

CHAPTER-5

TRANSPORTATION OF FOOD GRAINS

The guidelines envisaged reimbursement of the actual cost of transportation of food grains by GOI from the nearest FCI godowns to PSs. Instructions issued by the GOI further stipulated that the actual cost was to be limited to a maximum of Rs. 50 per quintal up to September 2004 and Rs. 75 per quintal thereafter. The FECC/CFCS were the State nodal transport agencies who engaged private transporters for transportation of food grains from FCI godowns. For reimbursement of expenses incurred on transportation, these agencies were to furnish the details of actual expenditure incurred in the prescribed form along with the certificate that the quantity of food grains was lifted from the nearest FCI godown and transported to the schools/ centralized kitchen centres. The Finance Controller, Basic Shiksha Parishad (FC, BSP) was to scrutinize their claims before forwarding them to GOI for reimbursement.

5.1 Excess reimbursement of transportation cost

The FECC and CFCS transported food grains from the FCI godowns in the districts to their block level godowns and thereafter released food grains to FPSs. Though food grains from block level godowns to FPSs and from FPSs to schools were transported by the concerned FPSKs and Gram Pradhans/ Sabhasads/ NGOs, the transporting agencies claimed reimbursement at the rate of Rs. 50 per quintal till September 2004 and thereafter Rs. 75 per quintal for transportation of food grains up to PSs. These claims were allowed by FC, BSP and sent to the GOI for reimbursement, which was made accordingly.

The details of food grains transported by the transporting agencies and the amounts reimbursed to them during the period 2002-07 were as under:

Table 5
(Quantity in lakh quintal and amount in crores of rupees)

Year	Quantity of food grains transported by FECC&CFCS	Quantity for which payment made to FECC/CFCS	Amount reimbursed to FECC/CFCS	Amount paid to transporters	Excess amount reimbursed
1	2	3	4	5	6 (4-5)
2002-03	37.94	40.63	20.32	4.19	16.13
2003-04	40.48	41.63	20.82	4.62	16.20
2004-05	42.36	44.86	29.40	5.86	23.54
2005-06	35.62	28.16	21.12	4.89	16.23
2006-07	33.54	26.51	19.52 ¹³	4.24	15.28
Total	189.94	181.79	111.18	23.80	87.38

As would be seen from table 5, during 2002-07 (up to December 2007) the transporting agencies claimed Rs. 111.18 crore from the GOI against the actual payment of Rs. 23.80 crore made to the transporters. An excess amount of Rs. 81.88 crore (excluding pending bill of Rs. 5.50 crore with FC, BSP) was reimbursed to the transporting agencies due to non-application of the

Excess payment of Rs 81.88 crore was made to transporting agencies

¹³ Includes claims of Rs 5.50 crore for 7.72 lakh quintals of food grains for the period January to March 2007, which was not reimbursed as of January 2008.

prescribed checks by the FC, BSP. The amount included transportation charges of Rs. 10.84 crore¹⁴ from blocks to FPSs which the transporting agencies had not undertaken.

The Government replied (December 2007) that an enquiry had been ordered on the basis of audit observations as to how excess payment was made and the FC, BSP had also been instructed to scrutinize the bills before their submission to the GOI for reimbursement.

5.2. Suspected payment of margin money/transportation charges

The RFC, Agra reported (December 2007) to audit that a payment of Rs 20.38 lakh as margin money/ transportation charges was made to FPSKs of his region including Agra and Etah districts. The FPSKs of these two districts were paid Rs. 12.31 lakh (Agra: Rs 6.27 lakh and Etah: Rs 6.04 lakh) during 2002-07. Information collected by audit in a proforma through District Supply Officers of Agra and Etah revealed that during 2002-07, out of 146 FPSKs, 79 (54 per cent) denied getting any such payment and 61 (42 per cent) left the column blank. Three FPSKs each of Agra and Etah districts accepted the receipt of the payment during 2004-05 and 2005-06 respectively. Denial/ non-reply by 96 per cent of the FPSKs was indicative of non-payment of margin money by the Department, which needs to be investigated.

5.3. Unauthorized retention of empty bags

Mention was made in paragraph 3.1.12 of the review on 'Nutritional Support for Primary Education in the C&AG's Audit Report (Civil) of Government of Uttar Pradesh for the year ended 31 March 1999 regarding undue benefit to FPSKs in the shape of empty bags of food grains retained by them. The scheme guidelines issued (December 2004) by GOI envisaged that empty bags should be disposed of by the Village Education Committee/ Parents Teachers Association/ School Management-cum-Development Committee/ School Management in a transparent manner so as to fetch the best possible price and their sale proceeds utilized for further enrichment of the MDM scheme.

During 2002-07, 3.58 crore empty bags (of fifty kgs capacity) valuing Rs 43.86 crore¹⁵ approximately were available on release of 178.98 lakh quintals of food grains by FCI. These bags were retained by the FPSKs which was an undue benefit to FPSKs.

5.4. Impact of non-payment of cartage to FPSKs

During joint inspection of an NGO at Kanpur Nagar, the weight of ten bags of food grains selected from a lot of 40 bags at random was found between 42.980 kg and 49.320 kg against the prescribed weight of 50 Kgs. Supply of underweight bags could be a factor leading to serving of lower quantities of meal to beneficiaries as was found during joint inspections.

Non payment of transportation charges may have had the impact on the quality and quantity of food grains might have been compromised.

Undue benefit of Rs 43.86 crore was given to FPSKs in the shape of empty bags

¹⁴ Worked out for 184.01 lakh quintals at the rate of Rs 6 per quintal ordered by the State Government in June 1997 less Rs 20.38 lakh already paid by RFC Agra.

¹⁵ 179 x Rs.24.50 per two bags of 50 kg.

Failure on the part of Food and Civil Supplies Department to ensure transportation of food grains up to schools and late decision (February 2007) to pay the cartage to FPSKs for transportation from block godown to their shops had, therefore, adversely affected the MDM scheme.

5.5 Blockage of funds relating to transportation cost

The Government established (October 2001) a revolving fund of Rs. eight crore and kept it in the PLA of the Basic Shiksha Parishad (BSP) for allowing payment to transporting agencies for lifting the food grains. The fund was to be recouped on receipt of assistance from GOI.

Rs 9.47 crore
lying
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Besides, Rs. 1.47 crore¹⁶ out of funds received from GOI during 1999-04 on account of transportation of food grains was also lying in the PLA of BSP as of December 2007. The fund was not utilized since November 2002.

Thus, Rs. 9.47 crore was kept unproductive by the FC, BSP Allahabad in his PLA.

5.6 Conclusion

Deficient scrutiny of reimbursement claims relating to transportation of food grains by FC, BSP resulted in excess payment of transportation cost to the transporting agencies. The claims were paid for the part of transportation not performed by the transporting agencies. The FPSKs retained empty gunny bags resulting in undue aid to them. Revolving fund created by the State Government in October 2001 had not been operated resulting in locking of funds.

5.7 Recommendations

- Transportation charges of food grains should be fixed separately for FCI godowns to blocks and block godowns to schools/ centralised kitchen with in the prescribed limits fixed by the GOI.
- The empty bags or cost thereof should be realised from the FPSKs in accordance with the guidelines of the scheme.
- Revolving fund should be utilised as envisaged.

¹⁶ 1999-2000: Rs.42.50 lakh, 2000-01: Rs.0.89 lakh, 2001-02: Rs.80.53 lakh, 2002-03: Rs.9.69 lakh and 2003-04: Rs 13.16 Lakh