

Chapter – V

Food Security, Subsidy and Management of Foodgrains

Highlights

A performance audit was conducted of the implementation of the Public Distribution System for essential food grains in the National Capital Territory of Delhi. The audit appraisal revealed inter-alia the following:

1,56,800 beneficiary families were to be identified under the Antodaya Anna Yojana (AAY) meant for providing food security to the poorest of the poor. However, the Delhi Government, which launched the scheme in January 2002, could identify only 56,249 beneficiary families as of January 2005. Thus, over one lakh AAY families were deprived of the benefits of the scheme.

(Paragraph 5.6.1.2)

A beneficiary survey showed that 22.80 per cent of the surveyed beneficiaries were not in the recorded addresses though rations were being lifted against their names. A further 26.78 per cent reported issue of food grains by FPS owners on rates higher than that stipulated, poor quality of food grains issued, non-adherence to prescribed timings and irregular supply.

(Paragraph 5.6.7)

The Department could identify only 142 beneficiaries under Annapurna Scheme meant for indigent senior citizens against target of 8,040. Funds available for the scheme remained unutilized.

(Paragraph 5.7)

There were shortfalls ranging from over 69 per cent to over 99 per cent in lifting of food grains against projected requirements under the APL scheme which was indicative of projections not being based on the empirical data of number of actual beneficiaries. There were also shortfalls in lifting of foodgrains under the BPL scheme as the department was slow in taking steps to publicise the scheme and ensure that the benefits reached the intended beneficiaries.

(Paragraph 5.6.2)

There was delay upto six months in issue of ration cards as against the one month permitted in the PDS Control Order.

(Paragraph 5.6.1.4)

Plan funds of Rs.1.26 crore provided for computerisation were irregularly diverted to meet non-plan contingent expenditure.

(Paragraph 5.8)

Surprise inspections required to be conducted under the various licensing control orders at various levels were not conducted. Only 96 inspections were carried out against 3,060 prescribed inspections in the selected circles during 2000-2005. Consequently, effective control and oversight of the working of PDS outlets was lacking.

(Paragraph 5.6.6)

Network of vigilance committees at State, District, Block and Circle levels envisaged in the PDS Control Order were yet to be fully established and made operational.

(Paragraph 5.9.1)

Summary of main recommendations

- *The Department should ensure periodic verification of ration cards issued as envisaged in the PDS Control Order so as to eliminate/minimize bogus or unused ration cards. Steps should also be taken to ensure that delay in issue of ration cards to genuine beneficiaries was eliminated or minimized.*

- *Identification of beneficiaries under AAY should be expedited so as to ensure that all the beneficiaries were brought within the purview of the scheme without further delay.*
- *Projections of requirements should be based on an assessment of actual need taking into account poor utilization of food grains by APL beneficiaries.*
- *The department should see that the prescribed numbers of surprise inspections are conducted at each level so as to ensure better compliance of PDS Control Orders as well as better delivery of benefits to the intended beneficiaries and plugging of leakages and diversions.*
- *The monitoring mechanism envisaged in the Control Order should be set up at every level without delay and it should be ensured that the meetings are regularly held and duly documented.*
- *The department should carry out an evaluation or impact study of the implementation of the schemes to identify weak areas for remedial action.*

5.1 Introduction

A critical component of the government's food management strategy is the implementation of the Public Distribution System (PDS) aimed at ensuring availability of food grains at affordable prices and enhancing the food security for the poor. The Department of Food Supplies and Consumer Affairs (DFS&CA), Government of NCT of Delhi, is the nodal department entrusted with the management of the public distribution system in the National Capital Territory and implementation of the Delhi Specified Articles (Regulation of Distribution) Order 1981 and the Public Distribution System (Control) Order 2001.

For the purpose of distribution of foodgrains under PDS, the department projects its requirement of food grains to the Union Ministry of Consumer Affairs, Food and Public Distribution who in turn allocates food grains to the Delhi government. After receiving the allocation through the Food Corporation of India, the distribution branch of the department allocates wheat and rice to nine zonal Assistant Commissioners (ACs) for further allocation to circles under their jurisdiction. The circle Food and Supply Officers (FSOs) allocate the food grains to various Fair Price Shops for distribution to the beneficiaries as per the prescribed quantity at Central Issue Price (CIP). An FSO or an inspector is deputed by the distribution branch to

the FCI godown for checking the quality and quantity of the specified food articles.

The Government of Delhi is implementing the following schemes with effect from the period noted against each:

(i)	Above Poverty Line (APL)	:	since inception
(ii)	Below Poverty Line (BPL)	:	May 2001
(iii)	Antyodaya Anna Yojana (AAY)	:	January 2002
(iv)	Annapurna Scheme	:	January 2002

In addition, food grains are supplied by the department to 47 welfare institutions recognized by the Department of Social Welfare such as beggars homes, Nari Niketans, hostels for SCs/STs and backward class students, homes for destitute, delinquent and abandoned children, juveniles, old persons, etc. at the rate prescribed for BPL.

5.2 Organizational set up

The Department of Food, Supplies and Consumer Affairs is headed by the Principal Secretary/Commissioner who is assisted by four Additional Commissioners who supervise the functioning of the nine zones. Each of the nine zones is headed by an Assistant Commissioner. The zones are divided into 70 circles, one for each Assembly constituency, which are headed by Food Supply officers.

5.3 Audit objectives

The main objective of the performance audit was to evaluate the effectiveness of the food management system and the extent to which it achieved its intended purpose of ensuring availability of the specified food articles at the stipulated rates for the intended beneficiaries. The more specific objectives were to assess:

- the effectiveness of the distribution arrangements in ensuring availability at stipulated rates;
- whether the benefits of the schemes were actually reaching the intended beneficiaries;
- whether the monitoring system evolved in the scheme was adequate and effective; and

- whether there existed any system of periodic evaluation of the implementation of the scheme.

5.4 Scope and methodology of audit

The performance audit covered the period from 2000-01 to 2004-05. Audit test checked the records of the nodal department, three districts, nine circle offices and 36 Fair Price Shops which were selected through simple random sampling methods for detailed sampling. The audit methodology included:

- scrutiny of the records and data of the nodal department and the selected district/circle offices;
- sending the audit findings to the department for confirmation of facts and comments;
- conduct of a beneficiary survey to ascertain the satisfaction level as to actual delivery of benefits under the various schemes; and
- communication of the audit observations to the department and obtaining their comments while finalizing the performance audit report.

The draft performance audit report was sent to the Government on 16 November 2005 for confirmation of facts and comments. The draft audit observations and recommendations were subsequently discussed at a meeting held on 24 November 2005 which was attended by the Principal Secretary (Food Supplies & Consumer Affairs), Government of Delhi, along with other concerned officers. The views expressed at the meeting as well as those formally communicated in December 2005 have been taken into account and reflected in the report. The Government added that they had initiated a number of steps to strengthen the PDS in the NCT of Delhi which included inter alia mandatory display of stock and price information at the FPSs, ensuring maintenance of necessary records and timely disposal of complaints.

5.5 Financial Outlay

The budget grants received during the period 2000-01 to 2004-05 from the

Government of Delhi were as under:

Table 5.1: Budget provision vis-à-vis actual expenditure

Head of account	(Rs. in thousand)									
	2000-01		2001-02		2002-03		2003-04		2004-05	
	Budget Sanctioned	Actual Exp.								
MH 3436-D.1-Civil Supplies (Plan)										
D(1)(5) office expenses (Computerisation)	17900	-	17500	4709	20000	18753	16500	3044	10000	2831
DI(2)(1) streamlining of PDS with Focus on below poverty line	100	-	500	224	2000	-	2000	7035	10000	5784
DI(3)(12) Annapurna Scheme(State Share)	-	-	-	-	--	-	500	394	500	19

There were huge savings in all the heads even to the extent of 100 per cent in some cases. This was indicative of either unrealistic budget proposals or poor and delayed implementation of schemes. The department could not furnish the reasons for such savings.

5.6 Allocation and distribution of food grains

A proper system of food management entails a realistic projection of requirements based on systematic identification of beneficiaries, timely lifting of the food allocations received and its efficient distribution to the intended beneficiaries. This includes efficient and timely issue of ration cards and a periodic review of ration cards so as to ascertain their continued validity.

5.6.1 Identification of beneficiaries and issue of ration cards

5.6.1.1 Issue of ration cards in excess of actual requirements

The average number of members in a family in a ration card as determined by the department was 5.2 members per APL card, 4.6 members per BPL card and 4.3 members per AAY card. As against 29,77,129 cards which were to be issued, the department had issued a total of 39,85,109 ration cards as of June 2004. Thus 10,07,980 ration cards were issued in excess as worked out below:

Table 5.2: Excess issue of Ration cards

	APL	BPL	AAY	Total
Population*	13191361	1766768	241871	15200000
Average family size	5.2	4.6	4.3	--
Number of ration cards required to be issued	2536800	384080	56249	2977129

* Population as projected by the Registrar General of India.

There were 10.07 lakh (approx.) excess ration cards

During the renewal exercise initiated from August 2004, the department received 24,30,361 applications under the APL category of which 1,83,205 applications were rejected and ration cards issued to 15,52,770 beneficiaries as of October 2005. The renewal process was underway as of November 2005. Adding the number of BPL and AAY ration cards actually issued to the number of APL applicants other than those whose applications were rejected (1,83,205), the number of ration cards issued/ to be issued worked out to 26,87,485 as against 39,85,109 ration cards actually issued by the department.

The Government stated (December 2005) that renewal of APL cards was last done in 1996-97 and should be done every five years. However, it could not be undertaken at the stipulated time due to shortage of staff. The renewal of APL cards could be started only in August 2004 which led to weeding out of 14 lakh APL cards. Further, Delhi has a large number of migrants and the population increases by about 4.42 lakh per annum and ration cards are often obtained for identification purposes rather than for issue of food grains. It was added that the substantial fall in the number of applications for renewal of ration cards of the APL category could be due to either the card holders having migrated out of Delhi without getting their cards cancelled or because they did not apply for renewal as the specified food articles being distributed through PDS are available in the open market with only a marginal difference in price. The department added that computerization was likely to be completed by 31 March 2006 after which it would be possible to detect bogus/duplicate ration cards.

Failure of the department to periodically carry out the renewal process resulted in the continuance of a large number of excess cards. Under such circumstances, the existence of bogus ration cards and misuse of food grains meant for the PDS could not be ruled out. There was a need to ensure a periodic review of the number of ration cards issued to prevent such malpractices.

5.6.1.2 Shortfall in identification of beneficiaries under the Antyodaya Anna Yojana

The Government of India launched the Antyodaya Anna Yojana (AAY) in January 2001 to provide food security to the poorest of the poor who were not in a position to buy food grains even at BPL rates. It was initially stipulated that 15.33 per cent of the families in the BPL category would qualify under the AAY. This coverage was increased by the Government of India to 23 per cent in June 2003, to 30 per cent in August 2004 and finally to 38 per cent in April 2005. This worked out to 1,56,800 families in the NCT of Delhi. Against this estimated targeted number, only 56,249 families were identified under AAY scheme as of June 2005. There was thus a shortfall of over 64 per

**Shortfall of
64 per cent
in
identification
of targeted
AAY
beneficiaries**

cent against the targeted beneficiaries which resulted in depriving over one lakh AAY families of the benefits of the scheme.

The Government stated (December 2005) that the Government of India instructions were received in September 2001 and the identification process started in January 2002. It was added that the department was making sincere efforts to identify a total of 1.56 lakh AAY families in accordance with the latest directions of the Government of India.

5.6.1.3 Identification and review of BPL and AAY families

The PDS Control Order 2001 envisages that the department would review the list of BPL and AAY families every year for the purpose of deletion of ineligible families and inclusion of eligible families. No such review was undertaken by the department.

A survey of 1,105 beneficiaries conducted by audit in the three selected districts revealed 42 families who were issued BPL ration cards though their annual income was more than the maximum ceiling of Rs.24,200 per annum prescribed under the scheme. It was also noticed that the address given in the ration card was incomplete or wrong in 240 cases which suggested that proper identification was not done at the time of issue of the ration cards. Failure of the department to conduct annual reviews envisaged in the PDS Control Order left open the possibility of benefits of the scheme accruing to ineligible families.

The Government stated (December 2005) that the annual review could not be undertaken due to shortage of staff and that it would be taken up from 1 January 2006.

5.6.1.4 Delay in issue of ration cards

The PDS Control Order envisages that no eligible applicant should be denied a ration card and that the designated authority shall issue a ration card within one month of the date of receipt of the application after necessary checks and verification.

A test check of the records maintained in the selected circles revealed that there was delay in issue of ration cards ranging from one month to over six months in 91 cases out of 2,235 cases (4.09 per cent). The FDR-II Issue Register which records the date of issue of the ration cards was not being maintained in Circle-56 under North District while the FSO Circle-10 under South-West District did not furnish any records relating to receipt of application and issue of ration cards. Consequently, the timeliness or extent of

There was inordinate delay in issue of ration cards

delay in issue of ration cards could not be verified in audit in these two circles.

Apparently, adequate importance was not being paid for expeditious issue of ration cards within the time prescribed in the PDS Control Order.

The Government stated in December 2005 that as regards renewal of APL cards the applicants surrendered their old rations cards in lieu of acknowledgement slips which made them eligible to continue to draw their entitlement for the ration. The reply of the department is not relevant as the cases of delay pointed out by audit pertained to issue of fresh ration cards in all categories and not to renewal of old ration cards.

Recommendations

- *The department should ensure proper verification of applications for issue of ration cards as well as ration cards issued as envisaged in the PDS Control Order so as to eliminate bogus ration cards.*
- *Identification of beneficiaries under AAY should be expedited so as to ensure that all the beneficiaries were brought within the purview of the scheme without further delay.*

5.6.2 Allocation and lifting of food grains under APL, BPL and AAY schemes

Allocations of food grains under each of the schemes are made by Government of India on the basis of the average annual off take during the previous ten years. The projected requirement of food grains, its allocation and lifting during the period 2000-01 to 2004-05 were studied in audit.

Table 5.3: Allocation and lifting of foodgrains under APL scheme

(Figures in tonnes)

Year	Requirement of foodgrains as per beneficiaries		Foodgrains allotted by the Govt. of India		Percentage of shortfall of allocation against requirement		Lifting by NCT Govt.		Percentage of shortfall in lifting against allocation		Percentage of shortfall in lifting against requirement	
	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice
2000-01	969248	387699	511680	163320	47.21	57.88	106	1647	99.98	99.9	99.99	99.58
2001-02	1002033	400813	413520	163320	58.73	59.25	6935	16798	98.32	95.94	99.31	95.81
2002-03	1021436	408574	790440	312477	22.61	23.52	119616	10639	84.87	96.60	88.29	97.40
2003-04	1030792	412317	714096	282420	30.72	31.50	309593	18301	56.65	93.52	69.98	95.57
2004-05	1054892	421957	714096	282420	32.30	33.06	297279	91004	58.37	67.78	71.81	78.44

Table 5.4: Allocation and lifting of foodgrains under BPL scheme

(Figures in tonnes)

Year	Requirement of foodgrains as per beneficiaries		Foodgrains allotted by the Govt. of India		Percentage of Shortfall (-)/Excess(+)		Lifting by NCT Government		Percentage of shortfall of lifting against allocation		Percentage of shortfall of lifting against requirement	
	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice
2000-01	30213	--	120850	24540	(+)400	(+)100	9569	-	92.08	100	68.33	-
2001-02	104511	41804	108510	11790	(+)3.82	(-)71.79	76293	9134	29.70	22.53	27.01	78.16
2002-03	97070	38828	116493	41847	(+)20	(+)7.77	92601	33765	20.51	19.32	4.61	13.04
2003-04	119208	47683	113100	45240	(-)5	(-)5.12	116922	45998	Nil	Nil	1.92	3.54
2004-05	118633	47453	112161	44866	(-)5.45	(-)5.45	106402	41370	5.14	7.80	10.31	12.82

Table 5.5: Allocation and lifting of foodgrains under AAY scheme

(Figures in tonnes)

Year	Requirement of foodgrains as per beneficiaries		Foodgrains allotted by the Govt. of India		Percentage of Shortfall (-)/ Excess(+)		Lifting by NCT Government		Percentage of shortfall of lifting		Percentage of shortfall of lifting against requirement	
	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice
2001-02	2182	873	1920	480	(-)12	(-)45	894	249	53.44	48.13	59.03	70.47
2002-03	9103	3641	9888	3552	(+)8.61	(-)2.45	8932	3208	9.67	9.69	01.88	11.90
2003-04	9279	3712	9600	3840	(+)3.45	(+)3.46	9237	3544	3.78	7.71	0.46	4.53
2004-05	11057	4423	10539	4215	(-)4.68	(-)4.70	9870	4107	6.35	2.57	12.55	7.15

There was a mismatch between projected requirements, allocation and lifting under all the three schemes. Detailed scrutiny indicated the following:

- There was a shortfall in allocation of rice and wheat against projected requirements under the APL scheme during 2000-01 to 2004-05. The shortfall in lifting of wheat and rice as against the requirements ranged from 69.98 per cent to 99.99 per cent and from 78.44 per cent to 99.58 per cent respectively. The department attributed (September 2005) the shortfall in lifting to the prevailing market price being the same as under APL scheme and many of the beneficiaries using the ration cards for identification purposes rather than for drawal of food grains. The extent of the variations was clearly indicative of the fact that the projected requirement of food grains was highly inflated and not based on empirical data of number of actual beneficiaries requiring the food grains under the APL scheme. This resulted in unnecessarily high allocations which remained unutilized.
- The shortfall in lifting of wheat against projected requirements under BPL went upto 68.33 per cent during the years 2000-01 while it declined to a marginal 1.92 per cent during 2003-04. As regards rice, the shortfall in lifting against projected requirements was upto 78.16 per cent during the same period. The department stated in November 2005 that the shortfall in the initial years was due to the fact that the people were not aware of the benefits

available under this scheme which was introduced during 2000-01. The reply is not tenable as the scheme was introduced during 2000-01 but massive shortfalls continued till 2002-03. It was evident that the department was slow in taking the steps necessary to publicize the scheme and ensure that the benefits reached the intended beneficiaries.

- Under the AAY category also, there was shortfall in lifting of wheat and rice against requirement ranging upto 59.03 per cent and 70.47 per cent respectively during the period from 2001-02 to 2004-05. Evidently, the benefit of the scheme was not being passed on fully to the intended beneficiaries. The department stated in September 2005 that the scheme was introduced in January 2002 and people were not initially aware of the benefits resulting in short lifting during 2001-02. The reply is not tenable as the shortfall was attributable mainly to the failure of the department to identify the intended beneficiaries within the stipulated period of two months as brought out in the foregoing para. The scheme itself was implemented in Delhi with effect from January 2002, after a delay of one year from the date of launching of the scheme by the Government of India. As such, the department had enough time for wide publicity and for an awareness campaign as envisaged in the scheme guidelines.

The Government stated (December 2005) that the requirement under APL category was based on the entitled quantity to a card holder and the number of card holders. As regards percentage of lifting in BPL and AAY categories, the department stated that there was slight shortfall due to re-settlement of jhuggi dwellers and lifting would naturally decrease till fresh allocation is made in the area of re-settlement. The reply is not tenable as the requirement should have been scaled down suitably keeping in view the low off take of food grains by the beneficiaries in previous years. Further, beneficiaries re-settled elsewhere would be entitled to draw food grains in their new areas against the acknowledgment slips issued to them in lieu of their surrendered ration cards and hence there should be no automatic effect on lifting.

Recommendations

- *Projection of requirements should be based on an assessment of actual need taking into account the poor utilization of allocated foodgrains by APL beneficiaries.*
- *Given the fact the AAY is intended for the poorest of the poor category of beneficiaries, the department should immediately complete the process of identification of beneficiaries so as to ensure that the benefit of the scheme reaches the intended beneficiaries.*

5.6.3 Allocation and lifting of food grains for welfare institutions

The department released food grains to 47 welfare institutions recognized by the department of Social Welfare at the rate of 15 kg per inmate per month at the rate prescribed for BPL beneficiaries with effect from April 2002. The year wise break-up of food grains released and lifted during the years 2002-03, 2003-04 and 2004-05 was as under:

Table 5.6: Foodgrains for Welfare institutions

(Figures in Quintals)

Shortfall ranging from 16.95 per cent to 88.84 per cent in lifting of food grains meant for welfare institutions.

Year	Food-grains released*		Food-grains lifted		Percentage of shortfall in lifting	
	Wheat	Rice	Wheat	Rice	Wheat	Rice
2002-03	10000.80	2500.20	1116.00	471.35	88.84	81.15
2003-04	10000.80	2500.20	7120.34	2076.51	28.80	16.95
2004-05	10758.64	3460.21	4358.32	2200.47	59.49	36.41
Total	30760.24	8460.61	12594.66	4748.33	59.06	43.85

* Note: Food grains released were as per actual requirements

There was a shortfall in lifting to the extent of 28.80 per cent to 88.84 per cent in the case of wheat and 16.95 per cent to 81.15 per cent in the case of rice.

The Government stated (December 2005) that the welfare institutions did not lift the full quantity of food grains allocated to them and were perhaps using their own resources for purchase of food grains. The reply is not convincing as the welfare institutions run by the NCT government are entitled to subsidized food grains at BPL rates and are not expected to purchase the same at higher rates from the open market.

5.6.4 Submission of utilization certificates

There were discrepancies in the figures reported to Government in Utilisation Certificates

The PDS Control Order prescribes that future allocation of foodgrains by the Government of India shall be linked to the receipt of regular reports from the respective States and furnishing of utilization certificates (UCs) by them within a period of two months from the month for which allocation is made. An appraisal of the report of UCs revealed the following:

- There were wide variations in the closing balances of food grains as tabulated below:-

Table 5.7: Discrepancies in utilisation certificates

(Quantity in Quintals)

	APL		BPL		AAY	
	Rice	Wheat	Rice	Wheat	Rice	Wheat
Opening balance	17688.87	1348.38	1570.55	19465.43	17.00	17.00
Quantity lifted during 2001-05	1383521.72	7165646.01	1322875.91	3334772.77	109945.87	289609.53
Total	1401210.59	7166994.39	1324446.46	3354238.20	109962.87	289626.53
Less: Quantity distributed during 2001-05	1394214.48	7186050.41	1255821.79	3406740.45	107690.27	279850.10
Closing balance as worked out by audit	6996.11	(-)19056.02	68624.67	(-)52502.25	2272.60	9776.43
Less: Closing balance as shown in utilization certificates	5297.00	27806.00	6113.00	22853.00	1071.00	3331.00
Differences	1699.11	(-)46862.02	62511.67	(-)75355.25	1201.60	6445.43

There was a difference in the closing balances in the case of rice and wheat to the extent of 1699.11 quintals and (-) 46862.02 quintals under the APL scheme, 62511.67 quintals and (-) 75355.25 quintals in BPL scheme and 1201.60 quintals and 6445.43 quintals in AAY scheme. The Government stated (December 2005) that the discrepancies were due to typing errors and had since been rectified. Verification of the reply revealed that discrepancies for the period from January 2004 to March 2004 only had been reconciled while they continued to exist in respect of the remaining periods.

Utilisation
Certificates
were
submitted
after a delay
of one to
thirteen
months.

- There were delays in submission of UCs during the period from September 2001 to February 2005 as detailed below:

Table 5.8: Delay in submission of utilisation certificates

No. of UCs	Period of delay
12	1 to 4 months
09	Over 4 months to 8 months.
08	Over 8 months to 12 months.
01	Over 12 months.

The Government while accepting the delay stated (December 2005) that the delay occurred due to the need to scrutinize, consolidate and compile the UCs received from the various districts before forwarding them to the Government of India. The reply of the department is not tenable as the two months period allowed under the PDS Control Order has been fixed after taking into consideration all these factors.

Recommendation

The department should ensure accuracy of facts and figures reflected in the utilization certificates and strengthen its machinery to ensure prompt submission of UCs to the Government of India.

5.6.5 *Faliure to ensure distribution of food grains as per prescribed scale and prescribed rate in AAY*

In January 2003, the department conducted a survey under the AAY in which the Assistant Commissioners of all the districts were directed to verify five per cent of AAY cards from the master register maintained at various circles under the administrative control of the department. A total of 1,850 cards were surveyed of which 1,686 cards were found to be in order. The Assistant Commissioners/FSOs were directed inter alia to re-conduct the surveys in the 79 cases where the premises were not located and issue show cause notices to those FPS owners who were not supplying food grains at the prescribed quantity/prescribed rate. Compliance reports were to be sent to the department within 10 days from the date of issue of instructions on 5 February 2003. However, no action had been taken even after a lapse of 30 months.

The Government stated (December 2005) that there was no delay in taking action on reports of the survey. But it was noticed on verification of the reply that action was reported only by North District and that too in December 2005 after a delay of nearly three years.

5.6.6 *Inspection of PDS outlets*

**Surprise
inspections
not
conducted**

Under the various licensing control orders, officials of the department are required to inspect the PDS outlets on a regular basis to ensure their smooth and efficient functioning. Targets for monthly random inspection of PDS outlets were fixed for Area Inspectors, FSOs, ACs and DCs at ten, five, two and two respectively. The ACs were required to send the summary of the monthly inspections conducted by the Inspectors/FSOs as well as themselves to the Deputy Commissioners who after adding their own inspections would send the reports to the Additional Commissioner by the 5th of each month. The Additional Commissioner would in turn submit a consolidated report to the Commissioner (F&S) by the 7th of every month. However, there was no evidence that such reports were ever submitted to the Additional Commissioner/Commissioner.

A total of 3,060 surprise checks were to be conducted at the level of AC/FSO/Inspectors in each district during the five years from 2000-01 to 2004-05. However, only 96 surprise checks (3.14 per cent) were carried out in North District whereas no such checks were conducted in New Delhi and South-West Districts. In the case of South-West District, the information for the period 2000-01 to 2002-03 was not furnished by the AC/FSO in respect of Circles-9 and 32 and the information in respect of Circle 10 was not furnished for the entire period under examination. The AC of New Delhi District stated that this exercise could not be conducted due to work load. The ACs of North and South-West district did not furnish any reasons. It was also noticed that even the Dy.Commissioners did not carry out the prescribed checks.

Thus, the objective of ensuring effective control and oversight of the working of PDS outlets was defeated due to the failure of departmental officials in conducting the surprise checks.

The Government stated (December 2005) that there was an acute shortage of staff at the circle level and that inspectors in any case visit the PDS outlets to inspect them with reference to the availability of the stock and quality before allowing the sale of commodities to consumers. However, orders had been issued for monthly random inspection of FPSs. It was added that the Government had constituted a special task force to carry out the inspections of PDS outlets under the supervision of Dy.Commissioners (Revenue) /SDM of the District. The reply of the department is not tenable as the visit of the inspectors was for verification of stock and quality before opening of the sales on fresh arrival of commodities and there was no element of surprise or random inspection.

Recommendation

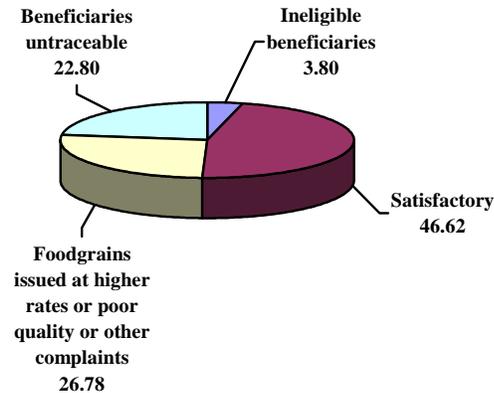
The department should ensure that the prescribed number of surprise inspections is conducted at each level so as to ensure better compliance of PDS Control orders as well as better delivery of benefits to the beneficiaries.

5.6.7 Door to door survey of beneficiaries

A beneficiary survey was conducted by audit to ascertain the efficacy of the public distribution system and the level of beneficiary satisfaction. For this purpose, 1,135 beneficiaries (875 under BPL category and 260 under AAY category) were selected in the three selected districts on simple random sampling basis. Premises of 30 beneficiaries were found locked at the time of survey and they were excluded while working out the results. The findings of the survey after cross verification of the response by the department revealed the following:

- A total of 252 beneficiaries (22.80 per cent) out of 1,105 surveyed could not be traced. Cross verification of records of the concerned FPS in respect of these beneficiaries indicated that ration was being lifted against these names. Evidently, the food grains were not being used by the intended beneficiaries.
- In 42 instances (3.80 per cent), food grains were issued under BPL to ineligible beneficiaries, i.e. their income was above the stipulated amount of Rs.24,200 per annum.
- 310 beneficiaries (28.05 per cent) stated that the FPS owner issued food grains at rates higher than the prescribed rates. The FPS owners apparently charged market rates of Rs.7 per kg for wheat and Rs.10 to Rs.12 per kg for rice as against the prescribed rate of Rs.4.65 per kg for wheat and Rs.6.15 for rice.
- 264 beneficiaries (23.89 per cent) stated that the FPS owners did not issue the food grains at the prescribed scale while 246 beneficiaries (22.26 per cent) complained of poor quality of the food grains issued.
- 153 beneficiaries (13.84 per cent) stated that the FPS owners did not observe the prescribed timings for opening of shops and 125 beneficiaries (11.31 per cent) complained of irregular supply.
- 348 beneficiaries (31.49 per cent) stated that the FPS owners did not issue any cash memo.

Taking into account the figures furnished by the department and the cross verification conducted by audit and removing the overlaps, the implementation of the schemes was grossly deficient on one count or the other in respect of 53.38 per cent of the beneficiaries surveyed as depicted below:



Recommendation

The department should urgently review the implementation of the schemes so as to ensure that the benefits of the scheme reach the intended beneficiaries and such obvious leakages are firmly plugged.

5.7 Annapurna Scheme

There was shortfall in identification of targeted beneficiaries to the extent of 98 per cent.

The Union Ministry of Rural Development provided financial assistance till 2001-02 to States/UTs for implementation of the centrally sponsored 'Annapurna Scheme'. The scheme was transferred to the State Plan from 2002-03 onwards and funds were thereafter released as Additional Central Assistance by the Ministry of Finance. The scheme envisaged supply of 10 kgs of food grains per month free of cost to indigent senior citizens who were eligible for old age pension under the National Old Age Pension Scheme (NOAPS) but were not receiving the same. The Government of India fixed a limit of 8,040 beneficiaries in NCT of Delhi and released an amount of Rs.53.87 lakh to the Government of Delhi during 2000-01 for its implementation. An audit appraisal of the implementation of the scheme revealed the following:

- The department was to identify and display lists of eligible persons after giving wide publicity through the municipalities. The department could

identify only 142 beneficiaries as of 2004-2005 against the target of 8,040 viz. only 1.77 per cent. The year wise break up the of the beneficiaries was as under:-

Table 5.9: Beneficiaries covered under Annapurna Scheme

Year	Number of beneficiaries	Percentage of coverage
2000-01	Nil	Nil
2001-02	183	2.28
2002-03	183	2.28
2003-04	170	2.11
2004-05	142	1.77

The 183 beneficiaries were identified in seven districts while no beneficiary was identified in the remaining two districts (North-East and South-West). It was evident that the department had not made any concerted efforts to identify beneficiaries under this scheme and implement it in a meaningful manner. The budgetary allocations remained unutilised.

- The year-wise allocation of food grains under the scheme and lifting there against was as under:-

Table 5.9: Yearwise allocation, lifting and distribution of foodgrains

(Figure in Quintals.)

Year	Allocation	Lifting	Distribution
2000-01	Nil	Nil	Nil
2001-02	54.90	6.20	Nil
2002-03	231.60	39.30	54.90
2003-04	200.00	109.80	204.00
2004-05	170.40	44.90	184.80
Total	656.90	200.20	443.70

Wide discrepancies in the quantity of food grains lifted and distributed

As per the figures furnished by the department, only 200.20 quintals of food grains (30.47 per cent) was lifted against total allocation of 656.90 quintals during 2001-05 which worked out to only 29 kgs per beneficiary per annum against an eligibility of 120 kgs per beneficiary per annum. However, the figures lacked credibility as quantity distributed cannot exceed the quantity lifted as depicted in the table above.

- The scheme envisaged constitution of district level committees under the chairpersonship of the District Collector which should include public representatives for implementing the scheme. A State level committee was also required to be constituted to monitor and evaluate the implementation of the scheme. No such committees had been constituted either at the district or the State levels. The department stated in October 2005 that district level committees had not been constituted as the number of beneficiaries was very

low. The fact remained that the mechanism envisaged under the scheme guidelines to ensure involvement of public representatives in the implementation and monitoring of the scheme was not established.

The Government stated (December 2005) that all out efforts were being made by the department to identify eligible beneficiaries through regular publicity and advisory committees in each circle.

5.8 Computerisation of the Food & Supplies department

The department approved a proposal in 1999 for computerization of its operations in three phases. This involved creation of a data base of ration cards, installation of hardware in a few circles and thereafter installation of hardware in the remaining circles/AC offices and linking them with Headquarters. The principal objectives of the scheme were creation and continuous updating of databases, quick retrieval of relevant information required for decision making, improving efficiency of management of the public distribution system and elimination of manipulation of records involved in manual storing of information. The work was scheduled for completion by 28 February 2003.

It was noticed that plan funds of Rs.1.26 crore provided for computerization were diverted during 2001-02 and 2002-03 without approval of the competent authority to meet non-plan expenditure on purchase of car and petrol, security bills, annual maintenance contracts and miscellaneous office expenses. The intended objective of creation of an electronic data base and providing networked systems for efficient management of the public distribution system remained unachieved.

The Government stated (December 2005) that the computerization was now expected to be completed by 31 March 2006. It added that there was no diversion of funds as the Detailed Demand for Grants for the years 2001-02 and 2002-03 included "Office Expenses" under the Plan head which included all contingent expenses for running an office such as furniture, postage, purchase and maintenance of office equipment, liveries and stationary, etc. The reply is not tenable because "Office Expenses" was included under both the Plan as well as non-Plan heads [D1(1)5 O.E.(Non-Plan)] and contingent expenses for the routine running of the office were to be met from the Non-Plan allocation only while the allocation under the Plan head was meant specifically for the computerization project and renewal of ration cards.

5.9 Monitoring and evaluation

5.9.1 Inadequate Monitoring

The Public Distribution System (Control) Order, 2001 provides for setting up a network of Vigilance Committees at the State level supported by District level Vigilance Committees, Block level committees and FPS level committees at the ground level. The State Government was required to notify the periodicity of meetings. Holding of at least one meeting in a quarter at all levels was mandatory.

Audit scrutiny revealed that vigilance committees were constituted only at block/circle levels and no such committees were constituted at State, District or FPS level.

The monitoring mechanism envisaged in the PDS Control Order had not been adequately established.

The Government stated (December 2005) that all the circle officials have been instructed to conduct meetings of circle advisory/vigilance committee at least once in a month even if the local MLA was not available. It added that constitution of State/District level committee was under consideration.

5.9.2 Monthly review meetings at State level

The scheme guidelines provide for holding of monthly review meetings at the level of the Commissioner (F&S) to review the problems and bottlenecks with particular emphasis on off take of subsidized food grains for the BPL population. It was noticed that such meetings were not conducted prior to February 2005.

The Government stated (December 2005) that monthly meetings were held as per requirement prior to February 2005 as well as thereafter. However, the department could not produce any records of such meetings held prior to February 2005.

5.9.3 Evaluation/Impact assessment

The department had not conducted any evaluation or impact study to assess the extent to which the various schemes intended to ensure availability of subsidized food grains at household level for the poor were successful.

Recommendations

- *The monitoring mechanism envisaged in the PDS Control Order should be set up at every level without delay; it should be ensured that the meetings are regularly held and duly documented.*
- *Department should carry out an evaluation or impact study of the implementation of the schemes to identify weak areas for remedial action.*

New Delhi
Dated:

(R. K. GHOSE)
Accountant General (Audit), Delhi

Countersigned

New Delhi
Dated:

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India