

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION**

**DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION**

**Performance Audit on Management of Foodgrains**

**HIGHLIGHTS**

- NSSO disclosed that nearly 71 per cent of the country's farmers had not even heard of Minimum Support Price (MSP) while 81 per cent were effectively unaware of how to use the MSP. **(Paragraph 5.1.1)**
- The Government of Chhattisgarh incurred excess expenditure of Rs. 1047.34 crore due to improper planning for procurement, storage and custom milling of paddy. **(Paragraph 5.2.1)**
- The Union Government incurred excess expenditure of Rs. 263.01 crore due to various inefficiencies in the procurement operations of foodgrains by procurement agencies. **(Paragraph 5.2.2.1)**
- There was no evidence that the amount of Rs. 934.53 crore collected as Rural Development Cess by the Punjab Government during 2001-05 was utilised for the specified purposes. **(Paragraph 5.3.1.1)**
- In some States, the economic cost of procurement under the scheme of Decentralised Procurement (DCP) was higher in some cases than the corresponding cost of FCI's operations. **(Paragraph 5.4.1)**
- Improper estimation of local requirements led to avoidable handling operations resulting in payment of avoidable incidental charges of Rs. 92.74 crore to the State Governments of Uttar Pradesh and Uttaranchal for transferring food grains to and from the FCI during the period 2002-03 to 2004-05. **(Paragraph 5.4.2.1)**
- During 2000-05, the total offtake of foodgrains by the Above Poverty Line (APL) category was just 10.88 per cent of the total allotment. **(Paragraph 7.1.1)**
- The States had identified a total of 861.76 lakh Below Poverty Line (BPL) households which was 32 per cent higher than the Union Government estimates, which had the effect of scaling down of rations. **(Paragraph 7.2.1.2)**
- Non-review or persistent delays by 16 States / UTs in periodically carrying out the renewal process resulted in the continuance of a large number of bogus ration cards which would have resulted in unquantifiable diversion of subsidised foodgrains. **(Paragraph 7.2.3)**
- In six States, a large number of cases of issue of ration cards to ineligible BPL / AAY beneficiaries were noticed. **(Paragraph 7.2.4.1)**

- Foodgrains was distributed at lower than the prescribed scale of issue by four to 25 Kg. in several States/ UTs. **(Paragraph 7.3.1.1)**
- Diversion of a total quantity of 44.04 lakh MT of foodgrains meant for distribution under TPDS in the states of **Assam, Chhattisgarh, Gujarat, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Meghalaya, Nagaland and West Bengal** was noticed. **(Paragraph 7.3.2.1)**
- Audit examination revealed that the information required under the PDS (Control) Order, 2001 was not being displayed or maintained in Fair Price Shops in several States / UTs. **(Paragraph 7.4.2)**
- There were significant deficiencies in the quality control system for procurement of rice by FCI and widespread acceptance of sub standard rice in Punjab and Haryana Regions. **(Paragraph 8.1.4)**
- In **Chhattisgarh**, the State Government included an excess claim for Rs. 319.48 crore in respect of rice received from FCI pertaining to the pre-DCP period. Of this claim, an amount of Rs. 306.70 crore was received from the Union Government. **(Paragraph 9.1.3.1)**
- In **Arunachal Pradesh**, payment of Rs. 378.84 crore of Hill Transport Subsidy claims made during 2001-04 by the Directorate/Secretariat could not be checked in audit for want of supporting records, such as cash book, details of payees and payment orders of FCI. **(Paragraph 9.3.2.1)**
- With a view to ensuring regular and effective review and monitoring of PDS in States/UTs, the Ministry introduced (February 2000) the Area Officers Scheme. There was a 96 per cent shortfall in inspection by Area Officers under this Scheme between 2000-01 and 2004-05. **(Paragraph 10.2.1 & 10.2.2)**
- Vigilance Committees were not formed or were found to be defunct or non functional at various levels in 24 States/UTs. Further, the system of inspection by District Level Officers and Vigilance Committees (where constituted and functional) over the functioning of Fair Price Shops was also found to be deficient **(Paragraph 10.4 & 10.5)**