard Operating Procedures of KFCSC

1.5 Audit Scope and Methodology

Scope:

The scope of Performance Audit (PA) is to assess the economical efficiency of PDS supply chain operations and related internal controls in the State. Thus, PA focussed on the operations which begin with lifting of food grains from FCI premises, wholesale transport to WSDs and retail distribution to FPS for the period 2017-18 to 2021-22.

Methodology:

PA was conducted from June 2022 to January 2023. An Entry Conference was held on 18 July 2022 with the Additional Chief Secretary Food, Civil Supplies and Consumer Affairs Department, wherein, Audit Objectives, Scope, Methodology and Criteria were explained. A Mid-Term conference was held with the Secretary on 4 January 2023 and obtained views of the Government. Exit conference was held with Secretary on 05 April 2023 and the replies/views of the Government are suitably incorporated.

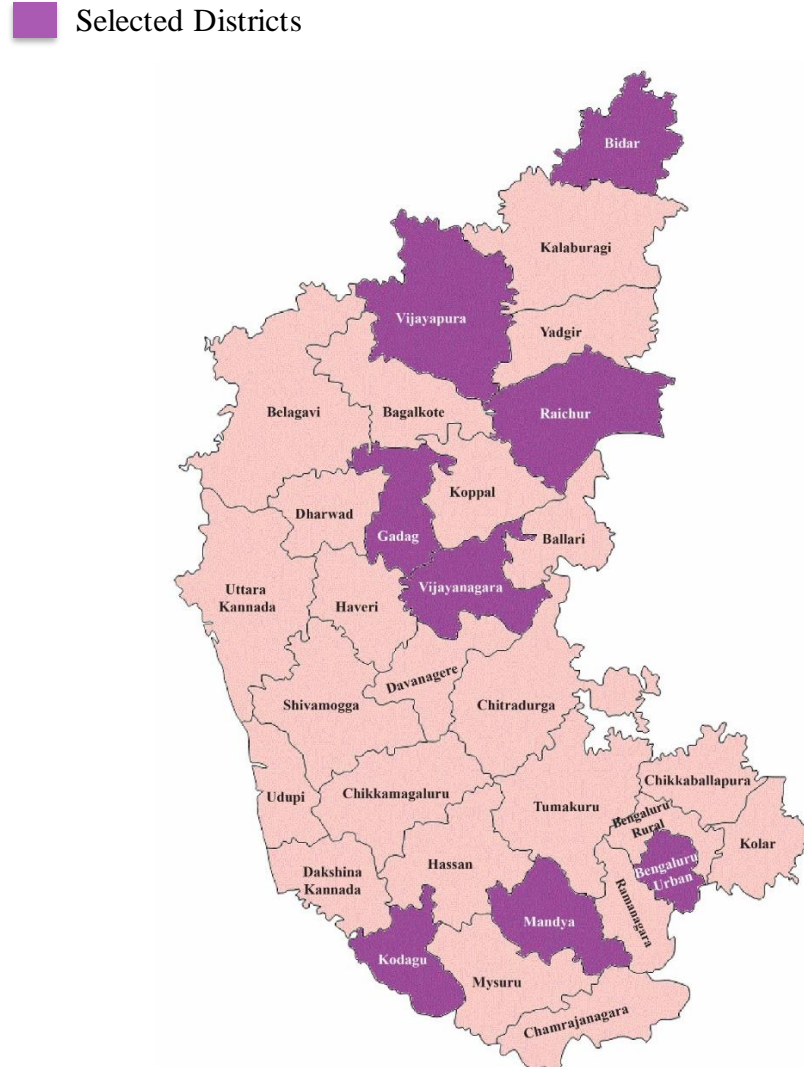
1.6 Audit Sampling

PA was conducted by test check of records of office of the Commissioner, Food, Civil Supplies and Consumer Affairs Department, Managing Director, Karnataka Food and Civil Supplies Corporation Limited (KFCSC) and District/ Taluk level offices.

Out of 31 districts in the State, eight districts (**Chart 2**) were selected using the Random Sampling Method for detailed check. In each district, a minimum of two wholesale depots (WSD) with corresponding sample of six Fair Price Shops (FPS)

were drawn totalling to eight district level units, 18 WSDs and 96 FPS (**Appendix – I**). Joint Physical Verifications (JPV) along with the officials of the Department were conducted wherever necessary.

Chart 2: Details of sampled districts



1.7 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the Department of Food Civil Supplies and Consumer Affairs, KFCSC and FPS for smooth conduct of this PA.

Chapter–II

Transportation

Chapter-II: Transportation

Transportation of food grains from supply point (FCI/WSD) to the point of consumption (FPS) involves adopting economically viable formulae with justifiable parameters in transportation costing. Further, to achieve savings to the exchequer, effective and efficient monitoring by the Department along with compliance to contractual obligations is a must for better implementation of PDS operations in the State.

Audit observed that the current system of different costing formulae for wholesale and retail transportation adopted by the Department lacks justification. The formulae are deficient in terms of inclusion of fixed costs viz., driver salary, daily allowance of driver (batta), wear and tear of the vehicles engaged, increased proportionately with increased distances. Further, the existing practice of transportation from WSD to FPS is not proximity based, but on Taluk headquarter based jurisdiction.

Audit also observed that the contractual obligations were not adhered to by the transporters wherein, they resorted to use of unauthorised vehicles/passenger vehicles, non-compliance to colour codes, non-installation of GPS devices rendering the Department unable to trace and track the consignments from FCI to FPS through WSDs on real time basis.

The storage and handling losses and spillage of foodgrains were not accounted for by the Department indicating full efficiency in PDS. The transportation vehicles were overloaded as observed in eight test checked Districts ranging from eight per cent to 71 per cent.

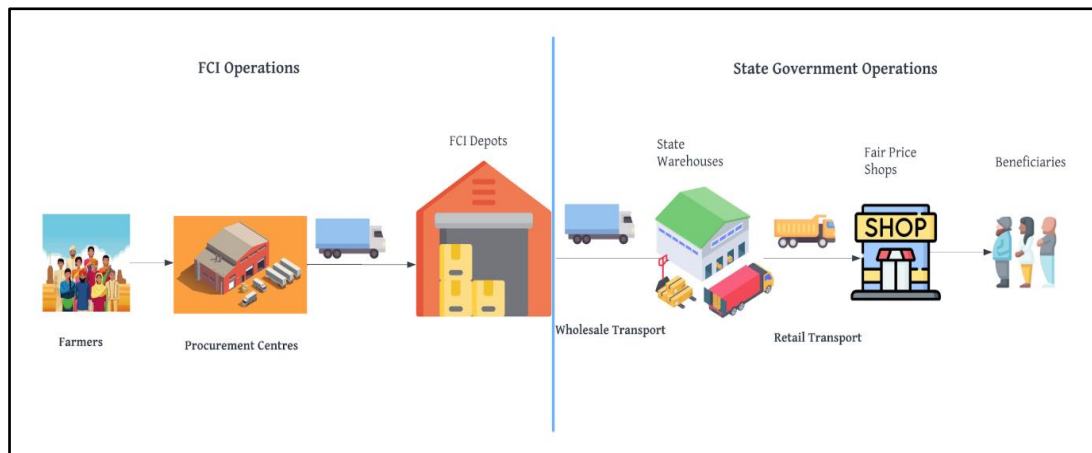
In the absence of specific policy of supply of foodgrains to FPS from the nearest WSD, the State supplies foodgrains from the WSD to the respective FPS in the jurisdictional Taluk boundary. Audit observed that in many cases, FPS though closer to WSD of neighbouring/adjacent Taluk, are being served by far away administrative WSD. As a result, extra transportation costs are being incurred on account of transportation/handling and storage costs.

TPDS is being implemented under the responsibility of the GoI and GoK, wherein, the Food Corporation of India (FCI) being the nodal agency deals with procurement of foodgrains (from farmers/State Government agencies at mandis/purchase centres), movement, storage/allotment and make available the foodgrains at respective District FCI Godowns.

The operational role of the State begins with lifting of foodgrains from the FCI premises, storing at WSDs, allocate and distribute foodgrains to beneficiaries through FPS as per their entitlement. Identification of eligible families, issuing ration cards, distributing foodgrains through FPS along with licencing and monitoring rests with the Department.

The operations of PDS in the State and stakeholders role is represented in the diagram below:

Chart 3: PDS operations in the State

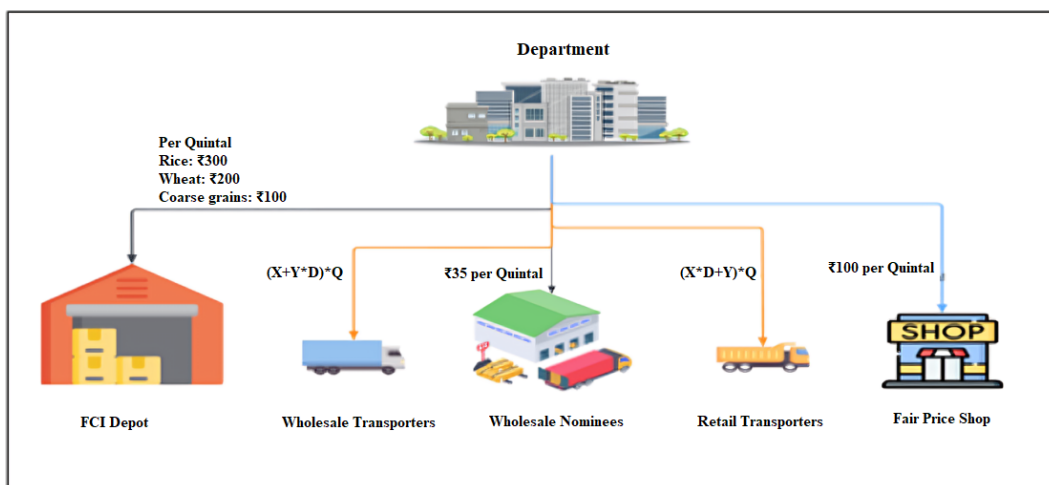


The Department incurs the following costs per quintal towards lifting of foodgrains from FCI and delivery at FPS through WSDs as depicted below:

2.1 Transportation Costing Methodology

The Department of Food and Civil Supplies, being the nodal agency deals with transportation of foodgrains in PDS, is operating two sets of contracts in each district for wholesale and retail transportation. While the wholesale contract deals with lifting of foodgrains from FCI and delivering at specified state WSD, retail transportation deals with lifting of foodgrains from WSD and delivering at FPS as depicted in Chart 4.

Chart 4: Expenditure towards PDS operations in the State



Q – Quantity in quintals. The values of D, X and Y varies in wholesale and retail transportation as indicated in table 2.

The current formulae (March 2022) adopted by the Department in wholesale and retail transportation is:

Table 2: Details of wholesale and retail transportation formulae adopted by State

Wholesale transportation			Retail transportation			
The department adopted the formula of $Z=X+(Y*D)^2$ for arriving at wholesale transportation cost, wherein, 'X' and 'Y' varied based on distance and the values are determined as:			In retail transport, the formula of $Z=(X*D)+Y^3$ is engaged, wherein, 'X' and 'Y' varied based on distance and the values determined in respect of Gadag District is as follows:			
(in ₹)			(in ₹)			
Distance Slabs	X Value	Y Value	Sl. No	Taluk	X-Value	Y-Value
0 to 25 KM	28.26	0.26	1	Gadag	0.63	16
26 to 150 KM	37.30	0.26	2	Mundaragi	0.78	16
151 and 300 KM	41.31	0.26	3	Ron	0.77	16
301KM and above	42.98	0.26	4	Shirahatti	0.77	16
			5	Naragund	0.79	16

The contract agreement entered by the Department with wholesale and retail transporters indicated that the quoted rates shall remain firm throughout the tenure of the contract and no revision is permissible for any reason, including on account of revision of statutory/Government levies/charges, protocol rates, taxes, duties *etc.* While the wholesale transportation cost considered increase in fuel rates, the retail costs did not consider the same.

Audit evaluated the cost incurred in transportation of actual allocation of foodgrains from FCI to Mundaragi WSD at wholesale transportation cost and the same quantity from Mundaragi WSD to five FPS⁴ at retail transportation cost using same vehicle of 22.5 MT capacity to arrive at differential costing involved in transporting per unit foodgrains per km. While hamali⁵ charges in wholesale involves only unloading at WSD point, in retail, hamali charges includes loading at WSD with

² D - average distance (to and fro) between FCI/SWC/CWC as per PWD.

X - fixed costs *viz.*, batta, driver salary, hamali charges, wear, and tear of trucks *etc.*,

Y - cost of diesel per km/quintal,

Z - price for transporting one quintal of grain from FCI Warehouse to WSD.

³ D - Distance (to and fro) from WSD to FPS,

X - Batta, Driver salary, other expenses, wear and tear of truck,

Y - Hamali charges,

Z - Cost for transportation per quintal.

⁴ FPS Nos. 8881, 8885, 8909, 8911 and 8916.

⁵ Labour charges for loading and unloading of foodgrains in a truck.

unloading at FPS. Hence cost comparison between retail and wholesale transport is comparable, only by reducing relevant hamali charges in retail transport formula.

Table 3: Differential calculation of wholesale and retail transportation

Transport costing (March 2022)																							
Transportation	Wholesale	Retail (5 FPS with distance D1 to D5)																					
Formulae Parameters	D: 91.44 km X: 37.30 Y: 0.26 $X+Y*D = 61.0744$	X: 0.78 for Mundaragi Y: 16 $X*D+Y$ <table border="1" data-bbox="938 573 1442 894"> <thead> <tr> <th>D in Km</th> <th>Q in Qtls</th> <th>Z in ₹</th> </tr> </thead> <tbody> <tr> <td>D1:51.50</td> <td>Q1:210</td> <td>₹ 11,795.70</td> </tr> <tr> <td>D2:27.02</td> <td>Q2:209</td> <td>₹ 7,748.80</td> </tr> <tr> <td>D3:01.66[^]</td> <td>Q3:207</td> <td>₹ 6,541.20</td> </tr> <tr> <td>D4:54.80</td> <td>Q4:202</td> <td>₹ 11,866.29</td> </tr> <tr> <td>D5:46.44</td> <td>Q5:194</td> <td>₹ 10,131.30</td> </tr> <tr> <td>Total D:181.42 km</td> <td>Total =1,022 quintals</td> <td>₹ 48,083.29</td> </tr> </tbody> </table>	D in Km	Q in Qtls	Z in ₹	D1:51.50	Q1:210	₹ 11,795.70	D2:27.02	Q2:209	₹ 7,748.80	D3:01.66 [^]	Q3:207	₹ 6,541.20	D4:54.80	Q4:202	₹ 11,866.29	D5:46.44	Q5:194	₹ 10,131.30	Total D:181.42 km	Total =1,022 quintals	₹ 48,083.29
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D4:54.80	Q4:202	₹ 11,866.29																					
D5:46.44	Q5:194	₹ 10,131.30																					
Total D:181.42 km	Total =1,022 quintals	₹ 48,083.29																					
Actual Qty distributed to 5 FPS in March 2022	1,022 quintals	1,022 quintals to 5 FPS																					
Cost (Z)	$61.0744*1,022=$ ₹62,418.04	₹48,083.29-8,176 (hamali charges) = ₹39,907.29																					
Cost per km	₹136.52 considering 5 trips of 22.5 MT vehicle = $91.44*5= 457.20$ km	₹219.97																					

[^] As per tender conditions, if the distance is less than 10km, minimum distance is considered as 10km and multiplied by two times (to and fro). In respect of D3, though distance is 1.66km, it was considered as 20km i.e. $((0.78*20)+16)*207=6,541.20$.

As detailed above, the cost per km in retail transportation is 61 per cent excess, while compared with wholesale transportation, due to reduced distances between WSD and FPS for the same quantity of foodgrains transported. The impact is that the Department had to incur additional cost towards retail transport even though similar conditions of transport prevailed in both wholesale and retail transportation.

Further, Audit observed the need for four slabs in wholesale transportation lacks justification, as the distances between FCI and five state WSDs are fixed and the Department is aware of such distances and failed to employ economical formula based on the actual distances.

The State Government replied (April 2023) that the Department adopted a different formula due to different scope of work in both cases. Added to that, the Department

has done away with such costing and new formula has been adopted from June 2022, which has common terms for both wholesale and retail transportation.

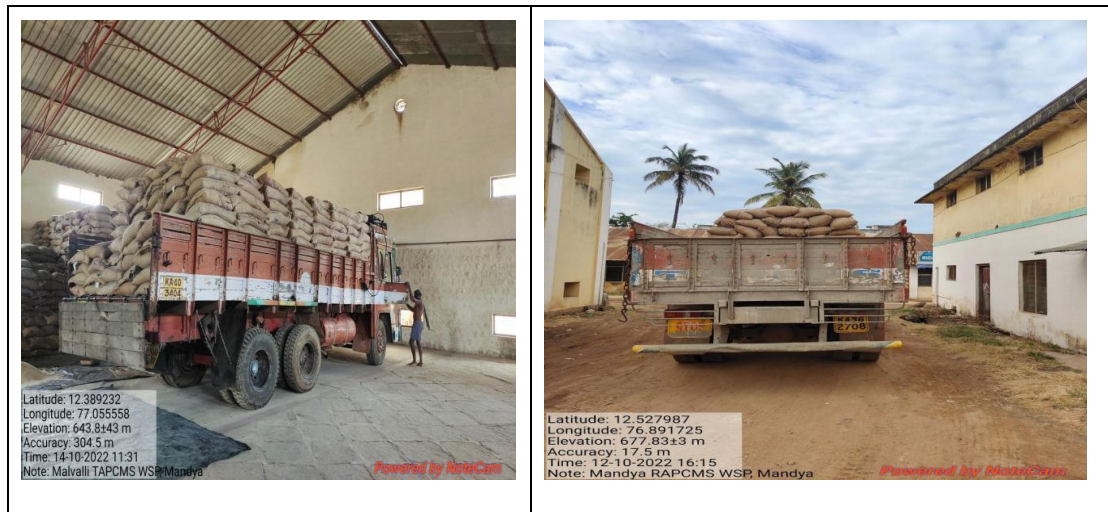
2.2 Poor enforcement of contractual obligations

The wholesale contract transporters were required to obtain authorisation of the department for the vehicles to be used in wholesale transportation along with maintenance of vehicle as per the conditions of contract⁶.

2.2.1 Transportation of foodgrains in unauthorised vehicles (Wholesale)

Audit observed that though the transporters submitted the list of vehicles to be used in transportation, they also resorted to usage of vehicles which were not authorised/not in the list of vehicles as per contract agreement. Further, the Godown Manager of WSD failed to ensure that the essential commodities are delivered by the authorised trucks listed out in the contract agreement. Consequently, the contractors submitted claims against the consignments made in unauthorised vehicles which were allowed by the Department as depicted below:

Exhibit 1: Transportation in unauthorised vehicles



Audit test checked 2,510 truck chits in seven districts and found that in 1,725 trips, transportation of foodgrains was carried out in vehicles, not authorised by the Department as indicated Table 4.

⁶ 'Hired trucks should be painted yellow except for national permit vehicles' (painted on the front and back sides) and display following information:1) 'Annabhagya Yojana' in Kannada in 1 feet size letters 2) Consumer Helpline no '1967' in 6-inch size, 3) District Deputy Director Office contact number in 6-inch size and 4) Name of the Taluk for which transportation is entrusted.

Table 4: Details of trips in unauthorised vehicles

District	Trips test checked	No. of trips by unauthorised vehicles
Bengaluru South IRA	115	57
Bengaluru East IRA	144	141
Bidar	588	414
Mandya	470	279
Gadag	363	200
Raichur	638	511
Kodagu	192	123
Total	2,510	1,725

Usage of unauthorised vehicles is fraught with the risk of diversions, delivering foodgrains in trucks used for carrying cement, fertilizers and other non-compatible goods as observed in JPV. The Department failed to monitor compliance as required under contractual obligations.

The State Government replied (April 2023) that to prevent use of unauthorised vehicles, mobile application 'Ahara Track' is being developed for monitoring the movement of foodgrains from FCI to WSD to FPS.

2.2.2 Transportation of foodgrains using passenger vehicles and Light Goods Vehicles

The vehicles used for transporting foodgrains should be in accordance with the list of vehicles submitted to the Department. Audit verified vehicle numbers as per truck chits with that of vehicle details in 'Vaahan' portal and found that many of them were passenger vehicles. Transportation claims were submitted by the contractors using both passenger and light goods vehicles, including cars, autos, three-wheelers and mini trucks claiming to have lifted and transported foodgrains as shown in **Table 5**.

Table 5: Statement showing vehicles used for transportation

WSD Name	No. of trips	Vehicle No.	Vehicle Model	Quantity transported in quintals
H S Road	4	KA01AF7748	Three-Wheeler (Passenger)(3WT)	759.78
	1	KA01AF7047	Maruti Ritz LDI BS IV	139.24
	1	KA01AE7097	RE Compact	252.36
Humnabad	1	KA32 2745	Motor Cab (LPV)	274.91
	2	AP28 3555	Maruti 800 Omni	492.20
	1	TS12UC2524	Three-Wheeler (Passenger)(3WT)	300.02
Hanumanthanagar	1	KA01AB0139	Tata Indica V2	244.20
	1	KA02AD3830	Three-wheeler RE 4 S 205 LPG	275.90
Banashankari	1	KA02AF0239	Toyota Etios (M) BS IV	281.39
	1	KA01AF7748	Three-Wheeler (Passenger)(3WT)	187.56
	1	KA51A0139	Tata Ace BS II 2100MM	247.90
	2	KA01AB3830	Tata Ace EX BS3	^277.69 ^281.29
Total				4,014.44

^The carrying capacity of these mini trucks was 7.5 qtl only.

The claims of the transporters in delivering 4,014.44 quintals of foodgrains using above passenger vehicle is highly suspicious and the same could not be vouched in Audit. The Department failed to disallow the transportation costs claimed by the transporters, as the possibility of delivering such huge quantities is highly impossible considering their carrying capacities.

The reply of the Government is silent about the Audit findings.

2.2.3 Non providing of authorised routes and non-installation of GPS

As per the tender conditions, 'charting the movement plan,' the route plan for transportation of foodgrains should be finalised by the contractor in consultation with the District Deputy Commissioner/Additional Director- Informal Rationing Area (IRA). Unreasonable deviation from the route plan, if any, should be done only with prior permission of the competent authority, unless in case of emergency. In case of emergency, the Deputy Commissioner/Additional Director (IRA) shall be informed in advance orally about the deviation, if not possible to take prior written permission within seven days. Any unauthorised deviation in the finalised route shall be considered as a violation of the agreement.

Audit observed that no such route plans were finalised by the contractor in consultation with Deputy Commissioner in any of the eight test checked districts. In the absence of authorised routes, the tracking of vehicles, distance travelled, and violations could not be ascertained in Audit.

Further, the conditions of the contract require '*the contractors to install weight sensor based inbuilt tamper proof Global Positioning System (GPS) devices in all their own and leased vehicles costing ₹15,000 each to be procured from the empanelled suppliers approved by the Department.*'

Audit observed that none of the transport contractors in the test checked districts installed GPS devices in wholesale and retail transportation vehicles. Department failed to ensure that the authorised vehicles were fitted with GPS tracking device, as a result, the foodgrain consignments could not be traced/tracked on real time basis.

Government replied (April 2023) that the Department had published the RFP for implementation of GPS application, Route Maps, Dashboards, Alerts, Billing and Payment module.

Illustration

Audit observed from the records of the Department, wherein, a truck with 264 quintals of rice was despatched (September 2021) from the FCI depot- Whitefield, Bengaluru for delivery to WSD Bommanahalli Godown in Bengaluru was unauthorisedly diverted to black market in Mandya by the transporter. The Department has filed a 'First Information Report' with the jurisdictional police for the black-marketing practice. Failure of the Department to ensure transporter to fit 'GPS equipment' in the truck as required under contractual obligations resulted in non-tracking / tracking of shipment on real time basis.

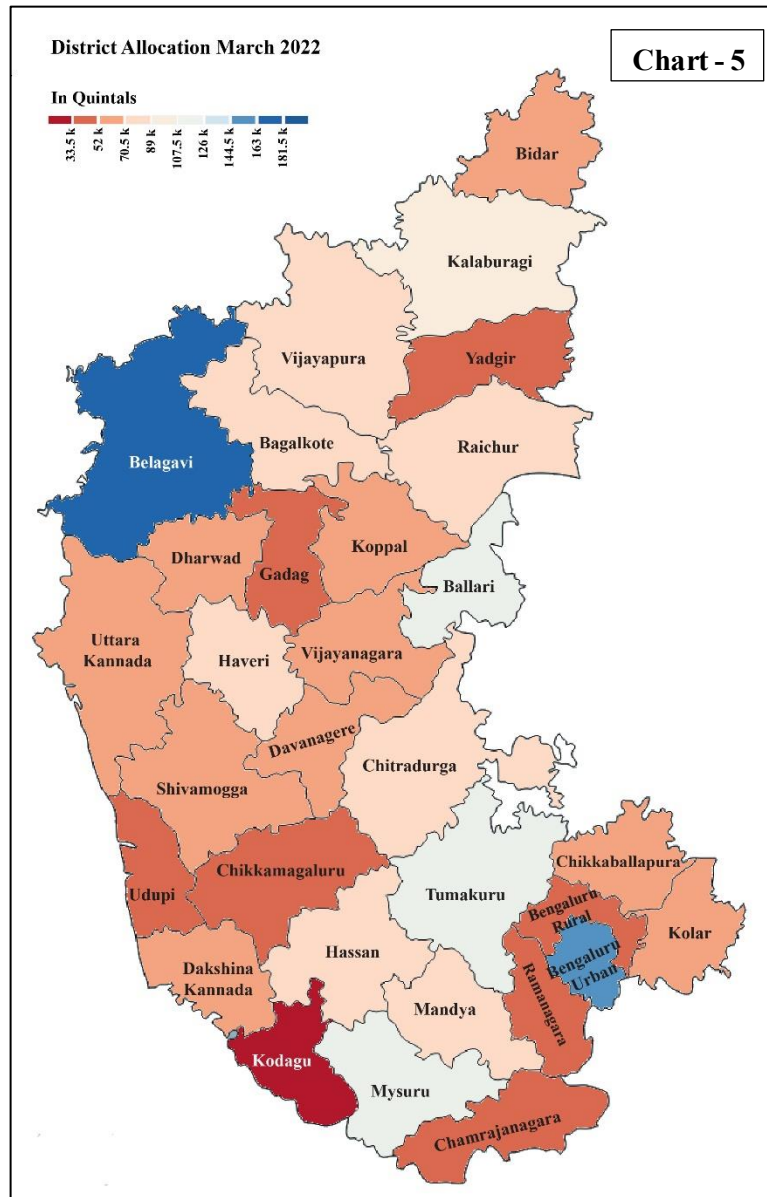
The inability of the department to trace and track each consignment and compliance of the contractor to the authorised/approved routes of operation is fraught with the risk of diversion of foodgrains to black market.

Recommendation 1: *The State Government should ensure the contractual obligations on transporters are strictly enforced by the District Authorities and responsibility must be fixed for violations/deviations. State Government should also ensure the transporters use authorised vehicles and disallow the transportation claims made on passenger vehicles.*

2.3 Existing Supply Chain Management

An efficient, effective, and economical PDS supply chain system is one which delivers foodgrains to beneficiaries in a timely manner with optimal cost along with retaining the quality of the foodgrains throughout the supply chain.

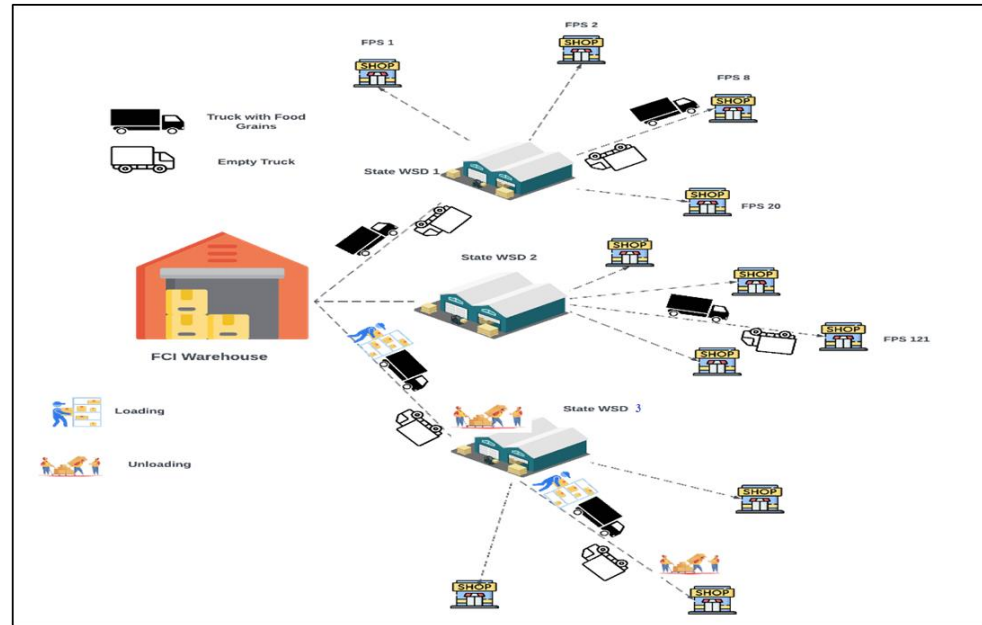
PDS supply chain network in Karnataka involves 63 FCI godowns, 302 WSDs operated by wholesale nominees (KFCSC, TAPCMS, RAPCMS *etc.*), set of transporters and 20,324 FPS catering to a total of 5.26 crore beneficiaries of 1.53 crore ration card holders (March 2022). Under NFSA allocation (Chart 5) state receives 2.17 lakh MT of foodgrains through FCI godowns, which is lifted by the wholesale nominees.



Source: Information provided by the Department.

The existing system of transportation of foodgrains from the WSDs to FPS is represented below:

Chart 6: Schematic diagram of existing supply chain



Source: Schematic diagram prepared by Audit

In the absence of specific policy of supply of foodgrains to FPS from the nearest WSD, the State supplies foodgrains from the WSD to the respective FPS in the jurisdictional Taluk boundary. Audit observed that in many cases, FPS though closer to WSD of neighbouring/adjacent Taluk are being served by far away administrative WSD. Similarly, the FPS though closer to FCI godowns are being served by the jurisdictional WSD instead of direct supply from FCI. As a result, extra transportation costs are being incurred on account of transportation/handling and storage costs.

Audit is of the opinion that the transportation cost can be reduced through:

- Supply of foodgrains from the nearest WSD/FCI godowns to FPS
- Route optimization (is a process of serving multiple FPS in single trip instead of to-and-fro trip to each FPS).

The State Government replied (April 2023) that the Department of Food and Public Distribution (DFPD), GoI in coordination with the World Food Programme had initiated a route optimization programme. It also stated that the Department is also coordinating with the GoI team for submission of inputs required for carrying out this programme.

Recommendation 2: The State Government may consider issuing specific instruction to supply of foodgrains from the nearest WSD to FPS rather than jurisdictional Taluk boundary.

Chapter–III
Wholesale Depot
Operations

Chapter-III: Wholesale Depot operations

WSD is an important infrastructure facility in PDS operations. The quality of infrastructure, storage and handling practices followed at WSDs determine the quality and quantity of foodgrains delivered to the beneficiaries.

State specific Standard Operating Procedures (SOPs) for storage operations in WSDs were not prepared/notified by the State. Audit observed suboptimal utilisation of storage facilities, poor maintenance and inadequate staff at the WSDs led to improper storage and handling losses of foodgrains at WSDs and FPS, which were not accounted for by the department. WSDs did not comply with safe food storage practices as notified by WDRA. Failure of the Department in initiating appropriate action towards distribution of seized stock rendered the foodgrains being rotten and unfit for human consumption as observed during JPV of WSDs.

TPDS is being implemented under the responsibility of the GoI and GoK, wherein, the Food Corporation of India (FCI) being the nodal agency deals with procurement of foodgrains (from farmers/State Government agencies at mandis/purchase centres), movement, storage/allotment and make available the foodgrains at respective District FCI Godowns.

The operational role of the State begins with lifting of foodgrains from the FCI premises, storing at WSDs, allocate and distribute foodgrains to beneficiaries through FPS as per their entitlement. Identification of eligible families, issuing ration cards, distributing food grains through FPS along with licencing and monitoring rests with the Department.

3.1 Functioning of Wholesale Depots

Operation of WSDs by wholesale nominees viz., KFCSC, TAPCMS, RAPCMS, involve procurement of foodgrains from FCI at Central Issue Price (CIP) their storage and distribution to FPS. The network supply of foodgrains in the State is maintained by 302 WSDs. The wholesale nominees claim CIP and commission of ₹35 per quintal towards storage and administrative costs from the Department of Food and Civil Supplies.

Audit observed that State specific Standard Operating Procedures (SOPs) for storage operations in WSDs were not prepared/notified by the State. Hence, Audit relied on the general practices laid down in Guidance document of the Food Safety and Standards Authority of India (FSSAI), Food storage operation management manual of FCI and the warehouse manual for the operationalizing warehouse issued by the Warehousing Development and Regulatory Authority (WRDA) under the Department of Food and Public Distribution, Government of India to evaluate the storage and other practices of WSDs.

The deficiencies in maintenance of WSDs are discussed below:

3.1.1 Inadequate and unhygienic Wholesale Depots practices

The WSDs infrastructure needs to be maintained hygienically for proper and safe storage of foodgrains. The non-compliance to the above guidelines by the WSDs observed during the JPV (**Appendix-II**) in the test checked 18 WSDs are detailed in the **Table 6**:

Table 6: Non-compliance to safe food storage practices by WSDs

Sl. No.	Criteria to be followed as per WDRA/FSSAI	Number of WSDs in non-compliance
1	Clean premises (free from seepage, cobwebs, dirt, dust, etc.)	8
2	Vicinity free from litter, waste, weeds and grass,etc	12
3	Warehouse located away from environmental pollution and industrial activities	1
4	Inventory run on FIFO method	5
5	Provision of layout with a proper space for movement and inspection	7
6	Proper stack plan prepared and followed	11
7	Stack cards with proper details (receipts/issues/grade/fumigation details etc)	14
8	Food grains stored leaving the space with the wall	4
9	Stock details updated on the display board in front of WSD	13
10	Food grains samples for test check	15
11	Displayed telephone numbers of nearest Fire Station	18
12	Timely prophylactic and curative treatment for insect/pest control	16
13	Facility of regular cleaning and sweeping	14

Source: JPV

Audit observed that poor maintenance of WSDs increased the risk of contamination and pest infestation of foodgrains leading to loss and degraded food grain quality (**Exhibit 2**). The Department stated that no provision was made towards handling losses and wastages. In the absence of proper set criteria for accounting of handling losses and wastages, Audit could not quantify the losses on this account.

Exhibit 2: Improper maintenance of WSDs



The State Government replied (April 2023) that KFCSC was directed to forward proposals for improvement of Wholesale Depots based on the standard and good warehousing practices.

3.1.2 Lack of infrastructural and security facilities

Adequate infrastructure is necessary to ensure proper storage of foodgrains, such as proper ventilation, temperature control and pest control facilities to maintain the quality and safety of foodgrains during storage. Appropriate security measures, such as surveillance cameras, fire suppression systems, and secure entry and exit points, help safe and secure storage of foodgrains.

Audit observed that in 18 test checked units, the following WSDs did not comply with the good practices/criteria prescribed in WDRA/FSSAI norms:

Table 7: Number of WSDs not complied with WDRA/FSSAI norms

Sl. No.	Criteria to be followed as per WDRA/FSSAI	Number of WSDs in non-compliance
1	Availability of adequate natural or artificial lighting	15
2	Hard paving of at least 45 cm surrounding the buildings	13
3	Storage of food grains on pallets / tarpaulins	6
4	Facility made up of sound construction and free from leaks, dust, seepages, flakings etc.	8
5	Provision for CCTV live monitoring and surveillance	18
6	Provision for round-the-clock security	13
7	Warehouse has to be well-protected with boundary walls/ fencing etc.	8
8	Gate-Pass system for the goods passing in and out of the warehouse.	17
9	Fire-fighting arrangements provided	18
10	Rainproof loading and unloading area	16
11	Facility of own weigh bridge in WSD	16

Source: JPV

Exhibit 3: Poor maintenance of WSDs and PDS operations

 <p>Latitude: 12.941078 Longitude: 77.563579 Elevation: 918.63±23 m Accuracy: 10.3 m Time: 02-09-2022 16:01 Note: KFCSC Godown, Hanumanthnagara</p>	 <p>Latitude: 15.12388 Longitude: 75.466388 Elevation: 644.37±9 m Accuracy: 14.5 m Time: 08-12-2022 13:01 Note: KFCSC WSD, Laxmeshwar</p>
<p>Ventilators without doors in KFCSC Hanumanthnagara, Bengaluru South IRA</p>	<p>School operated in WSD premises in KFCSC Laxmeshwar, Gadag.</p>

Various lacunae in infrastructure and poor warehousing practices viz., low lying WSDs, littering of garbage, rodent infestation, asbestos ceiling, storage of foodgrains on floor resulted in deterioration of foodgrain quality as observed in JPV of 18 tests checked WSDs (**Appendix-III**).

The State Government replied (April 2023) that the Finance Department has approved the proposal for installation of CCTVs at WSDs (November 2022). Based on the approval, the estimated cost and technical specification has been submitted for necessary approval to publish the tender.

However, the fact remains that the WSDs are being maintained in unhygienic conditions as observed from JPV.

3.1.3 Wholesale Depots Management – Insufficient manpower

Out of 302 WSDs, 211 WSDs are being maintained by KFCSC, which had significant shortage of warehouse and administrative personnel. As against the 1,494 sanctioned strength of all cadres, the working strength is 387 only. The manpower at WSDs in the State as at the end of December 2022 is indicated in the **Table 8** below:

Table 8: Statement showing shortage of manpower in WSDs

Designation	Sanctioned Strength	Men in Position	Vacant posts	Percentage of vacancy
District Manager	31	13	18	58
Assistant Manager	33	17	16	48
Office Manager	102	34	68	67
Office Manager (A/C)	35	16	19	54
Sr. Stenographer	4	0	4	100
Stenographer	4	0	4	100
Quality Inspector	30	6	24	80
Senior Assistant	172	92	80	47
Senior Assistant (A/C)	35	2	33	94
Junior Assistant/ Clerk cum Typist/ Technical Operator	605	132	473	78
Sr. Drivers	12	9	3	25
Drivers	43	7	36	84
Attenders	21	18	3	14
Class – IV	366	41	325	89
Machine Operators	1	0	1	100
Total	1,494	387	1,107	74

Source: Information from KFCSC

From the above table, it could be observed that there was severe shortage of staff to the tune of 74 per cent. Out of eight test checked Districts, in seven Districts, Audit observed that 19 Godown managers are handling 40 Godowns (**Appendix-IV**) indicating each of them handling more than two Godowns, hampering WSD operations.

The State Government replied (April 2023) that the Karnataka Examination Authority was requested (January 2023) to notify and recruit 386 vacant posts in KFCSC.

3.1.4 Undisposed seized stock

As per Section 6 (2) of the Essential Commodities Act, 1955 (EC Act), the Deputy Commissioner upon receipt of report of seizure, shall order the same to be sold at the controlled price or to be sold by public auction. In case of foodgrains, the Deputy Commissioner, for its equitable distribution and availability at FPS, will order the same to be sold through FPS. Further, FSSAI guidelines prescribe that the damaged goods should be stored in a designated area in order to be not exposed with other products, within the storage facility to contain contamination or spread of the infestation. Returned, damaged or goods segregated for reprocessing should be physically segregated from other finished products to avoid contamination.

During JPV, Audit observed the following quantum of foodgrains seized but not disposed in test checked seven WSDs as detailed below:

Table 9: Details of seized commodities in test checks WSDs

Sl. No	District	WSD	Date of seizure	Date of Audit Visit	Delay in disposal of foodgrains (in months)	Commodity (in quintals)
1	Gadag	KFCSC Laxmeshwar	24/10/2022	08/12/2022	01	Rice (10.95)
2	Mandya	KFCSC (U) Mandya	20/01/2022	08/12/2022	10	Rice (117.12)
		TAPCMS Malavalli	08/11/2019 to 11/07/2022	14/10/2022	13 03	Rice (113.16)
3	Raichur	KFCSC Raichur	No Record	19/12/2022	-	Rice (61.83), Wheat (69.7)
		KFCSC Manvi	31/10/2005 (Rice and Wheat) and 03/02/2021 (Tur)	21/12/2022	205 22	Rice (49), Tur (184), Wheat (11)
4	Vijayapura	KFCSC Indi 1	29/06/2022 and 16/07/2022	1/12/2022	05 04	Rice (81.6)
5	Kodagu	APCMS Virajpet	Not entered into FIST	21/01/2023	-	Rice (30 bags ⁷ = 15)

Source: Information from the Department

Illustration: In the WSD of KFCSC Manvi seized (September 2020), Tur dal (184 quintals) was not distributed and became unfit for human consumption as no action was taken till December 2022. This loss of stock accounted to ₹11.04 lakhs.

⁷ Stock not accounted under FIST module (bag count as per JPV).

Exhibit 4: Storage of seized stock lying with regular stock

 <p>Latitude: 12.547916 Longitude: 76.933675 Elevation: 683.254277 m Accuracy: 14.3 m Time: 13-10-2022 16:54 Note: Mandya KFCSC WSP, Mandya</p>	 <p>Latitude: 15.996184 Longitude: 77.042785 Elevation: 386.2948 m Accuracy: 12.6 m Time: 21-12-2022 13:20 Note: KFCSC WSD 1, Manvi</p>
<p><i>Seized rice stock turned unfit for consumption - KFCSC Mandya</i></p>	<p><i>Deteriorated seized Tur dal KFCSC - Manvi, Raichur</i></p>

As per State-wide seized stock report (FIST portal) (up to Jan 2023), a total of 35,628.24 quintals of various commodities (Rice: 32,586.55, Wheat: 812.17, Jowar: 54.46, Ragi: 1,973.16 and Tur dal: 201.90) valued at ₹10.58 crore⁸ was kept undisposed in the respective WSDs.

The action of Deputy Commissioners in disposing the seized stock at controlled price or public auction as per the EC Act is not forthcoming from the records of respective WSDs. The Department failed to enforce provisions of the EC Act as the seized stock remained undisposed ranging from 01 to 204 months, as a result, such foodgrains were left to deteriorate without bringing it to serve the needs of beneficiaries.

The State Government replied (April 2023) that the undisposed seized stock stored at WSDs will be disposed by KFCSC in coordination with the District Authorities.

3.1.5 Irregular Inventory Accounting at Wholesale Depots

As per allocation order, FCI releases foodgrains to WSDs for onward allocation/supply to the FPS.

Audit observed from the truck chits, that from the gross weight of foodgrains, the weight of the bag was reduced and the net weight of the foodgrains only were considered and delivered to WSDs by the FCI. However, Audit observed that WSDs while delivering the foodgrains to FPS, accounted for the weight of the gunny bags related to Rice but did not follow the same mechanism of accounting for other foodgrains like Ragi/Wheat/Jowar.

Audit verified FIST module of KFCSC (state-wide information) for the period 01 April 2021 to 31 March 2022 and observed that there was short supply of foodgrains to the FPS by the WSDs as detailed below:

⁸ As per provisional rates of Custom Milled Rice and MSP for the year 2020-21.

Table 10: Statement showing short supply of commodities

Commodity	Sum of Truck Chit Quantity (Gross quantity in quintals)	Sum of Net Quantity (in quintals)	Sum of Bag Weight (in quintals)	Govt. MSP (in ₹) (for the year 2020-21)	Cost of short supply (in ₹)
Jowar	73,501.54	72,702.00	799.54	2,640	21,10,805
MSP Ragi 2020-21	20,55,984.71	20,35,493.96	20,490.74	3,295	6,75,16,999
Wheat FCI E-Auction	27,69,300.20	27,43,945.10	25,355.09	1,925	4,88,08,558
Grand Total	48,98,786.45	48,52,141.06	46,645.37		11,84,36,362

Source: FIST database information for the year 2021-22

As the weight of the gunny bags are not reduced/considered for supply of foodgrains by WSDs while distributing to FPS, the impact was that there was a short supply of foodgrains worth ₹11.84 crore. In the absence of reduction of weight of the bags from the gross weight, the entire supply chain of foodgrains is shown as running with full efficiency.

The State Government replied (April 2023) that though FCI was permitted to reduce the weight of gunny bag by DFPD, Government of India, the same was not extended for supply chain operations with the State. It further stated that the Government will seek approval from DFPD.

The reply of the Government confirms short supply of foodgrains.

3.1.5.1 Improper invoicing by Wholesale Depots

Godown Manager, in-charge of the respective WSD upon receipt of foodgrains from the FCI, generates inward receipt for the quantity so received and upload the same in FIST module. Further, Godown Manager generates retail invoices for the respective FPS based on their allotment and was to indicate the registration number of the vehicle as per the approved list in contract agreement. The proper invoicing procedures in the WSDs plays a crucial role in accounting accurate stock in the supply chain. However, Audit observed that WSDs generated faulty invoices as detailed below:

- Manually generated bills in six WSDs.
- Retail invoices generated in FIST module (six cases) either without truck registration numbers or manually entered, wherein, dispatch of foodgrains through authorised vehicles could not be ensured.
- Single monthly consolidated waybills are being generated for multiple consignments in a month.

Though the department is maintaining various software solutions for end-to-end TPDS implementation, practices of manual billing/consolidated billing increased the risk of manipulation of stocks and diversion.

The State Government replied (April 2023) that the Department intends to develop FIST 2.0 application with invoicing and billing module.

Recommendation 3: *The State Government should formulate detailed manual/guidelines for warehouse operations by WSDs and ensure their compliance. Responsibility should be fixed on district authorities for non-disposal of seized stock, short supply of foodgrains to FPS due to non-reduction of weight of gunny bags and on WSD managers for unhygienic/poor maintenance of WSDs. The State Government should ensure proper shipment-wise billing to track and trace each shipment.*

Chapter–IV
Fair Price Shops
Operations

Chapter-IV: Fair Price Shops operations

FPS is the service delivery point and an important infrastructure facility in PDS operations. The quality of infrastructure, storage and handling practices followed at FPS determine the quality and quantity of foodgrains delivered to the beneficiaries.

Audit observed various shortcomings in the infrastructure and practices at FPS viz., storage of fertilisers and pesticides along with foodgrains, usage of unauthorised/non renewed weighing scales, FPS closed during working hours etc., indicating poor functioning/monitoring of FPS. The FPS infrastructure could not accommodate the required two months buffer stock as required under TPDS control order.

4.1 FPS Infrastructure and storage practices

Audit conducted Joint Physical Verifications in 96 FPS under the purview of 18 WSDs and found that the FPS infrastructure is poor and attendant with deficiencies as detailed below:

4.1.1 Insufficient storage capacity of Fair Price Shops

As per the Karnataka PDS order, Clause 5(1)(b), the FPS owner should be in possession of suitable business premises, with sufficient space to store two months stock of the essential commodities and should have separate space for storing foodgrains and kerosene.

Audit observed that the storing capacity of 54 FPS was not sufficient to store the stock of two months of the essential commodities and FPS owners are lifting food grains from the WSD in two to three allotments in a month (**Appendix-V**).

Exhibit 5: Improper commodity handling at FPS





Source: JPV

The FPS licencing authority failed to ensure that the authorised licensee had sufficient storage space to store two months stock as prescribed. In the absence of proper access, Audit could not conduct physical verification of stock to ensure the correctness of the quantities held by FPS as on the date of JPV. Further, Audit observed that FPS stored the foodgrains in unhygienic conditions viz., dampness/leakages in walls/ceilings.

The State Government replied (April 2023) that most of the FPS were authorised to operate prior to PDS control order 2016 and the FPS existing for many years in urban areas like Bengaluru Informal Rationing Area (IRA) has limited scope for extension. The reply of the Department is not tenable as the control order stipulated the FPS should have space to accommodate two months buffer stock.

4.1.2 Storing fertiliser/kerosene/pesticides/batteries along with food grains

As per the WDRA guidelines and Karnataka Essential Commodities Public Distribution System (Control) Order 2016, the authorised dealer shall ensure that ‘non-food commodities such as fertilizer, chemicals etc., which can contaminate food items, should not be stored in the same warehouse/godown,’ with food grains/sugar/cotton, hazardous and extra hazardous goods with non-hazardous goods in the same godown. The results of JPV conducted is shown below:

Exhibit 6: Storage of foodgrains with hazardous chemicals





During JPV, Audit observed that hazardous goods viz., fertiliser/kerosene /pesticides/batteries *etc.*, were found stored along with the foodgrains in five FPS⁹, which potentially contaminates the foodgrains. Food Inspectors and Food Shirestadars of respective zones failed to initiate corrective action as required under the Control Order notification.

The State Government replied (April 2023) that such FPS which are working under societies were also associated with distribution of fertilizers, pesticides, *etc.* The reply of the Government is not acceptable as this practice is fraught with the risk of contamination of foodgrains with fertilizers/pesticides and such practices are against the directives of the Control Order.

4.1.3 Substandard/poor quality of foodgrains at Fair Price Shops

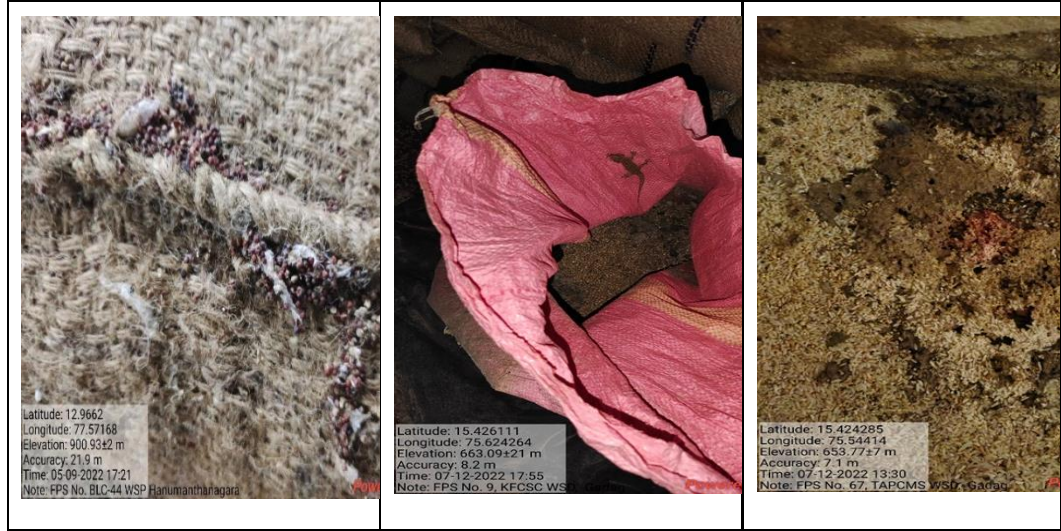
Audit observed the substandard/poor quality of foodgrains infested with worms/cobwebs/ lizards were at stock in the test checked FPS at the time of JPV as detailed below:

⁹ Fertilizers stored in FPS 30, 32 in Humnabad and FPS 132 in Vijayapura
Kerosene stored in FPS 2 in Malavalli and Batteries/solar panel equipment in FPS 75 in Gadag.

Table 11: Sub-standard and poor quality of foodgrains

Sl. No.	District	FPS No.	Item	Sub-standard foodgrains (qty in Qtl)	Rate per Qtl in ₹ *	Amount in ₹
1	Mandya	FPS No. 2, (Malvalli, TAPCMS)	Rice	19.50	2,995.05	58,403.48
			wheat	2.00	1,975.00	3,950.00
2	Bidar	FPS No. 68 (Bidar Rural KFCSC)	Jowar	107.40	2,738.00	2,94,061.20
3	Bengaluru South IRA	FPS No. BLC-44, (Hanumanthanagar KFCSC)	Rice	30.00	2,995.05	89,851.50
			Ragi	30.00	3,377.00	1,01,310.00
4	Raichur	FPS No. 109, (Raichur KFCSC)	Wheat	5.00	1,975.00	9,875.00
5	Raichur	FPS No. 125 (Manvi KFCSC)	Wheat	11.50	1,975.00	22,712.50
6	Gadag	FPS No. 67, (Gadag TAPCMS)	Rice	24.00	2,995.05	71,881.20
7	Gadag	FPS No.9, (Laxmeshwara KFCSC)	Rice	4.50	2,995.05	13,477.73
			Jowar	1.00	2,738.00	2,738.00
8	Gadag	FPS No. 9, (Gadag KFCSC)	Rice	1.00	2,995.05	2,995.05
			Jowar	1.00	2,738.00	2,738.00
Total						6,73,993.65
*Rate as per MSP 2021-22 and NFSA central issue price of rice						

Exhibit 7: Foodgrains infested with worms/pests/lizards



As handling and storage losses are not accounted, the possibility of short supply or distribution of sub-standard foodgrains could not be ruled out in Audit. Further, failure of the Food Inspectors/Food Shirestadars in timely inspection of FPS and initiate corrective action resulted in rendering the foodgrains worth ₹ 6.74 lakh unfit for consumption in eight FPS.

The State Government replied (April 2023) that the incidents noticed in Audit are seized stock stored in WSDs and action was awaited as per EC Act. The reply of the State Government is not relevant as Audit found the above sub-standard foodgrains in FPS.

4.1.4 Discrepancies between stock as per FIST module and physical stock in Fair Price Shops

During JPV of FPS, Audit observed shortages of foodgrains in 21 FPS and excess foodgrains in 24 FPS against FIST stock in the login of FPS (**Appendix-VI**). The shortages in the physical stock were to the tune of 870.75 quintals worth ₹ 26.35 lakh. The excess physical stock was 560.60 quintals worth ₹ 16.87 lakh (**Table 12**).

Table 12: Shortages/Excess of foodgrains in FPS against stock as per FIST

Sl. No.	Foodgrain items	No. of FPS	Shortages (in Qtl)	Rate per quintal in ₹	Amount in ₹
1	Rice	18	794.71	2,995.05	23,80,196.18
2	Ragi	2	72.82	3,377.00	2,45,913.14
3	Jowar	1	3.22	2,738.00	8,816.36
Total		21	870.75		26,34,925.68
Sl. No.	Foodgrain items	No. of FPS	Excess (in Qtl)	Rate per quintal in ₹	Amount in ₹
1	Rice	21	541.49	2,995.05	16,21,789.62
2	Ragi	3	19.11	3,377.00	64,534.47
Total		24	560.60		16,86,324.09

The possible reasons for excess quantities could be short supply of foodgrains to beneficiaries. The shortage of stock indicates diversion of foodgrains. Further, the shortage/excess stock in FPS indicates ineffective inspections by FI/FS.

Illustrative case

Serious irregularities observed during the JPV of Fair Price Shop:

The JPV of the FPS No. [218-3-I.R.A.] BLS-29, Sujatha Stores, Padma (Hanumanthanagar WSP) was conducted on 3rd September 2022 along with jurisdictional Food Inspector. As per the sale invoice, dated 2nd September 2022, of WSP Hanumanthanagar, it was noticed that 75 quintals rice and 75 quintals Ragi were issued to the FPS for distribution to the beneficiaries during September 2022. In addition, the FPS had closing balance of rice and ragi of previous month to the tune of 4.30 quintals and 1.12 quintals, respectively totalling to 155.42 quintals of foodgrains.

Audit physically verified the stock available in the FPS as on 03 September 2022 and found the stock of foodgrains of 126 quintals only against 155.42 quintals with a shortage of 29.42 quintals (Rice-12.8 and Ragi 16.62 quintals). The details are in the **Table 13** given below:

Table 13: Shortages of Rice and Ragi in FPS

Foodgrains	Opening Balance		Received from WSP (02-09-2022)		Total		Physical stock during JPV		Difference Quantity (qtl.)
	Quantity (qtl.)	No. of Bags	Quantity (qtl.)	No. of Bags	Quantity (qtl.)	No. of Bags	Quantity (qtl.)	No. of Bags	
Rice	4.30	8	75	148	79.30	156	66.50	133	12.80
Ragi	1.12	2	75	149	76.12	151	59.50	119	16.62
Total	5.42	10	150	297	155.42	307	126.00	252	29.42

Note: Each bag weighs 50 Kg of foodgrains.

As the FPS Licencee for countersigning the stock verification report on 03 September 2022 was not available, Audit conducted JPV in the presence of licencee on 05 September 2022 along with FI of the Department. Audit observed that the shortages noticed on 03 September 2022 were recouped/replaced and the closing balance was made good as per the sales invoice and closing stock of 155.42 quintals by the licencee.

This indicates the FPS Licencees are diverting the stock received and the possibility of replacing the stock with sub-standard and pilferage of foodgrains could not be ruled out. These lapses were not identified by respective FI/FS during inspections due to which department failed to initiate corrective actions.



Recommendation 4: The Department should conduct frequent inspections and shortages/excesses of foodgrains against the stock indicated in FIST modules should be viewed seriously and the licences of defaulting FPS owners should be cancelled as per the conditions laid down while granting licence.

4.1.5 Other Audit findings

- **Non-distribution of foodgrains throughout the month:** At FPS, foodgrains are distributed using one-time biometric authentication for 1 month entitlement. Beneficiaries are forced to collect all foodgrains allocations at once, violating TPDS order 2015.
- **Foodgrains distributions for commodities with zero balance and negative stock balances:** Though the stock balance is reduced to zero, the system allows further distribution of foodgrains led to incorrect accounting of foodgrains.
- **Absence of SMS intimation to the beneficiary:** SMS for foodgrains allocation, entitlement and distribution were not intimated to the beneficiaries for confirmation.
- **Multiple Logins of FPS:** System accepts login of the user account on multiple devices concurrently increasing the risks.

The State Government replied (April 2023) that the existing decade old IT system is unable to handle additional upgradation hence, budget proposal for upgrading the software application was approved (November 2022). The Department in consultation with Centre for E-Governance is preparing SRS for new IT application, which will address the above issues.

- **Storage of foodgrains at unauthorised premises:** As per clause 4(3) (Form-B), Karnataka TPDS control order 2016, FPS owner was to store foodgrains only at a place and address authorised by the Department. Audit observed that in Mandya and Vijayapura districts, these FPS are operating sub-points for distribution and storage. These sub-points were neither mapped into the IT system nor has the approval of the competent authority (**Appendix – VII**).

The State Government replied (April 2023) that action will be initiated against the erring FPS under PDS control order.

- **Weighing scale calibration and certification:** As per, Rule 4(8)(C), of the Karnataka Legal Metrology (Enforcement) Rule 2011, the weighing machine in each FPS should be verified, well-tuned and calibrated every year by the Inspector of Legal Metrology Department. Audit observed that the electronic weighing scales does not bear the seal of Legal Metrology in 24 FPS and Certificates were not renewed in the 29 FPS, in the absence of which, the correct weighment of commodities delivered to beneficiaries could not be ensured.

The State Government replied (April 2023) that Legal Metrology Department will be directed to verify and calibrate all the weighing machines at the Fair Price Shops across the State.

- **Delayed distribution of foodgrains:** As per GoI, TPDS Control Order, 2015, Clause 8(3), the State Government shall ensure physical delivery of foodgrains to the fair price shop by end of the month preceding to allocation month and not later than the first week of the allocation month. Audit observed that in all the test checked FPS, the lifting of foodgrains from respective WSDs continued

during the month of allocation as late as second week. Further, the foodgrains are distributed to the beneficiaries only from the 10th of the allocation month rendering delay in service.

The State Government replied (April 2023) that the instructions were issued to WSDs and PDS transporters in this regard.

- **Closed FPS during working hours:** The FPS were to be kept open from 08:00 AM to 12:00 PM and 04:00 PM to 08:00 PM (except Tuesday). Audit observed during JPV that 13 FPS were found closed during working hours, denying public distribution at prescribed hours.
- **Incorrect updation of Geo Coordinates of FPS:** Test check of correctness of Geo Coordinates of FPS and WSD (Ahara Fcstat portal) revealed that 14 FPS out of 96 FPS were incorrectly geotagged (**Appendix-VIII(A)**), and 21 FPS were geotagged to same latitude/longitude of 12.9952/77.6572 and two FPS were geotagged to same latitude/longitude of 13.0075/77.6983 (**Appendix-VIII(B)**).
- **Delayed distribution of foodgrains due to server problems:** During JPV Audit observed that in 14 out of 96 FPS, that foodgrains distribution was hampered due to server down issues and Audit could not verify the physical stock with that of system stock.
- As against the FSSAI Guidance, 2017, Clause 2.2 (e), Audit observed that four FPS were being maintained in asbestos ceilings, which has the potential to contaminate the foodgrains.
- Mandatory information (Clause 7(7) and 10(4) of TPDS control order) was not displayed in the test checked 96 FPS as detailed below:

Table 14: Statement showing details of FPS not displaying mandatory information

Sl. No	Particular of Information not displayed	No. of FPS' without display of information
1	(a)/(b) Scale of Issue (Entitlement)	76
2	(d) Timings of opening and closing	46
3	(e) Stock of foodgrains received during the month	73
4	(f) Opening and closing stock	83
5	Sample of food grains	58

Source: JPV

The State Government replied (April 2023) that Department is in the process of installing new information boards at FPS.

Recommendation 5: The State Government should strictly enforce the conditions laid down in Control Order and to strengthen IT system for robust stock accounting. Further, Government should ensure weighing scales are calibrated as required under Karnataka Legal Metrology (Enforcement) Rules 2011.

Chapter-V
Internal Control Systems

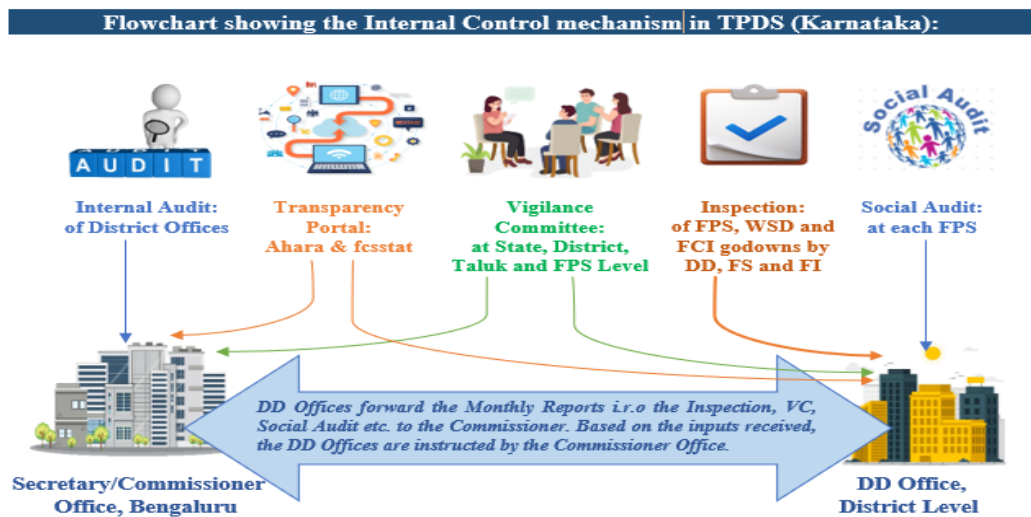
Chapter-V: Internal Control Systems

The practice of stock weighing at entry and exit points of WSD were absent. The requisite mandatory inspections were not carried out by Food Inspectors, Food Shirestadar and Deputy Director as per the prescribed job chart. The reconciliation of physical stock of WSD was not carried out and these WSDs continued to operate without valid licences along with lack of proper quality controls.

Audit observed that there was shortfall in inspections at FPS and the Social Audit was also not conducted. Vigilance Committees were not formed in many districts and the prescribed meetings were also not conducted.

Internal control is an integral process that is effected by an entity's management and is designed to provide reasonable assurance of fulfilling accountability obligations, complying with applicable laws and regulations, executing orderly, ethical, economical, efficient and effective operations as also safeguarding resources against loss.

Chart 7: Internal Control mechanism in TPDS:



Source: Pictorial representation of Audit Analysis.

On scrutiny of the records pertaining to the implementation of TPDS the following observations are made:

5.1 Ineffective Information Technology support in supply chain monitoring (FIST Module)

As per Clause 11(15) of TPDS Control Order 2015, and End to End Guidelines 2013, component-I, district level officials were to monitor TPDS operations. On examination of FIST, it was observed that out of 10 report modules, six modules were not automated with respective DD/DM/WSD logins, two were partially automated and one report automated and other being not automated at FPS level.

The FIST provides no access across the supply chain to respective hierarchical monitoring and inspecting controls. Further, ‘FIST’, allows unauthorised vehicles for transportation other than the list of vehicles submitted by the contractor, instead of drop-down box options, wherein, the contractors resorted to usage of unauthorised vehicles as discussed above. Absence of live data resulted in non-tracing/tracking of foodgrains at storage/distribution points (WSD and FPS) consequently food grains were diverted during their transit as brought out in previous findings.

The State Government replied (April 2023) FIST module was inherited as a simple Ration Card Management System, but due to iterative enhancements, the module turned it into a monolithic enterprise level application with slow performance and upgradation is in process.

5.2 Non mapping of Wholesale Depots in FIST module

The authorised WSDs were to be mapped under FIST module for all monitoring purposes. Audit observed that the following unmapped KFCSC WSDs in the FIST module are being operated for storing and distribution purposes.

Table 15: Operation of unmapped WSDs

Sl.No	District / Range	Total number of operational KFCSC WSDs ¹⁰	Total number of KFCSC WSDs present as per AHARA / FIST	Unmapped WSDs
1	Bidar	13	6	7
2	Gadag	18	8	10
3	Raichur	29	5	24
4	Vijayapura	29	10	19
Total		89	29	60

Non mapping of multiple storage subpoints into the FIST module is fraught with the risk of diversion, pilferages, theft or loss *etc.* Further, unauthorised WSDs could not be inspected by the Food Inspectors/Food Shirestadars as these WSDs are not mapped into the portal.

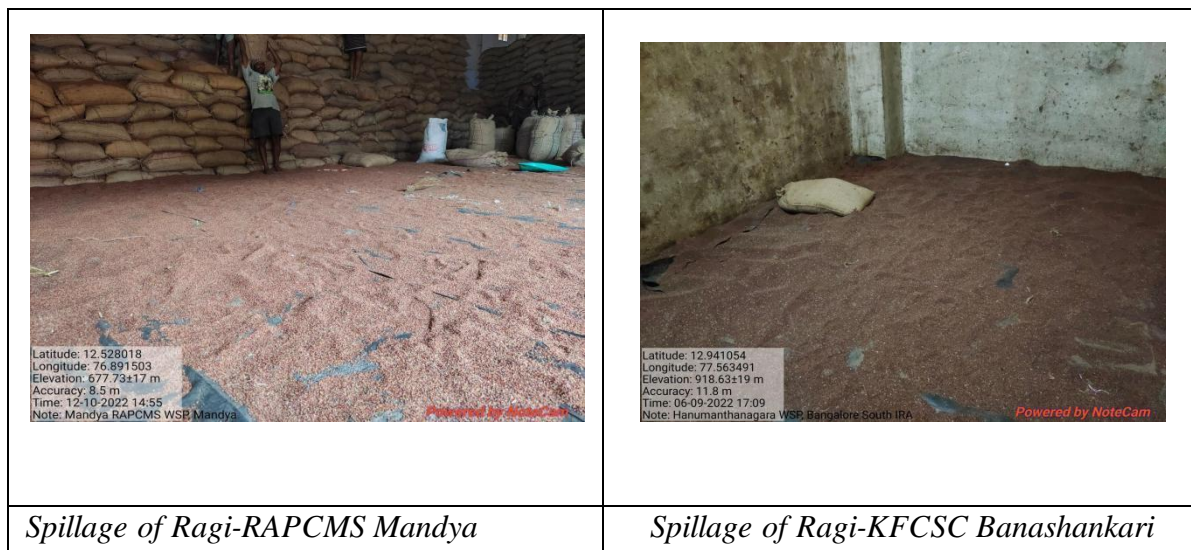
Government did not furnish reply to this observation.

5.3 Non-accounting of storage and handling losses

Audit observed that there were various types of handling losses include usage of hooks and pokers to the gunny bags, moisture variation, spillage, torn food bags, pest infestation *etc.*

¹⁰ KFCSC WSDs in connection with PDS were considered.

Exhibit 8: Spillage of foodgrains in handling operations



Audit observed that the Department has not fixed any norms for foodgrain handling losses with reasonable limits for accounting of storage and transit losses as adopted by FCI, wherein, an allowance of 0.5 per cent as storage losses was considered and accounted.

The State did not consider accounting storage losses as observed in FCI operations and recorded all its operations with full efficiency. In the absence of accounting losses, Audit could not ensure storage/transit losses and its accounting in the food distribution cycle.

Further, tarpaulin sheets for food grains storage were not provided in 55 out of 96 test checked FPS. In other FPS, though the tarpaulin sheets were being used, improper handling led to mixing of foodgrains of Rice with Ragi/Wheat/Jowar and hence cannot be distributed to the beneficiaries.

The State Government replied (April 2023) that the DFPD, GoI though approved to factor-in for the losses due to storage and transportation for FCI, the same was not extended to the States/UTs for within-State storage/transportation and the State is making efforts to get necessary approvals for accounting for such losses.

Audit further observed that the correctness of quantities of commodities received and delivered by WSDs could not be ensured as the WSDs were neither equipped with weigh bridges nor supported by stock in/out challans (weighment slips). In the absence of these weighment controls, the entire supply chain of commodities is shown as running with full efficiency without any weight losses despite pest infestations and other handling losses, which is highly susceptible indicating poor inventory accounting.

The State Government replied (April 2023) that approval of budget for installation of weighbridges at KFCSC Wholesale Depots is awaited from Finance Department (April 2023).

5.4 Overloaded vehicles at Wholesale Depot points

As per Section 114 of the Motor Vehicles Act 1988, vehicles found to be overloaded, the excess load needs to be offloaded at the cost of the driver/owner of the vehicle in addition to penalty and compounding fee before allowing the vehicle to proceed further. Review of FIST database of KFCSC revealed that the wholesale transporters are transporting the food grains in excess of the prescribed load capacity as detailed below:

As per MORTH, revised safe axle load limits for transport vehicles, the maximum axle weight for a ten-wheeler truck (three axle rigid truck, two tyres on front axle, eight tyres on rear tandem(two) axle) the maximum permissible Gross Vehicle Weight is 28.5 tonnes, so the allowable capacity is 19.5-20.5 tonnes (weight of vehicle around 8-10 tonnes based on type of construction of the vehicle body).

The number of trips in the month of March 2022, where vehicles are loaded more than 21 MT is given in the table below:

Table 16: Trips made by overloading trucks

District	Total trips	No. of overloaded trips
Bidar	105	99
Mandya	170	154
Raichur	82	76
Kodagu	51	34
Total	408	363

As could be observed from the above, 89 *per cent* of the trips made by the transporters are overloaded. The Department failed to monitor the quantum of food grains loaded and delivered beyond their capacities resulting in savings to the transporter and consequential effect of damage of the roads.

The State Government replied (April 2023) that mobile application ‘AharaTrack’ for monitoring release orders, truck chit, quantity transported, outward process at FCI, inward-outward process at WSD, inward process at FPS is under development. Also, reply stated that the department has submitted budget proposal to Finance Department in April 2022 and May 2022 for installation of weighbridges at the KFCSC Wholesale Depots. The Department is waiting for budget approval to install weighbridges.

5.5 Delayed delivery of foodgrains in wholesale transportation

Audit test checked the database of FIST portal (KFCSC) to verify transit time to deliver food grains in six out of eight sample districts. The results are shown in the table below:

Table 17: Information on delayed delivery

District	Trips sampled	Number of trips where trucks took four days or more to deliver food grains from FCI to WSDs
Bidar	588	23
Mandya	470	37
Vijayapura	749	21
Gadag	363	30
Raichur	638	54
Kodagu	192	92
Total	3,000	257

The delay of more than four days for transporting food grains from the FCI godowns is avoidable.

The State Government replied (April 2023) that the Department has published RFP for the implementation of the GPS based Vehicle Tracking System.

5.6 Other Audit findings

- Audit noticed that the practice of stock weighing during retail distribution i.e., stock distribution to FPS from the WSDs is not in vogue (KFCSC Raichur and KFCSC Manvi). In the absence of such weight receipts, Audit could not ensure the quantities of food grains delivered, impacting the reconciliation of inventory. Only two WSDs (KFCSC- Bانشankari, RAPCMS-Mandya) had weigh bridge facility.
- The office premises of Godown Manager of KFCSC-Raichur and KFCSC-Manvi are situated away from the main operational WSDs impacting the monitoring aspects.
- As per the FSSAI recommendations, all the loading and unloading points should have sheds to prevent grains from rainwater contamination. However, the Audit observed that only two¹¹ out of 18 test checked WSDs had covered sheds for trucks as required. In the remaining WSDs, loading and unloading of the food grains from and into the trucks was conducted in an open area against the guidelines.

The State Government replied (April 2023) that the above lacunae will be addressed as the budget proposal for strengthening of the Department was approved by Finance Department.

¹¹ KFCSC - Shantinagara and APCMS – Virajpet.

Recommendation 6: State Government should ensure that penalty be imposed on the transporters for overloading the vehicles beyond their capacities and fix responsibility on the concerned staff for the lapses. The storage and handling losses at the FPS should be accounted and authorities should be held accountable for short supply of foodgrains to beneficiaries.

5.7 Shortfall in inspections of Wholesale Depots

The Government prescribed a specific **Job Chart** for inspections of WSD for the department officials as given in table below:

Table 18: Inspections to be carried out in respect of WSDs

Authority	Type of the Inspection	Number of the Inspections to be carried out
Deputy Director (DD)	Cursory Inspection of WSD	5 to 8 per month
	Detailed Inspection of WSD	1 to 2 per month
Food Shirestedars (FS) and Food Inspectors (FI)	Cursory Inspection of WSD	All Wholesale points within their jurisdiction every month
	Detailed Inspection of WSD	Once in a month

However, Audit observed that the overall inspection of the WSD, the district authorities did not conduct the inspections as prescribed during the years 2017-18 to 2021-22 as detailed in **Table 19**:

Table 19: Shortfall in inspections carried out by authorities (in per cent)

Sl. No.	District Name	Deputy Director		Food Shirestedar		Food Inspector	
		Cursory Inspection	Detailed Inspection	Cursory Inspection	Detailed Inspection	Cursory Inspection	Detailed Inspection
1	Bengaluru South IRA	43	73	N/A	N/A	0	97
2	Bengaluru East IRA	35	70	N/A	N/A	44	64
3	Mandya	10	77	51	100	19	100
4	Bidar	16	2	100	97	100	87
5	Vijayapura	49	100	77	100	70	100
6	Gadag	83	45	99	100	100	100
7	Raichur	31	20	52	100	52	100
8	Kodagu	48	100	100	100	96	100
Overall Shortfall (per cent)		39	61	80	100	60	94

Source: Records of Deputy Directors of the Districts.

Note: Food Shirestedars were not appointed in Bengaluru South IRA and Bengaluru East IRA.

Due to shortfall in inspections, there were lacunae viz., unhygienic WSD practices, storing of food grains in asbestos ceiling conditions as discussed in Chapter IV. Further, as verified from JPV, in five WSDs, no inspections were conducted either by DD or by FI/FS.

The State Government replied (April 2023) that the Department is planning to implement monitoring and evaluation system in AHARA 2.0 and FIST 2.0.

5.8 Non-reconciliation of physical stock and lack of detailed Standard Operating Procedures

Audit observed that reconciliation of food grains as per physical stock and stock as per WSD records was not carried out. In the absence of such non-reconciliation, the systems are reporting complete lifting of stock and disbursal of food grains as per the allotment, which is susceptible for manipulations as no controls exist. Though general SOPs of KFCSC existed, non-availability of exclusive manual/SOPs/laid down procedures for storage and warehousing operations are impacting WSD protocols. In the absence of which, lapses on storage activities, accounting of losses and quality controls were not handled due to lack of standardised operations.

The State Government replied (April 2023) that KFCSC was directed to submit proposals for improvement of Wholesale Depots practices.

5.9 Non-compliance to Targeted Public Distribution System control order of Government of India

As per the Clause 8(3), TPDS control order 2015 of GoI, relating to the distribution of food grains by the states, the State Government should ensure physical delivery of foodgrains to the FPS through the authorised agency by the end of the month preceding the allocation month and in any case, not later than the first week of the allocation month. However, Audit observed that the SOP of KFCSC mandates retailers to lift allotted food grains from the Wholesale point before the 15th of every month and distribute them to the cardholders before the 25th of every month. Hence, the delivery timelines of food grains stated in the general standard operating procedure of KFCSC did not align or comply with that of the TPDS control order.

5.10 Operation of Wholesale Depots without authorization/ expired licence

Audit observed that the departmental licence required under the PDS control order was not on record in respect of two WSDs (KFCSC Raichur and Manvi) and the licences of two WSDs were not renewed (KFCSC Madikeri and APCMS Virajpet) indicating that these WSDs are operating without proper authorization from the competent authority indicating lack of monitoring controls.

The State Government replied (April 2023) that the Department is planning to implement monitoring and evaluation system in AHARA 2.0 and FIST 2.0.

5.11 Quality Control in Wholesale Depots

As per FSSAI guidelines, infestation control including fumigation must be carried out by a trained and experienced fumigator, holding a recognised, approved and current/valid certification. Representative samples from material lots shall be tested

for all quality parameters, residues, contaminants, toxins *etc.*, at least once in six months.

Audit observed that there is a complete absence of food grains quality control mechanism in the department as there was no competent technical staff deployed for this purpose. Also, there were no testing facilities or lab equipment to test the quality of food grains to confirm the quality parameters such as weight deviations, percentage of weevil (insects), percentage of moisture content, temperature *etc.*, and to carryout prescribed control measure periodically.

The State Government replied (April 2023) that KFCSC will prepare a proposal to improve WSDs practices based on the standard and good warehousing practices for necessary funding.

Recommendation 7: *The State Government should devise SOPs for accounting the food grains at all levels and adhere to monthly calendar of PDS activities for effective supply chain management and fix responsibility for lapses on the concerned officials. Further, it must be ensured that the WSDs are operated with authorization/valid licences and quality controls of food grains be maintained as per FSSAI guidelines.*

5.12 Internal Controls at FPS - Shortfall in inspections at FPS and FCI

As per the TPDS Control Order 2015, Clause 11(1) the State Government shall ensure regular inspections of Fair Price Shops not less than once in three months by the designated authority. The State Government shall issue orders specifying the inspection schedule, list of checkpoints and the authority responsible for ensuring compliance. Accordingly, the State has prescribed a specific Job Chart for inspections by the department officials as detailed in **Table 20** below:

Table 20: Types of inspections to be carried out by authorities

District Authorities	Type of Inspection	Number of Inspections
Deputy Director(DD)	Cursory Inspection of FPS	35 to 50 every month
	Detailed Inspection of FPS	5 per month
	Inspection of FCI Godown	Once a week
Food Shirestedars (FS) and Food Inspectors(FI)	Cursory Inspection of FPS	30-40 Fair Price Shops per month
	Detailed Inspection of FPS	5 Fair Price Shops per month
	Intensive Inspection of FPS	1 Fair Price Shop per month

However, Audit observed that the overall inspection of the FPS conducted by the district authorities was not in commensuration with the prescribed checks during the years 2017-18 to 2021-22 as detailed in **Table 21**:

Table 21: Shortfall in inspections carried out by authorities (in per cent)

Sl. No.	District Name	Deputy Director			Food Shirestedar			Food Inspector		
		Weekly Inspection of FCI Godowns	Cursory Inspection of FPS	Detailed Inspection of FPS	Cursory Inspection of FPS	Detailed Inspection of FPS	Intensive Inspection of FPS	Cursory Inspection of FPS	Detailed Inspection of FPS	Intensive Inspection of FPS
1	Bengaluru South IRA	100	53	75	N/A	N/A	N/A	11	95	100
2	Bengaluru East IRA	100	53	100	N/A	N/A	N/A	84	100	100
3	Mandya	84	47	80	100	64	50	100	37	0
4	Bidar	52	33	41	100	99	100	100	96	100
5	Vijayapura	100	65	100	93	100	100	85	100	100
6	Gadag	100	94	88	95	95	100	96	99	100
7	Raichur	70	38	100	96	100	100	85	100	100
8	Kodagu	100	73	100	96	100	100	92	81	100
Overall Shortfall (per cent)		88	57	86	97	93	92	82	89	88

Note: No Food Shirestedars were appointed in Bengaluru South IRA and Bengaluru East IRA.

Deputy Director of Mandya failed to furnish Intensive Inspection Reports to Audit to substantiate the checks carried out. The Inspection Book was not maintained in 56 FPS and no inspection was conducted by the Deputy Director, Food Shirestedar and Food Inspector in 65 FPS during 2021-22 out of the test checked 96 FPS. Further, there were no details of inspections and inspection reports submitted by the Inspecting officers (DD/FS/FI) of the department which is suggestive of defunct inspection/monitoring role by the department in PDS operations as the checklist, reference check points and reporting formats were not specified and maintained.

In respect of FCI, Audit observed that the Deputy Directors who were to inspect FCI godowns once in a week to inspect the food grains being supplied to FPS did not conduct any inspections in five Districts during the period 2017-18 to 2021-22, while in other three districts it ranged from 52 to 84 per cent indicating non prioritization of inspections of FCI godowns.

Recommendation 8: State Government should ensure documentation and conduct of periodical inspections as spelt out in the TPDS control order to prevent mismanagement of the foodgrains.

5.13 Non conducting of Social Audit and non-participation of Panchayat Raj Institutions or any other agency

The National Food Security Act, 2013 and TPDS Control Order, 2015 stipulates that every local authority or any other authority or body as may be authorised by the State Government, shall conduct or cause to be conducted periodic Social Audits on the functioning of Fair Price Shops, Targeted Public Distribution System and other welfare schemes and cause to publicise its findings and take necessary action, in such manner as may be prescribed by the State Government.

However, no Social Audit was conducted by any local/other authority/body during the years 2017-18 to 2021-22 in all the test checked Districts indicating absence of PRIs in the entire gamut of PDS cycle.

The State Government replied (April 2023) that the Department is in correspondence with MGNREGA for conducting Social Audit this year and questionnaires are under finalization to initiate Social Audit process.

5.14 Non-formation and shortfall in Vigilance Committee Meeting

National Food Security Act, 2013 stipulated that 'For ensuring transparency and proper functioning of the Targeted Public Distribution System and accountability of the functionaries, every State Government shall set up Vigilance Committees as specified in the Public Distribution System (Control) Order, 2001 made under the Essential Commodities Act, 1955, as amended from time to time at the State, District, Block and Fair Price Shop levels consisting of such persons as may be prescribed by the State Government giving due representation to the local authorities, the Scheduled Castes, the Scheduled Tribes, women and destitute persons or persons with disability'.

On scrutiny of records, Audit observed that the required Vigilance Committees were not formed in seven out of eight test checked districts at district and taluks level and FPS level Vigilance Committees were not formed in two districts during the years 2017-18 to 2021-22 indicating absence of vigilance mechanism in the districts as detailed in **Table 22**:

Table 22: Details of shortfall in Vigilance Committee meetings

Sl. No.	District Name	At District Level	At Taluk Level	At FPS Level
1	Bengaluru South IRA	Not formed	Not formed	71
2	Bengaluru East IRA	Not formed	Not formed	91
3	Mandya	90	90	62
4	Bidar	Not formed	Not formed	99
5	Vijayapura	Not formed	Not formed	Not formed
6	Gadag	Not formed	Not formed	94
7	Raichur	Not formed	Not formed	Not formed
8	Kodagu	Not formed	Not formed	100
Overall shortfall (per cent)		90	90	86

Audit further observed that:

- The requirement of reconstitution of Vigilance Committee as stipulated in the Vigilance Committee Gazette, dated:30-05-2016, was not carried out since 2018-19 in all districts
- The claim of the department in conducting VC meetings with DGRO or Taluk/District authorities could not be verified as the documentary evidence was not furnished to Audit
- Audit observed that the name of Vigilance Committee members was not displayed in 61 FPS and the minutes of the VC meetings were not maintained in 81 FPS out of 96 FPS covered

The State Government replied (April 2023) that it has formed Vigilance committees at four levels as per the Food and Civil Supplies 144 Distribution of Ration Article Rules 2016. 13 District Level VC, 52 Taluka Level VC and all Fair Price Shop level Vigilance Committees have been formed

However, the fact remains that Vigilance Committees were not formed in remaining 18 districts and no meetings of Vigilance Committees were conducted in test checked FPS indicating lack of vigilance mechanism

Recommendation 9: *The State Government should ensure formation and functioning of mandatory Vigilance Committees and conduct Social Audit as required for bringing out the accountability.*

5.15 Grievance Redressal System

The TPDS scheme being a beneficiary oriented, effective grievances redressal system is essential. In this regard the following instruments are being used by the department to redress the grievances of the beneficiaries.

5.15.1 Shortcomings in Grievance redressal and Information Education Communication activities

The call centre of the Sahayavani number - 1967 has been set up in the office of the Commissioner, Food, Civil Supplies and Consumer Affairs Department. Audit observed the following shortcomings:

1. Complaints are not being acknowledged through SMS. The backup of the complaint is not maintained.
2. No mechanism exists to track the status of complaint online or offline.
3. The centre is maintaining two complaint registers for ordinary complaints and serious nature complaints, as no criteria was prescribed.
4. Audit observed that the details of grievances redressal authorities were not displayed in 76 FPS and the toll-free number (Sahayavani number 1967) in 16 FPS out of 96 FPS in Joint Physical Verification.
5. The complaint box was not installed in 90 FPS out of 96 FPS. In other 06 FPS the complaint box was either broken or not locked.
6. The State was to put in place special dispensation of home delivery of food grains or through authorised nominees for certain NFSA beneficiaries who are above sixty-five years of age or who are differently-abled or no other adult family member. However, the state has not evolved any mechanism to home deliver the food grains or to authorised nominee in the test checked eight districts.
7. TPDS Control Order, 2015 stipulates educating the ration card holders regarding their rights and privileges by use of electronic and print media, display boards outside and other awareness programmes in Gram Sabha, Nukkad Sabha, Folk Shows etc. However, Audit observed that except

pamphlets and banners depicting the rights and privileges of the beneficiaries (31 FPS out of 96 FPS) no other activities were conducted.

The State Government replied (April 2023) that grievances received manually or through online systems are forwarded to the respective District/IRA JD/DD for necessary action. All complaints received through IPGRS and CPGRAMS are acknowledged with an SMS. In addition to this, the Department has already implemented IP-PABX system along with call recording facility and backup of complaints received through toll-free numbers are maintained from 23 March 2023 onwards. IPGRS and CPGRAMS provide online tracking mechanism, while manual complaints are copy marked to complainant. The Department has submitted budget proposal for implementation of a Ticketing and Helpdesk System. Complaint box at FPS is redundant as beneficiaries can raise complaints through toll-free numbers or grievance redressal portal. IEC activities have been undertaken through display of posters, banners, hoardings, and necessary approvals will be sought for additional activities.

The reply is not acceptable as the fact remains that the details of grievances redressal authorities were not displayed in 76 FPS and the toll-free number (Sahayavani number 1967) in 16 FPS out of 96 FPS was also not displayed as observed during JPV. In the absence of which, the beneficiaries were not informed of the grievance redressal mechanism.



Bengaluru
The 14 AUG 2024

(Shanthi Priya S)
Pr. Accountant General (Audit I)
Karnataka

Countersigned



New Delhi
The 06 SEP 2024

(Girish Chandra Murmu)
Comptroller and Auditor General of India

Appendices

Appendix-I

(Reference: Para: 1.6, Page 3)

Details of 18 Audit test checked warehouses and 96 Fair Price Shops in eight districts / ranges during Joint Physical Verification

Sl. No	District	WSD Name	FPS No.
1	Bengaluru East IRA	KFCSC Vijinapura	136
2			17
3			134
4			8
5			53
6			140
7	Bengaluru South IRA	KFCSC Shanthinagar (HS Road)	BLC-147
8			BLS-266
9			BLS-69
10			BLS-241
11			BLS-267
12			BLS-41
13		KFCSC Hanumanthnagar	BLC-44
14			BLS-68
15			BLS-73
16			BLS-74
17			BLS-29
18			BLS-81
19	KFCSC Banashankari	BLS-119	
20		BLS-122	
21		BLS-120	
22		BLS-131	
23	Bidar	KFCSC Bidar Rural	135
24			158
25			124
26			179
27			76
28			68
29		KFCSC Humnabad	45
30			30

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31			32
32			44
33			17
34			115
35	Gadag	TAPCMS-Gadag	20
36			124
37			55
38			9
39			67
40			75
41			87
42		KFCSC-Laxmeshwar	9
43			55
44			76
45			62
46			72
47			67
48			Kodagu
49	59		
50	60		
51	61		
52	62		
53	30		
54	APCMS-Virajpet	95	
55		99	
56		100	
57		67	
58		98	
59		97	
60	Mandya	KFCSC Mandya (U)	1359
61			13
62			31
63		RAPCMS Mandya	126
64			51
65			127
66			92

67		TAPCMS Malavalli	69
68			71
69			72
70			2
71			3
72			103
73	Raichur	KFCSC-Raichur	109
74			114
75			17
76			11
77			131
78		KFCSC-Manvi	64
79			18
80			127
81			130
82			125
83	Vijayapura	KFCSC Indi-1	129
84			123
85			111
86		KFCSC Vijayapur-1 and KFCSC Vijayapura-2	42
87			145
88			123
89			91
90			93
91			251
92	132		
93	247		
94	122		
95	201		
96	231		

Appendix-II
(Reference Para: 3.1.1, Page 16)

Audit findings on the infrastructural and warehousing facilities in 18 WSDs

Sl. No	Criteria for evaluation	Number of WSDs non-complied out of 18 tests checked WSDs	Non-complied WSDs
1	Clean premises (free from seepage, cobwebs, dirt, dust, etc.)	8	KFCSC-Banashankari, KFCSC-Hanumanthnagar, KFCSC-Indi-1, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2
2	Vicinity free from litter, waste, weeds, and grass etc	12	APCMS-Virajpet, KFCSC- Madikeri, KFCSC-Bidar(Rural) Unit-I, KFCSC-Indi-1, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2, RAPCMS-Mandya, TAPCMS-Gadag
3	Warehouse located away from environmental pollution and industrial activities	1	KFCSC- Raichur
4	Inventory run on FIFO method (based on number of entry and exit gates)	5	APCMS-Virajpet, KFCSC-Banashankari, KFCSC-Hanumanthnagar, KFCSC-Madikeri, KFCSC-Shantinagar
5	Provision of layout with a proper space for movement and inspection	7	APCMS-Virajpet, KFCSC- Banashankari, KFCSC-Hanumanthnagar, KFCSC- Madikeri, KFCSC- Manvi, KFCSC-Shantinagar, RAPCMS- Mandya
6	Proper stack plan prepared and followed	12	KFCSC- Banashankari, KFCSC- Bidar (Rural)Unit-I, KFCSC- Indi-1, KFCSC- Laxmeshwar, KFCSC- Madikeri, KFCSC- Manvi, KFCSC- Mandya, KFCSC- Raichur, KFCSC- Shantinagar, RAPCMS- Mandya, TAPCMS- Gadag, TAPCMS- Malavalli
7	Stack cards with proper details (receipts/issues/grade/fumigation details etc)	16	APCMS-Virajpet, KFCSC-Banashankari, KFCSC-Hanumanthnagar, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Laxmeshwar, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi,

			KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2, RAPCMS-Mandya, TAPCMS-Gadag, TAPCMS-Malavalli
8	Foodgrains stored leaving the space with the wall	4	APCMS-Virajpet, KFCSC- Madikeri, KFCSC-Manvi, RAPCMS-Mandya
9	Stock details updated on the display board in front of WSD	13	APCMS-Virajpet, KFCSC- Banashankari, KFCSC- Bidar (Rural)Unit-I, KFCSC- Hanumanthnagar, KFCSC- Humnabad, KFCSC- Laxmeshwar, KFCSC- Madikeri, KFCSC- Mandya, KFCSC- Raichur, KFCSC- Shantinagar, RAPCMS- Mandya, TAPCMS- Gadag, TAPCMS- Malavalli
10	Foodgrains samples for test check	15	APCMS-Virajpet, KFCSC-Banashankari, KFCSC-Bidar(Rural) Unit-I, KFCSC-Hanumanthnagar, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura -2, RAPCMS-Mandya, TAPCMS-Malavalli
11	Displayed telephone numbers of nearest Fire Station	18	APCMS-Virajpet, KFCSC- Banashankari, KFCSC- Bidar (Rural)Unit-I, KFCSC- Hanumanthnagar, KFCSC- Humnabad, KFCSC- Indi-1, KFCSC- Laxmeshwar, KFCSC- Madikeri, KFCSC- Mandya, KFCSC- Manvi, KFCSC- Raichur, KFCSC- Shantinagar, KFCSC- Vijayapura, KFCSC- Vijayapura-1, KFCSC- Vijayapura-2, RAPCMS- Mandya, TAPCMS- Gadag, TAPCMS- Malavalli
12	Timely prophylactic and curative treatments for insect/pest control	16	APCMS-Virajpet, KFCSC- Banashankari, KFCSC- Bidar (Rural) Unit-I, KFCSC- Hanumanthnagar, KFCSC- Humnabad, KFCSC- Indi-1, KFCSC- Laxmeshwar, KFCSC- Mandya, KFCSC- Manvi, KFCSC- Raichur, KFCSC- Shantinagar, KFCSC- Vijayapura-1, KFCSC- Vijayapura-2, RAPCMS- Mandya, TAPCMS- Gadag, TAPCMS- Malavalli
13	Facility of regular cleaning and sweeping	14	APCMS-Virajpet, KFCSC- Banashankari, KFCSC- Hanumanthnagar, KFCSC- Humnabad, KFCSC- Indi-1, KFCSC- Laxmeshwar, KFCSC- Madikeri, KFCSC- Mandya, KFCSC- Manvi, KFCSC- Raichur, KFCSC- Shantinagar, KFCSC- Vijayapura-1, KFCSC- Vijayapura-2, TAPCMS- Gadag

Appendix-III

(Reference: Para: 3.1.2, Page 18)

Lack of infrastructural and security facilities in 18 tests checked WSDs

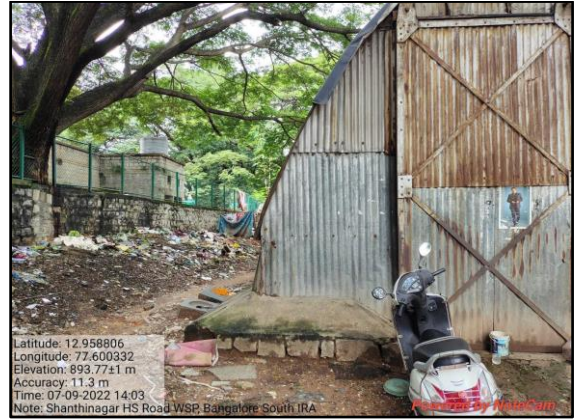
Sl. No	Criteria for evaluation	Number of WSDs non-complied out of 18 tests checked WSDs	Non-complied WSDs
1	Adequate natural or artificial lighting availability	15	APCMS-Virajpet, KFCSC-Banashankari, KFCSC-Bidar (Rural)Unit-I, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2, RAPCMS-Mandya, TAPCMS-Gadag, TAPCMS-Malavalli
2	Hard paving of at least 45 cm surrounding the buildings	13	APCMS-Virajpet, KFCSC-Banashankari, KFCSC-Hanumanthnagar, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Shantinagar, KFCSC-Vijayapura, RAPCMS-Mandya, TAPCMS-Gadag, TAPCMS-Malavalli
3	Storage of foodgrains on pallets / tarpaulins	6	KFCSC-Banashankari, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Vijayapura-1
4	Facility made up of sound construction and free from leaks, dust, seepages, flaking's etc.	8	KFCSC-Banashankari, KFCSC-Hanumanthnagar, KFCSC-Indi-1, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2
5	Provision for CCTV live monitoring and surveillance	18	APCMS-Virajpet, KFCSC-Banashankari, KFCSC-Bidar (Rural)Unit-I, KFCSC-Hanumanthnagar, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Laxmeshwar, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2, RAPCMS-Mandya, TAPCMS-Gadag, TAPCMS-Malavalli, KFCSC-Vijayapura,

6	Provision for round-the-clock security	13	APCMS-Virajpet, KFCSC-Bidar (Rural)Unit-I, KFCSC-Hanumanthnagar, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Laxmeshwar, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijinapura, TAPCMS-Gadag
7	Warehouse must be well-protected with boundary walls/ fencing etc.	8	APCMS-Virajpet, KFCSC-Banashankari, KFCSC-Hanumanthnagar, KFCSC-Indi-1, KFCSC-Madikeri, KFCSC-Manvi, KFCSC-Shantinagar, RAPCMS-Mandya
8	Gate-Pass system for the goods passing in and out of the warehouse.	17	APCMS-Virajpet, KFCSC-Banashankari, KFCSC-Bidar (Rural)Unit-I, KFCSC-Hanumanthnagar, KFCSC-Indi-1, KFCSC-Laxmeshwar, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2, KFCSC-Vijinapura, RAPCMS-Mandya, TAPCMS-Gadag, TAPCMS-Malavalli
9	Fire-fighting arrangements provided	18	APCMS-Virajpet, KFCSC-Banashankari, KFCSC-Bidar (Rural)Unit-I, KFCSC-Hanumanthnagar, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Laxmeshwar, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2, KFCSC-Vijinapura, RAPCMS-Mandya, TAPCMS-Gadag, TAPCMS-Malavalli
10	Rain-proof loading and unloading area	16	KFCSC-Banashankari, KFCSC-Bidar (Rural) Unit-I, KFCSC-Hanumanthnagar, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Laxmeshwar, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2, KFCSC-Vijinapura, RAPCMS-Mandya, TAPCMS-Gadag, TAPCMS-Malavalli
11	Facility of own weighbridge in WSD	16	APCMS-Virajpet, KFCSC-Bidar (Rural) Unit-I, KFCSC-Hanumanthnagar, KFCSC-Humnabad, KFCSC-Indi-1, KFCSC-Laxmeshwar, KFCSC-Madikeri, KFCSC-Mandya, KFCSC-Manvi, KFCSC-Raichur, KFCSC-Shantinagar, KFCSC-Vijayapura-1, KFCSC-Vijayapura-2, KFCSC-Vijinapura, TAPCMS-Gadag, TAPCMS-Malavalli

Pictures taken during JPV



The low-lying wetland area, bushy and grassy surroundings all around the WSD - KFCSC Banashankari, Bengaluru South IRA



Garbage and litter found all around the warehouse which is made of just iron enclosure sheets - KFCSC Shanthinagar, Bengaluru East IRA



Rat burrows with dug-out mud were found in the corner of the GTF WSD - KFCSC Raichur.



Cat on the stacks indicating heavy presence of rodents - KFCSC Shantinagar, Bengaluru East -IRA



Overspill of rice after loading/unloading at the entrance of KFCSC Vijayapura-2 attracts rodents and pest



Latitude: 16.006205
Longitude: 77.035372
Elevation: 386.83±5 m
Accuracy: 12.1 m
Time: 21-12-2022 15:20
Note: KFCSC WSD 4, Manvi

Powered by NoteCam

Venkayya Shetty subsidiary WSD under KFCSC-Manvi was seen with pan-spitted stains on the interior walls.



Latitude: 12.914985
Longitude: 77.559246
Elevation: 893.28±11 m
Accuracy: 6.4 m
Time: 08-26-2022 11:17
Note: KFCSC Godown, Banashankari

Powered by NoteCam

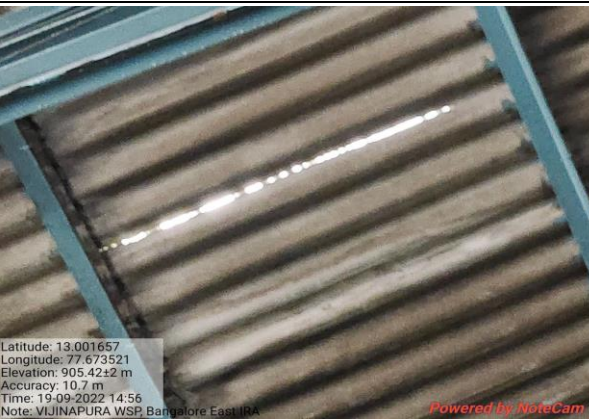
Old dusty ceiling which is made of asbestos sheets - KFCSC Banashankari, Bengaluru South IRA



Latitude: 12.201251
Longitude: 75.796144
Elevation: 903.02±4 m
Accuracy: 10.7 m
Time: 21-01-2023 11:07
Note: APCMS WSD, Virajpet

Powered by NoteCam

Extensive use of manual hooks on the gunnies lead to spillage of grains - APCMS Virajpet, Kodagu



Latitude: 13.001657
Longitude: 77.673521
Elevation: 905.42±2 m
Accuracy: 10.7 m
Time: 19-09-2022 14:56
Note: VIJINAPURA WSP, Bangalore East IRA

Powered by NoteCam

Cracks in the asbestos ceilings -KFCSC Vijinapura, Bengaluru East IRA



Latitude: 17.168094
Longitude: 75.956963
Elevation: 475.6±6 m
Accuracy: 78.6 m
Time: 01-12-2022 13:25
Note: Indi-1 WSP, Vijayapura

Powered by NoteCam

Absence of tarpaulins /sheets/ pallets underneath the foodgrain stacks - KFCSC Indi-1, Vijayapura

Appendix-IV

(Reference Para: 3.1.3, Page 18)

19 KFCSC Godown managers working for more than one WSD in test checked Districts

Sl. No	District/Range (as per KFCSC)	WSD1	WSD2	WSD3
1	Bengaluru North (includes East IRA)	TSG	KG Halli	-
2	Bengaluru South	Byatarayanapura	Devanahalli	-
		Jigani	Anekal	-
3	Bidar	Balki	Bidar	-
4	Vijayapura	KFCSC Office/Vijayapura-1	Vijayapura-3	-
		KFCSC Office/Muddebihal-1	Muddebihal-2	-
		Basavana Bagewadi-1	Basavana Bagewadi-2	-
		Indi 1	Indi 2	-
		Sindhagi 1	Sindhagi 2	-
5	Gadag	Laxmeshwar	Naregal	-
		Ron	Nargund	-
6	Mandya	Pandavapura	Srirangapatana	KR Pete
		Mandya	Maddur	-
7	Mysuru (Includes Kodagu)	HD Kote	Sarguru	-
		Mysuru Urban	Mysuru Rural	-
		Mysuru North	Mysuru Rural	-
		Periyapatna	Gonikoppa	Kushalnagar
		Nanjangudu	Narsipura	-
		Hunsuru	Madikeri	-

Appendix-V

(Reference Para 4.1.1, Page 23)

Insufficient storage capacity of FPS

Sl. No.	FPS No.	WSP Name	District	Month	Allotted foodgrains in Quintals.	No. of bags allotted	No. of bags storage require	Storage capacity of FPS (No. of bags)	Shortcoming in Storage capacity of FPS (No. of bags)
1	136	KFCSC Godown, Vijnapura	Bengaluru East IRA	Oct-22	199.10	398	796	400	396
2	17	KFCSC Godown, Vijnapura	Bengaluru East IRA	Oct-22	160.00	320	640	500	140
3	8	KFCSC Godown, Vijnapura	Bengaluru East IRA	Oct-22	225.05	450	900	500	400
4	53	KFCSC Godown, Vijnapura	Bengaluru East IRA	Oct-22	195.20	390	781	300	481
5	140	KFCSC Godown, Vijnapura	Bengaluru East IRA	Oct-22	215.35	431	861	300	561
6	BLS131	Banashankari	Bengaluru South IRA	Dec-22	154.50	309	618	300	318
7	BLS44	Hanumanthnagar	Bengaluru South IRA	Dec-22	163.60	327	654	200	454
8	BLS68	Hanumanthnagar	Bengaluru South IRA	Dec-22	239.55	479	958	480	478
9	BLS73	Hanumanthnagar	Bengaluru South IRA	Dec-22	185.10	370	740	520	220
10	BLS74	Hanumanthnagar	Bengaluru South IRA	Dec-22	245.55	491	982	300	682
11	BLS29	Hanumanthnagar	Bengaluru South IRA	Dec-22	184.65	369	739	300	439
12	BLS81	Hanumanthnagar	Bengaluru South IRA	Dec-22	265.60	531	1,062	800	262
13	BLS266	Shanthinagar (HS Road)	Bengaluru South IRA	Dec-22	306.80	614	1,227	540	687
14	BLC69	Shanthinagar (HS Road)	Bengaluru South IRA	Dec-22	134.95	270	540	220	320
15	BLS241	Shanthinagar (HS Road)	Bengaluru South IRA	Dec-22	174.25	349	697	500	197

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16	BLS267	Shanthinagar (HS Road)	Bengaluru South IRA	Dec-22	299.90	600	1,200	250	950
17	BLS41	Shanthinagar (HS Road)	Bengaluru South IRA	Dec-22	80.25	161	321	220	101
18	135	Bidar IRA	Bidar	Sep-22	236.75	474	947	500	447
19	158	Bidar IRA	Bidar	Sep-22	218.05	436	872	400	472
20	76	Bidar Rural	Bidar	Sep-22	200.10	400	800	700	100
21	44	Humnabad	Bidar	Sep-22	226.05	452	904	650	254
22	20	KFCSC-Gadag	Gadag	Nov-22	265.95	532	1,064	310	754
23	124	KFCSC-Gadag	Gadag	Nov-22	203.65	407	815	400	415
24	55	KFCSC-Gadag	Gadag	Nov-22	197.05	394	788	600	188
25	9	KFCSC-Gadag	Gadag	Nov-22	223.25	447	893	600	293
26	9	KFCSC- Laxmeshwar	Gadag	Nov-22	148.65	297	595	550	45
27	55	KFCSC- Laxmeshwar	Gadag	Nov-22	291.60	583	1,166	600	566
28	76	KFCSC- Laxmeshwar	Gadag	Nov-22	207.50	415	830	700	130
29	67	KFCSC- Shirahatti	Gadag	Nov-22	360.65	721	1,443	800	643
30	67	TAPCMS- Gadag	Gadag	Nov-22	361.90	724	1,448	1,200	248
31	75	TAPCMS- Gadag	Gadag	Nov-22	411.20	822	1,645	1,200	445
32	62	KFCSC- Laxmeshwar	Gadag	Nov-22	127.70	255	511	500	11
33	100	APCMS-WSD Virajpet	Kodagu	Dec-22	111.50	223	446	200	246
34	98	APCMS-WSD Virajpet	Kodagu	Dec-22	127.10	254	508	250	258
35	97	APCMS-WSD Virajpet	Kodagu	Dec-22	76.15	152	305	250	55
36	56	KFCSC-WSD Madikeri	Kodagu	Dec-22	244.45	489	978	700	278
37	59	KFCSC-WSD Madikeri	Kodagu	Dec-22	154.30	309	617	200	417
38	60	KFCSC-WSD Madikeri	Kodagu	Dec-22	130.50	261	522	200	322
39	61	KFCSC-WSD Madikeri	Kodagu	Dec-22	156.55	313	626	300	326

40	1359	Mandya (KFCSC)	Mandya	Sep-22	300.84	602	1,203	500	703
41	13	Mandya (KFCSC)	Mandya	Sep-22	173.45	347	694	400	294
42	31	Mandya (KFCSC)	Mandya	Sep-22	119.29	239	477	280	197
43	126	Mandya (RAPCMS)	Mandya	Sep-22	261.30	523	1,045	600	445
44	130	KFCSC-WSD Manvi	Raichur	Nov-22	172.60	345	690	400	290
45	125	KFCSC-WSD Manvi	Raichur	Nov-22	223.30	447	893	800	93
46	129	KFCSC-WSD Manvi	Raichur	Nov-22	141.45	283	566	400	166
47	123	KFCSC-WSD Manvi	Raichur	Nov-22	137.40	275	550	500	50
48	109	KFCSC-WSD Raichur	Raichur	Nov-22	200.80	402	803	400	403
49	114	KFCSC-WSD Raichur	Raichur	Nov-22	249.90	500	1,000	400	600
50	17	KFCSC-WSD Raichur	Raichur	Nov-22	236.60	473	946	800	146
51	131	KFCSC-WSD Raichur	Raichur	Nov-22	273.00	546	1,092	500	592
52	127	KFCSC-WSD Raichur	Raichur	Nov-22	202.15	404	809	800	9
53	42	KFCSC Godown-1, Indi	Vijayapura	Nov-22	315.00	630	1,260	1,200	60
54	201	KFCSC Godown-1, Vijayapur	Vijayapura	Nov-22	278.90	558	1,116	550	566

Appendix-VI
(Reference Para 4.1.4, Page 27)

Discrepancies between stock as per FIST module and physical stock in FPS(Shortages)

Sl. No.	District	FPS No.	WSD Name	Foodgrains	Date of JPV	Physical Stock of Foodgrains		Book Stock of Foodgrains		Shortages in physical Stock		Rate per Quintal in ₹	Amount in ₹
						Quantity (Quintal.)	No. of Bags	Quantity (Quintal.)	No. of Bags	Quantity (Quintal.)	No. of Bags		
1	Bengaluru South IRA	29	Hanumanthanagar KFCSC	Rice	03-09-2022	66.50	133	79.30	159	-12.80	26	2,995.05	38,337
2	Bengaluru South IRA	29	Hanumanthanagar KFCSC	Ragi	03-09-2022	59.50	119	76.12	152	-16.62	33	3,377.00	56,126
3	Bidar	68	Bidar Rural	Rice	24-09-2022	450.00	900	517.40	1,035	-67.40	135	2,995.05	2,01,866
4	Bidar	17	Humnabad	Rice	25-09-2022	922.50	1,845	1,141.42	2,283	-218.92	438	2,995.05	6,55,676
5	Bidar	44	Humnabad	Jowar	25-09-2022	10.00	20	13.22	26	-3.22	6	2,738.00	8,816
6	Gadag	9	KFCSC-Gadag	Rice	07-12-2022	165.00	330	221.50	443	-56.50	113	2,995.05	1,69,220
7	Gadag	72	KFCSC-Laxmeshwar	Rice	08-12-2022	765.00	1,530	801.00	1,602	-36.00	72	2,995.05	1,07,822
8	Gadag	55	KFCSC-Laxmeshwar	Rice	08-12-2022	225.00	450	249.05	498	-24.05	48	2,995.05	72,031
9	Gadag	67	TAPCMS-Gadag	Rice	07-12-2022	93.00	186	113.93	228	-20.93	42	2,995.05	62,686
10	Gadag	76	KFCSC-Laxmeshwar	Rice	08-12-2022	9.50	19	30.31	61	-20.81	42	2,995.05	62,327
11	Gadag	9	KFCSC-Laxmeshwar	Rice	08-12-2022	0.50	1	15.75	32	-15.25	31	2,995.05	45,675
12	Mandya	103	Malavalli (TAPCMS)	Rice	14-10-2022	205.00	410	324.00	648	-119.00	238	2,995.05	3,56,411
13	Mandya	103	Malavalli (TAPCMS)	Ragi	14-10-2022	85.00	170	141.20	282	-56.20	112	3,377.00	1,89,787

14	Raichur	109	KFCSC- Raichur	Rice	20-12-2022	122.50	245	132.24	264	-9.74	19	2,995.05	29,172
15	Raichur	114	KFCSC- Raichur	Rice	20-12-2022	160.00	320	200.40	401	-40.40	81	2,995.05	1,21,000
16	Raichur	17	KFCSC- Raichur	Rice	20-12-2022	150.00	300	158.19	316	-8.19	16	2,995.05	24,529
17	Raichur	11	KFCSC- Raichur	Rice	20-12-2022	270.00	540	335.11	670	-65.11	130	2,995.05	1,95,008
18	Raichur	127	KFCSC- Manvi	Rice	21-12-2022	350.00	700	384.71	769	-34.71	69	2,995.05	1,03,958
19	Raichur	129	KFCSC- Manvi	Rice	21-12-2022	236.00	472	244.65	489	-8.65	17	2,995.05	25,907
20	Vijayapura	132	KFCSC WSD-2, Vijayapura	Rice	30-11-2022	45.00	90	65.65	131	-20.65	41	2,995.05	61,848
21	Vijayapura	251	KFCSC WSD-2, Vijayapura	Rice	30-11-2022	1.00	2	16.60	33	-15.60	31	2,995.05	46,723
	Total									-870.75	1,741		26,34,926

Discrepancies between stock as per FIST module and physical stock in FPS(Excess)

Sl. No.	District	FPS No.	WSD Name	Food grains	Date of JPV	Physical Stock of Foodgrains		Book Stock of Foodgrains		Excess of Physical Stock		Rate per Quintal in ₹	Amount in ₹
						Quantity (Quintal)	No. of Bags	Quantity (Quintal)	No. of Bags	Quantity (Quintal)	No. of Bags		
1	Bengaluru South IRA	131	Banashankari KFCSC	Ragi	16-09-2022	13.50	27	-6.60*	13	13.50	27	3,377.00	45,590
2	Bidar	135	Bidar IRA	Rice	24-09-2022	52.50	105	42.50	85	10.00	20	2,995.05	29,951
3	Bidar	158	Bidar IRA	Rice	24-09-2022	125.00	250	106.85	214	18.15	36	2,995.05	54,360
4	Bidar	124	Bidar IRA	Rice	24-09-2022	42.00	84	40.00	80	2.00	4	2,995.05	5,990
5	Bidar	76	Bidar Rural	Rice	24-09-2022	362.50	725	315.50	631	47.00	94	2,995.05	1,40,767
6	Bidar	45	Humnabad	Rice	25-09-2022	162.00	324	133.88	268	28.12	56	2,995.05	84,221
7	Bidar	30	Humnabad	Rice	25-09-2022	380.00	760	378.67	757	1.33	3	2,995.05	3,983
8	Bidar	32	Humnabad	Rice	25-09-2022	375.50	751	273.69	547	101.81	204	2,995.05	3,04,926
9	Bidar	44	Humnabad	Rice	25-09-2022	268.00	536	196.34	393	71.66	143	2,995.05	2,14,625
10	Bidar	68	Bidar Rural	Ragi	24-09-2022	107.00	214	55.80	112	51.20	102	2,995.05	1,53,347
11	Gadag	55	KFCSC, Gadag	Rice	07-12-2022	250.00	500	198.12	396	51.88	104	2,995.05	1,55,383
12	Gadag	62	KFCSC, Laxmeshwar	Rice	08-12-2022	27.50	55	11.00	22	16.50	33	2,995.05	49,418
13	Gadag	87	TAPCMS, Gadag	Rice	07-12-2022	380.00	760	369.43	739	10.57	21	2,995.05	31,658
14	Gadag	75	TAPCMS, Gadag	Rice	07-12-2022	402.50	805	397.71	795	4.79	10	2,995.05	14,346

15	Mandya	2	Malavalli (TAPCMS)	Rice	14-10-2022	48.00	96	33.00	66	15.00	30	2,995.05	44,926
16	Mandya	3	Malavalli (TAPCMS)	Rice	14-10-2022	28.00	56	19.25	39	8.75	18	2,995.05	26,207
17	Mandya	13	Mandya (KFCSC)	Ragi	13-10-2022	3.75	7.5	0.50	1	3.25	7	3,377.00	10,975
18	Mandya	3	Malavalli (TAPCMS)	Ragi	14-10-2022	7.50	15	5.14	10	2.36	5	3,377.00	7,970
19	Raichur	64	KFCSC, Raichur	Rice	20-12-2022	350.00	700	327.00	654	23.00	46	2,995.05	68,886
20	Raichur	18	KFCSC, Manvi	Rice	21-12-2022	430.50	861	427.37	855	3.13	6	2,995.05	9,375
21	Vijayapura	111	KFCSC WSD-1, Indi	Rice	01-12-2022	77.00	154	49.47	99	27.53	55	2,995.05	82,454
22	Vijayapura	42	KFCSC WSD-1, Indi	Rice	01-12-2022	78.50	157	55.51	111	22.99	46	2,995.05	68,856
23	Vijayapura	123	KFCSC WSD-2, Indi	Rice	01-12-2022	58.50	117	39.07	78	19.43	39	2,995.05	58,194
24	Vijayapura	122	KFCSC WSD-1, Vijayapura	Rice	30-11-2022	77.50	155	70.85	142	6.65	13	2,995.05	19,917
	Total									560.60	1121		16,86,324

*The PoS portal at FPS stores sometimes take times to update the next batch of food allotment figures from the FIST module of WSD. Though the stock balance is reduced to zero, the system allows further distribution of foodgrains, which led to incorrect accounting of food.

Appendix-VII
(Reference Para 4.1.5, Page 30)

Statement showing FPS with more than one distribution point.

District	Taluk	FPS No and Name	No. of Distribution Points
Mandya	Mallavalli	71- Hittanahalli Koppalu L.S.C.B.	3
		72- Aladahalli L.S.C.B.	4
		03 - Vssbn. Nidaghatta.	2
		02 - Vssn, Nelamakanahalli	4
	Mandya	51-Vssbn Sathanur	2
Vijayapura	Bableshwar	251- Bhagyawati	2

Appendix-VIII A
(Reference Para 4.1.5, Page 31)

List of incorrectly Geotagged FPS

Sl. No.	District	FPS No.	WSD Name	Uploaded Location (Latitude, Longitude)	Correct Location (Latitude, Longitude)
1	Bengaluru East IRA	140	KFCSC Vijnapura	12.5827, 77.3649	12.9538, 77.6154
2		17	KFCSC Vijnapura	12.973, 77.6473	12.9633, 77.6475
3		8	KFCSC Vijnapura	12.9841, 77.6116	12.9634, 77.6818
4	Bidar	76	KFCSC Bidar Rural	17.9373, 77.5115	17.9696, 77.4972
5		68	KFCSC Bidar Rural	17.9696, 77.4972	17.9373, 77.5115
6		115	KFCSC Humnabad	17.7775, 77.1224	17.7764, 77.1307
7		179	KFCSC Bidar IRA	17.9138, 77.5174	17.9034, 77.5163
8	Gadag	124	KFCSC Gadag	15.4521, 75.6445	15.43213, 75.63437
9		87	TAPCMS Gadag	15.3906, 75.6074	15.38383, 75.62292
10		55	KFCSC Laxmeshwar	15.1957, 75.5013	15.12628, 75.47396
11	Mandya	1359	KFCSC Mandya	12.5213, 76.8897	12.5305, 76.8858
12		51	RAPCMS Mandya	12.5473, 76.8861	12.5532, 76.9005
13		2	TAPCMS Malavalli	12.4299, 77.0387	12.4232, 77.0419
14		3	TAPCMS Malavalli	12.3861, 77.0613	12.3808, 77.0828

Appendix-VIII B
(Reference Para 4.1.5, Page 31)

List of FPS which were geotagged to same latitude/longitude.

Sl.No	FPS Name	Latitude	Longitude
1	34/31/M.Kumari F.P.S (Bd-031)	12.9952	77.6572
2	38/35/Basavanagar C.C.S(Bd-035)	12.9952	77.6572
3	63/63/C.M.Shivashankar F.P.S(Bd-063)	12.9952	77.6572
4	66/66/Kammanahalli.C.C.S(Bd-066)	12.9952	77.6572
5	177/26//G.Venkata Laxmi FPS	12.9952	77.6572
6	202/22/Umar Sadiq Hussain F.P.S(In-022)	12.9952	77.6572
7	215/47/Kali C.C.S. (In-047)	12.9952	77.6572
8	257/12/A Muralidhar F.P.S.(Jm-012)	12.9952	77.6572
9	258/103/Hk Narayan F.P.D.(Jm-013)	12.9952	77.6572
10	263/18/Vannarapet C.C.S.(Jm-018)	12.9952	77.6572
11	265/20 K.A. Nasruddin F.P.S.(Jm-020)	12.9952	77.6572
12	266/21/Sonnenahalli C.C.S.(Jm-021)	12.9952	77.6572
13	275/34/M.Chandra F.P.S.(Jm-034)	12.9952	77.6572
14	276/35/Shajiya Banu F.P.S.(Jm-35)	12.9952	77.6572
15	277/37/M Srinivasa F.P.S.(Jm-037)	12.9952	77.6572
16	287/14/Taskar Town C.C.S(Sr-014)	12.9952	77.6572
17	291/21/Nehrupuram C.C.S(Sr-021)	12.9952	77.6572
18	292/23/Sridevarajurs S.C.S.T.C.C S(SR-023)	12.9952	77.6572
19	295/27/D. Lalitha F.P.S(Sr-027)	12.9952	77.6572
20	310/53/Renuka C.C.S (Sr-053)	12.9952	77.6572
21	31088/2089/Jayashree Mahila Multipurpose Co-Operative Society Niyamitha, Shivajinagar	12.9952	77.6572
22	30056/141/Parvathi mahila Co-Operative Society, Chikkadevasandra	13.0075	77.6983
23	30063/148/Sri Bhuvaneshwari Consumer Co-Operative Society K.R. Pura	13.0075	27.6983

GLOSSARY OF ABBREVIATIONS

APCMS	Agricultural Producers Cooperative Marketing Society	LPI	Logistics Performance Index
CIP	Central Issue Price	JPV	Joint Physical Verification
CWC	Central Warehousing Corporation	KFCSC	Karnataka Food and Civil Supplies Corporation
DD	Deputy Director	NFSA	National Food Security Act
DFPD	Department of Food and Public Distribution	PDS	Public Distribution System
FCI	Food Corporation of India	RAPCMS	Ryot Agricultural Produce Co-operative Marketing Society Ltd
FI	Food Inspector	SCMC	Supply Chain Management Centre
FIST	Financial and Stock Management Portal	SOP	Standard Operating Procedure
FPS	Fair Price Shops	SWC	State Warehousing Corporation
FS	Food Shirestedar	TAPCMS	Taluk Agricultural Produce Co-operative Marketing Society Ltd
FSSAI	Food Safety and Standards Authority of India	TPDS	Targeted Public Distribution System
IRA	Informal Rationing Area	WDRA	Warehouse Development Regulatory Authority
IT	Information Technology	WSD	Wholesale Depot
JD	Joint Director	WSP	Wholesale Point



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