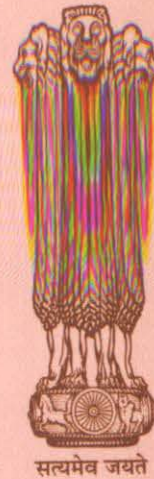


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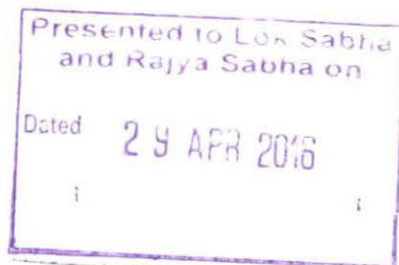
**Audit on the
Preparedness for Implementation of
National Food Security Act, 2013
for the year ended March, 2015
(Ministry of Consumer Affairs, Food and Public Distribution)**



**Report of the
Comptroller and Auditor General of India
Union Government (Civil)
Report No. 54 of 2015**

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Preface

Attaining food security is a matter of prime importance for India where more than a third of the population is estimated to be poor. Government of India has been distributing foodgrains through the Public Distribution System, in one name or the other, for the last seven decades. National Food Security Act, 2013 (NFSA) was enacted on September 10, 2013 by the Parliament with the objective of providing adequate quantity of quality food at affordable prices to people to live a life with dignity. The mission of making India food secure has now been changed from an entitlement-based to a right-based approach by giving it a legal mandate.

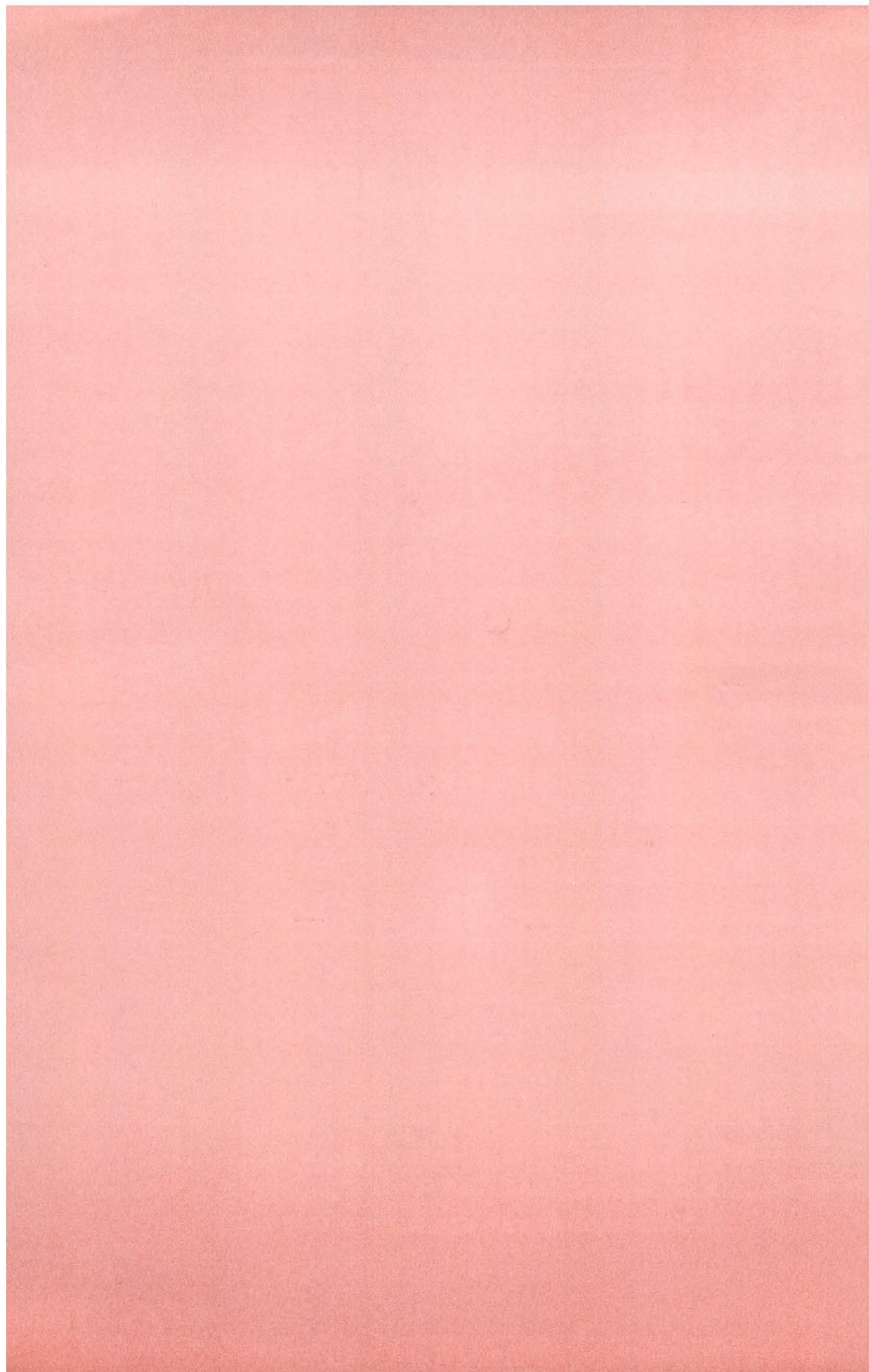
As NFSA envisaged the use of the existing platform of Targeted Public Distribution System, it called for certain crucial steps to be taken such as identification of beneficiaries and issue of fresh ration cards in one year's time frame, computerisation of TPDS operations, creating sufficient and scientific storage capacity and doorstep delivery of foodgrains to the fair price shops by the states. Only 11 states claimed implementation at an all India level within the year and by October 2015, 18 states reported implementation of NFSA.

We examined the state of implementation of the NFSA to assess the preparedness in nine selected States/UTs on the above crucial components. Identification of beneficiaries was one key milestone to be achieved within a year, but most of the early implementers (Himachal Pradesh, Delhi and Maharashtra) recycled the old system and re-branded it as NFSA compliant. There were repeated extensions of timelines by the Central Government for identification of beneficiaries for which there was no provision in NFSA. The Report brings out that preparedness for implementation of NFSA was deficient in several states even after two years of its enactment.

Since distribution of foodgrains through NFSA is an important social security programme of the Government, more systematic approach is needed to bring in structural changes and efficient delivery of foodgrains.

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

This report has been prepared for submission to the Parliament under Article 151 of the Constitution of India.



Executive Summary

Article 21 of the Constitution of India provides the right to life to all the citizens of India. Article 47 of the Constitution provides that the State shall regard raising the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties.

National Food Security Act, 2013 (NFSA) which came into effect from July 5, 2013 aimed to provide foodgrains to 81.34 crore beneficiaries at highly subsidized rates. One of the major implications of NFSA is that the identified beneficiaries have the right to get subsidized foodgrains. The NFSA also sought to bring about changes in the public distribution system which suffered from several deficiencies such as errors in targeting, inefficient delivery mechanisms resulting in high leakages and lack of transparency in its operations.

Up to 75 per cent of the rural and 50 per cent of urban population as per Census 2011 at all India level were to be covered under NFSA and the States/UT (Union Territory) shall be allocated foodgrains as specified for the above coverage. The annual allocation of the state were to be protected in case the allocation under NFSA was less than the average annual off take of food grains for last three years. The implementation of NFSA implies an additional subsidy of ₹ 26,780 crore per year. Before implementation of the NFSA, certain crucial steps were to be taken up by the states as preparatory measures.

In the above background, we decided to evaluate the preparedness of the States/UTs for implementation of the NFSA. Chapter 1 and 2 of this report provide background information on NFSA and our audit approach. Chapters 3, 4, 5 and 6 provide audit findings on identification of beneficiaries and issuance of ration cards, preparedness in logistics, reforms in Targeted Public Distribution System (TPDS) and grievance redressal mechanism and monitoring respectively.

The important findings of the audit are given below:

Identification of beneficiaries and issuance of ration cards

- Eleven States/UTs reported identification of eligible households within the stipulated timeline of 365 days whereas seven States/UTs reported identification of eligible households under NFSA during June-October 2015 taking the figure of implementing States/UTs to 18. Only 51 per cent of the eligible beneficiaries had been identified and 49 per cent beneficiaries were yet to be identified in all the States/UTs.

(Para 3.2)

- The reasons for delay in implementation of NFSA by non-implementing States/UTs were non-finalization of figures under Socio Economic Caste Census, lack of infrastructural facilities, insufficient funds and manpower. Ministry extended the timeline for implementation thrice, latest being till September, 2015, though there was no such provision under NFSA.

(Para 3.3, 3.4)

- Most of the implementing States did not identify the Antyodaya Anna Yojana (AAY) and priority household's beneficiaries as per the provisions of the NFSA but used the old database of beneficiaries for extending the benefits.

(Para 3.5)

- In Himachal Pradesh, 6.9 lakh old ration cards were stamped as priority household and AAY households and re-issued as NFSA compliant. In Karnataka, 8.90 lakh bogus and ineligible ration cards were found (June 2015) in the existing system during seeding of Elector's Photo Identity Card details. However, instead of cancelling these bogus or ineligible ration cards, State Government continued to issue foodgrains to them. In Maharashtra, the ration cards were revalidated by merely affixing stamps on the existing ration cards under different categories.

(Para 3.6)

Preparedness in Logistics: Allocation, Movement and Storage of Foodgrains

- National Foodgrains Movement Plan was not prepared despite being decided in the year 2012.

(Para 4.2.1)

- In the test checked States the storage capacity of foodgrains was not adequate for holding three months requirement and the condition of existing storage capacity with the States/UTs needed upgradation.

(Para 4.3)

Reforms in Targeted Public Distribution System

- Doorstep delivery of foodgrains was not implemented in Assam, whereas in Uttar Pradesh and Maharashtra it was implemented partially. In Himachal Pradesh and Karnataka, doorstep delivery was being done by FPS dealers themselves against the provision of NFSA.

(Para 5.2.1)

- Computerization of TPDS operations was not completed in the selected States/UTs and was at different stages of implementation.

(Para 5.3.2)

- Unavailability of required computer application and hardware were the limiting factors in the selected States/UTs. Inadequate digitization of the identified beneficiaries' data was observed in the States/UTs.

(Para 5.3.3)

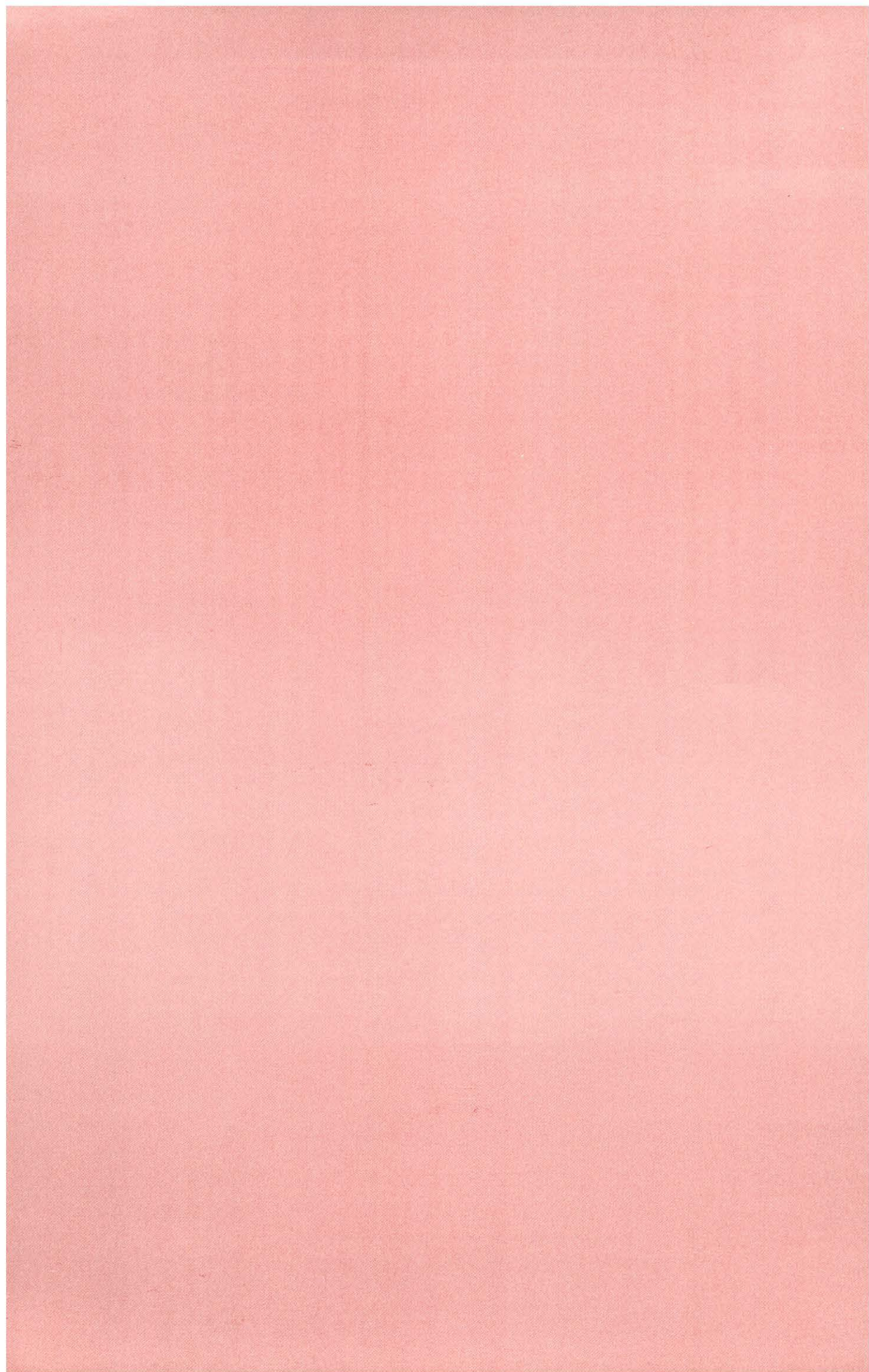
Grievance Redressal Mechanism and Monitoring

- The grievance redressal system was constituted in most of the states, albeit not till the last tier. Though, six out of nine selected States/UTs were found to have put in place the grievance redressal mechanism, these were not fully functional. Vigilance committees at all the four levels were not in existence in any of the selected States\UTs. Ministry did not have the information on grievance redressal mechanism and vigilance committee, and was not in position to monitor the implementation. Similarly, monitoring done by the States was inadequate and there were shortfalls in inspections.

(Para 6.2, 6.3)

Recommendations

1. *Ministry may issue, in consultation with state governments, guidelines on identification of beneficiaries to maintain transparency.*
2. *Ministry must assure itself of the actual identification of beneficiaries by the States/UTs by following transparent processes before allowing them revised/enhanced entitlements.*
3. *As there is no enabling provision in the NFSA, Ministry should obtain approval of the Parliament for extending the timeline laid down for the implementation of NFSA.*
4. *National Foodgrains Movement Plan should be prepared by the Ministry and implemented for ensuring timely delivery of foodgrains as contemplated in the NFSA.*
5. *Ministry may expedite action to augment the storage capacity for foodgrains and upgrade the existing storage facilities.*
6. *Ministry may take steps to address the bottlenecks in computerization of TPDS operations in all States/UTs for efficient implementation of NFSA.*
7. *The Ministry may put suitable mechanism in place to ensure that States comply with provisions of the NFSA with regard to the grievance redressal mechanism and vigilance committees at various levels and ensure their effective functioning. It may also ensure compliance of the TPDS (C) Order, 2015 by collecting quarterly reports from the States/UTs.*



Chapter 1

Introduction

1.1 Background

Food is the fulcrum of existence for every living organism. Food Security means ensuring availability of adequate foodgrains to the people at affordable prices. Eradicating extreme poverty and hunger was one of the goals under the Millennium Development Goals of the United Nations. The Universal Declaration of Human Rights and International Covenant on Economic Social and Cultural Rights, to which India is a signatory, also cast responsibilities on all States to recognize the right of its citizens to adequate food.

Article 21 of the Constitution of India provides the right to life to all the citizens of India. Article 47 of the Constitution provides that the State shall regard raising the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties.

The Government of India (through Ministry of Consumer Affairs, Food & Public Distribution) fulfills the objective of food security jointly with state governments by distributing subsidized food to eligible beneficiaries through the Public Distribution System (PDS). The PDS evolved from need based to a right based approach over seven decades as detailed in Table 1.

Table 1: Evolution of Public Distribution System

Public Distribution System (1942-1992)	Public Distribution of essential commodities had been in existence in India during the inter-World War period. PDS, with its focus on distribution of foodgrains in urban scarcity areas, had emanated from the critical food shortages of 1960. PDS had substantially contributed to the containment of rise in foodgrains prices and ensured access of food to urban consumers. As the national agricultural production grew in the aftermath of Green Revolution, the outreach of PDS was extended to tribal blocks and areas of high incidence of poverty in the 1970s and 1980s.
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Revamped Public Distribution System	The Revamped Public Distribution System (RPDS) was launched in June, 1992, with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas where a substantial section of the poor live. It covered area specific programmes such as the Drought Prone Area Programme (DPAP), Integrated Tribal Development Project (ITDP), Desert Development Programme (DDP) and certain Designated Hill Area (DHA) with respect to improvement of the PDS infrastructure. Foodgrains for distribution in RPDS areas were issued to the States at 50 paise below the Central Issue Price. The scale of issue was up to 20 kg per Ration card.
Targeted Public Distribution System	In June 1997, the Government streamlined the system into a Targeted Public Distribution System (TPDS), by issuing special cards to the Below Poverty Line (BPL) families and providing foodgrains to them at specially subsidized prices. TPDS also covered Above Poverty Line (APL) population, although the price for APL beneficiaries was kept higher than BPL beneficiaries. In order to reduce hunger among the poorest segments of the population, the Government launched the Antyodaya Anna Yojana (AAY) in December 2000 and to make PDS benefits more substantial in terms of both quantity and nutrition for this section of the population.
National Food Security Act, 2013 (NFSA)	NFSA provides a statutory basis for a framework which assures food security for nearly two-thirds of the population and seeks to make the right to food a legal entitlement by providing subsidized foodgrains on the existing TPDS. Up to 75 per cent of the rural and 50 per cent of urban population as per Census 2011 at all India level is envisaged to be covered under NFSA and the States shall be allocated foodgrains as specified for the above coverage. The State-wise percentage coverage has been determined by the Planning Commission, based on 2011-12 National Sample Survey Organization (NSSO) survey on consumption expenditure. Since coverage under NFSA has been delinked from poverty estimates, the hitherto followed system of APL and BPL beneficiaries would no longer be relevant.

Source: Records of the Ministry

1.2 The salient features or provisions of the National Food Security Act, 2013

- Identification of beneficiaries under NFSA to be completed in one year's time i.e. by 4 July 2014.
- Within the coverage determined for each State, the State Governments were to identify the AAY and the Priority Households; Entitlement of existing AAY households to be protected at 35 kg per household per month, while each member of such priority household to get 5 kg of foodgrains per month.
- Subsidized prices- ₹3, ₹2, ₹1 per kg for rice, wheat and coarse grain respectively fixed for a period of 3 years from the date of commencement of NFSA and is to be suitably linked to the Minimum Support Price (MSP) thereafter.
- Protection of annual average off-take of foodgrains for last the three years under normal TPDS in case annual allocation of foodgrains under NFSA to any State was less than their average annual off-take of foodgrains.
- Pregnant women and lactating mothers are entitled to meals and maternity benefit of not less than ₹ 6,000 per delivery.
- Children in the age group of 6 months to 14 years are entitled to meals under Integrated Child Development Services (ICDS) and Mid Day Meal (MDM) schemes being implemented by Ministry of Women and Child Development and Ministry of Human Resource Development respectively.
- Eldest woman of the household of 18 years or above is to be treated as the head of the household for the purpose of issuing ration cards.
- Provisions for food security allowance to entitled beneficiaries in case of non-supply of foodgrains as per their entitlement.
- Establishment of Grievance Redressal Mechanism at the district and state levels, with states having the flexibility to use the existing machinery or set up separate mechanism.
- Central Government to provide assistance to the State in meeting the expenditure incurred by it towards intra-state movement, handling of foodgrains and margins paid to the fair price shop (FPS) dealers.

- Provisions for transparency and accountability by placing TPDS related records in public domain, Social Audit and Vigilance Committees.
- Provision for penalty on public servant or authority, to be imposed by the State Food Commission, in case of failure to comply with relief recommended by the District Grievance Redressal Officer.
- In case of short supply of foodgrains from the central pool to a State, the Central Government shall provide funds to the extent of short supply to the State Government.

1.3 Comparison of features of TPDS vis-à-vis NFSA

The NFSA relies on the existing TPDS. However, in order to remove the deficiencies in the existing TPDS and to ensure food security to intended beneficiaries, certain new features have been incorporated in the TPDS under NFSA. The following table compares the features of the earlier TPDS with those of the NFSA:

Table 2: Comparison of features of TPDS vis-à-vis NFSA

Attribute	TPDS	NFSA
Implication of right for food	No legal backing	Statutory backing
Coverage	99.22 ¹ crore beneficiaries i.e. 18.04 crore households x 5.5 (average members in a household as on 01.03.2000)	Upto 75 per cent of rural and upto 50 per cent of urban population i.e. about 81.34 crore beneficiaries as per Census 2011
Categories	AAY, BPL and APL	AAY and priority households i.e., households identified by States based on guidelines/criteria formulated by them
Entitlements of beneficiaries (category-wise)	AAY and BPL: 35 Kg/family/month APL: 15-35 Kg/family/month	AAY: 35 Kg/family/month priority households: 5 Kg/person/month
Prices of foodgrains	AAY: ₹ 3/Kg for rice, ₹ 2/Kg for wheat. BPL and APL categories: Prices differ across the States	AAY and priority households: ₹ 3/Kg for rice, ₹ 2/Kg for wheat and ₹1/Kg for coarse grains

¹ 99.22 Crore include 63.22 Crore APL beneficiaries. Under NFSA, the coverage is more towards reducing the unintended beneficiaries.

Attribute	TPDS	NFSA
Identification of beneficiaries	<p>Centre: Releases state-wise estimates of population to be covered under TPDS</p> <p>State: Identify eligible households</p>	<p>Centre: Releases state-wise estimates of population to be covered under NFSA</p> <p>State: AAY: identify beneficiaries in accordance with the AAY scheme guidelines issued by Central Government</p> <p>Priority Households: Identify beneficiaries in accordance with such guidelines as the State Government may specify</p>
Centre-State responsibility	<p>Centre: Procurement of foodgrains through Food Corporation of India (FCI), state-wise allocation, transportation of foodgrains upto designated depots of FCI</p> <p>State: Takes delivery of foodgrains from FCI godown to State Storage depot (cost of transportation borne by the State), from State storage depots to Fair price shops (cost of transportation either passed on to the beneficiaries except AAY beneficiaries or borne by the State Government).</p>	<p>Centre: Same as current system</p> <p>State: Takes delivery of foodgrains from FCI Depots to State Storage depots, Delivery of foodgrains from State storage depots to Fair price shops through door-step delivery (cost of transportation to be shared by Central and State Governments in the ratio of 50:50 in respect of 23 States and 75:25 in respect of 13² states).</p>

² Seven States of North East, Sikkim, J&K, Himachal Pradesh, Uttrakhand, UTs of Lakshadweep, A&N Islands

Attribute	TPDS	NFSA
Grievance redressal mechanism	State governments responsible for ensuring monitoring; Vigilance Committees to be set up at State, district, block and FPS levels	State governments responsible for ensuring monitoring; appoints district grievance redressal officers, establishment of State Food Commission for review and implementation of the NFSA, Vigilance Committees to be set up at State, district, block and FPS levels
Non-supply of foodgrains by the Centre to State	No provision	In case of short supply of foodgrains from the central pool to a State, the Central Government shall provide funds to the extent of short supply to the State Government.
Food Security Allowance	No provision	quantities of foodgrains or meals to entitled persons, such persons shall be entitled to receive food security allowance from the concerned State Government to be paid to each person as may be prescribed by the Central Government.

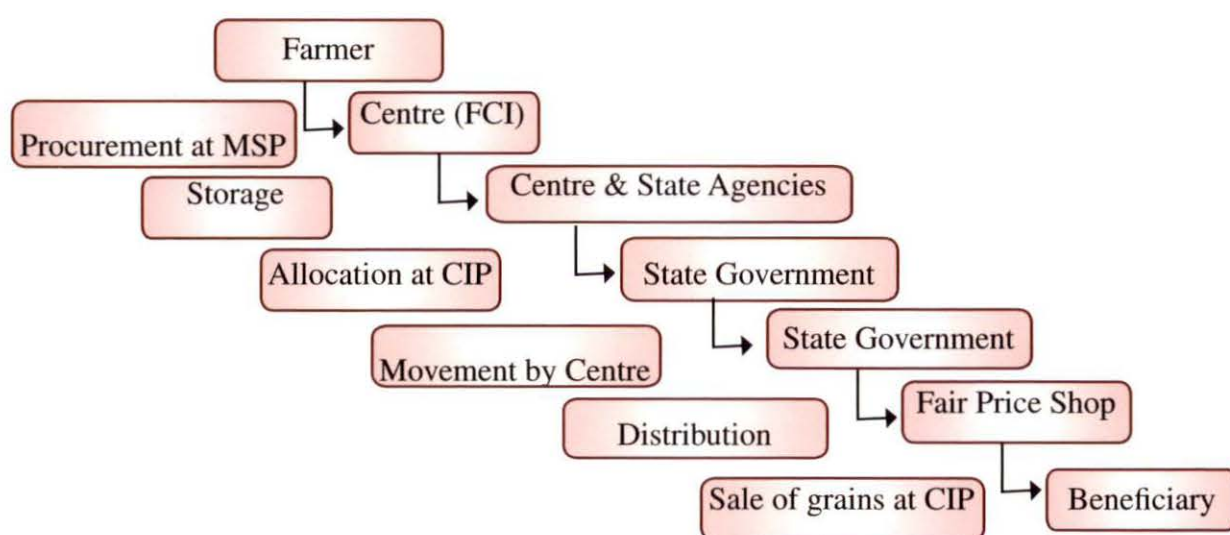
1.4 Implications of switching over to NFSA

- **Additional Subsidy burden for Central Government-** The estimated food subsidy was ₹ 1,00,953 crore under TPDS before implementation of NFSA against the allocation of 563.70 lakh MT under TPDS and Other Welfare Scheme. Corresponding to the total estimated annual foodgrains requirement of 614.30 lakh MT under NFSA, the estimated subsidy requirement³ is about ₹ 1,27,733 crore. Hence, it implies an additional outlay of ₹ 26,780 crore per year on implementation of NFSA. (Annex-1.1)
- **Financial implication for State Governments-** State/UT Governments are required to bear additional expenditure on grievance redressal bodies at District and State levels included in NFSA.

³ Based on economic cost for the year 2013-14

- Sharing of expenditure by Central and States Governments-** The Central and the State/UT Governments are to share expenditure on intra-State movement of foodgrains, handling and fair price shop dealers' margin. The Ministry has notified rules for bifurcation of expenditure in August 2015. As per provisions of NFSA, payment of ₹ 6,000 per delivery, as maternity benefit to pregnant and lactating women is to be shared between Central and State Governments in accordance with scheme to be formulated.

Chart 1: Procurement and Distribution of foodgrains



1.5 Requirements/preparedness for implementing NFSA

To start allocation under NFSA to the States/UTs, the Ministry on 19 August 2013 instructed the States/UTs to certify, through a proforma, their preparedness with regard to the following measures:

- Identification of eligible households/beneficiaries** – finalization and notification of guidelines for identification of eligible households; and actual identification of households as per the guidelines.
- Issue of ration cards** - States are to issue fresh ration cards incorporating the provisions relating to women empowerment.
- Doorstep Delivery of foodgrains** - To prevent last mile leakages, NFSA provides for delivery of foodgrains up to the fair price shop.
- Sufficient and scientific storage capacity** - States are required to create sufficient storage capacity so as to meet the food requirements.

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- **Internal Grievance Redressal Mechanism** - Call centre, helpline, designation of nodal officers are to be set up.
- **District Grievance Redressal Officers-** DGROs to be appointed for each district in the State/ UTs.
- **State Food Commission-** State food commission to be set up in States/ UTs.

Ministry also stipulated that the above preparatory works be certified by each State/UT in a manner to withstand legal scrutiny. Further, in July 2014, the Ministry instructed the States to certify their preparedness in completion of computerization of TPDS operations such as, digitization of beneficiaries, computerization of supply chain management, transparency portal etc.

1.6 PDS (Control) Orders

The Ministry notified the Public Distribution System (Control) Order, 2001 on 31 August 2001 to maintain supplies and secure availability and distribution of essential commodities under the TPDS which was amended on 29 June 2004. In order to bring the PDS(C) Order, 2001 in consonance with NFSA, the Ministry notified on 20 March 2015 the Targeted Public Distribution System (Control) Order, 2015 in supersession of the Public Distribution System (Control) Order, 2001 for maintaining supplies and securing availability and distribution of essential commodity, namely, foodgrains under the TPDS. The new Order contained further provisions for identification of beneficiaries, transparency and accountability, redressal grievance mechanism and digitization of beneficiary, ration card and other database. Under Clause 3 of the TPDS (C) Order, 2015 the State-wise percentage coverage of eligible households under the NFSA in rural and urban areas respectively for receiving subsidized foodgrains under the Targeted Public Distribution System was specified.

1.7 Timeframe for implementation of NFSA

State Governments were to identify the eligible households within one year from the commencement of the NFSA i.e. upto 4 July 2014. The Ministry later extended this timeframe in June 2014 by three months. It was subsequently extended for a period of another six months and then again by six months up to 30 September 2015.

As of October 2015, 18 States/UTs were reported to have implemented the NFSA by covering 41.57 crore (51 *per cent*) beneficiaries against the total 81.34 crore beneficiaries to be covered in all 36 States/UTs. As given in the map below (green area indicates states implementing NFSA):

Figure 1: States/UTs implementing NFSA



Chapter 2

Audit Approach and Methodology

2.1 Audit Objectives

This audit assesses the status of preparedness for implementation of NFSA with reference to following specific objectives:

- i) Whether the States/UTs identified the eligible households and issued ration cards to all the identified eligible beneficiaries.
- ii) Whether the States/UTs had the requisite infrastructure and were augmenting the same for increased requirement in transportation and storage capacity.
- iii) Whether the States initiated reforms in the Targeted Public Distribution System with regard to doorstep delivery and computerization.
- iv) Whether the States/UTs had put in place a grievance redressal system including Food Security Allowance as per the provisions of NFSA and whether an effective monitoring mechanism was put in place.

2.2 Scope of Audit and Audit Sampling

The proposed audit covered the period from July 2013 to March 2015 and involved scrutiny of Cabinet notes and other records and other evidence in the Ministry of Consumer Affairs, Food and Public Distribution and the corresponding department in selected States. Eight States and one Union Territory were selected considering location and status of preparedness as detailed below:

Fully implemented ⁴	Partially implemented ⁵	Not implemented
Chhattisgarh	Delhi	Assam
Karnataka	Bihar	Jharkhand ⁶
Maharashtra	Himachal Pradesh	Uttar Pradesh

The following statistical framework was used for selection of sample:

- Each selected State was divided into regions on the basis of geographical contiguity.

⁴ States/UTs that have claimed to have identified all the beneficiaries are considered as fully implemented States/UTs.

⁵ States/UTs that have not identified all the beneficiaries are considered as partially implemented States/UTs.

⁶ Jharkhand Government has started implementing NFSA w.e.f October 2015.

- 20 *per cent* of the districts subject to a minimum of two districts were chosen using Probability Proportionate to Size Without Replacement (PPSWOR) method independently from various regions with size measure as the total quantity of foodgrains (in 100 tonne) released to respective District during the year 2013-14.
- In each sample district, two blocks/circles/talukas were selected using Simple Random Sampling Without Replacement (SRSWOR).
- In each sample block/circle/taluka, four Fair Price Shops (FPSs) were selected again using SRSWOR.

Thus, in each selected district, two blocks/circles/talukas and 8 FPSs were audited. In all, 42 districts, 84 Blocks and 336 FPSs were selected for audit. Details of sample selection are given in **Annex 2.1**.

2.3 Sources of Audit criteria

The implementation of various preparatory works was audited with reference to the criteria derived from the following sources of documents:

- i. Cabinet Notes.
- ii. National Food Security Act, 2013.
- iii. Public Distribution System (Control) Orders of 2001 and 2015
- iv. Scheme Guidelines of End-to-End Computerisation of TPDS operations
- v. Instructions issued by the Ministry to State/UT Governments.
- vi. Recommendations of Standing Committee of Ministry of Consumer Affairs, Food and Public Distribution.
- vii. Instructions issued by the State/UT Governments for implementation from time to time.
- viii. Correspondence of Ministry with States/UT Governments.

2.4 Audit methodology and response of the Ministry

The performance audit commenced with an Entry Conference with the Ministry on 18 May 2015 where the audit objectives, scope and methodology were explained. Entry conferences were also held at the State level.

The audit teams scrutinized the records relating to the implementation of NFSA at

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the Ministry of Consumer Affairs, Food and Public Distribution, districts, blocks and fair price shops in nine selected States/UTs. After the completion of audit, Exit conferences were held in the States during September 2015 to November 2015, while it was held in the Ministry on 9 November 2015. The draft Audit Report was issued to the Ministry on 30 October 2015. The reply of the Ministry was received on 26 November 2015. The replies received from the Ministry and States have been considered and suitably incorporated while preparing this Report.

The Report contains six chapters. Chapter 1 and 2 of this report provide background information on NFSA and our audit approach. Chapters 3, 4, 5 and 6 provide audit findings on identification of beneficiaries and issuance of ration cards, preparedness in logistics, reforms in TPDS, grievance redressal mechanism and monitoring respectively.

2.5 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the Ministry, State Departments/agencies and their officials during conduct of this audit. ✖

Chapter 3

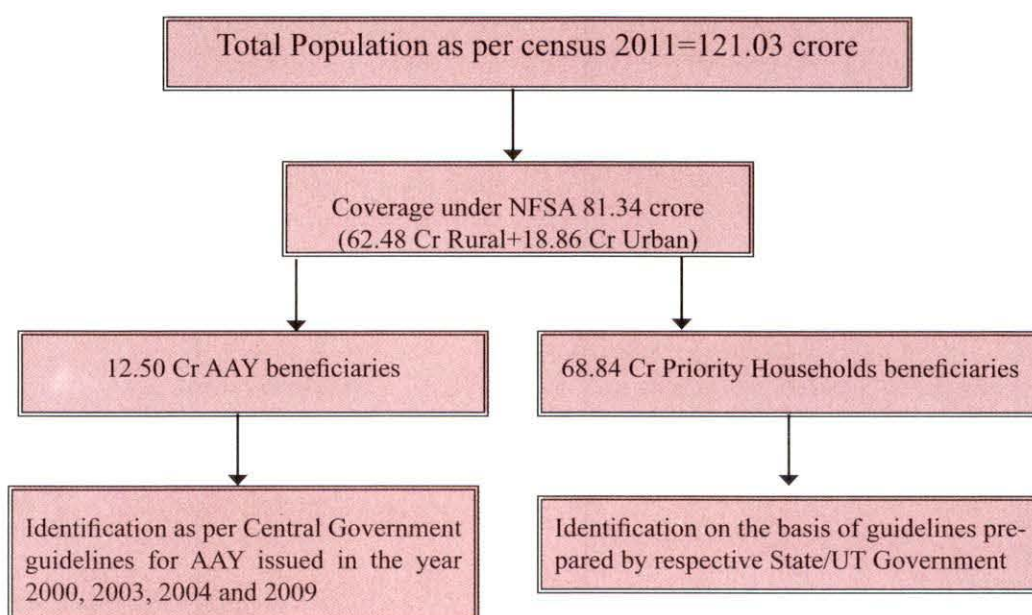
Identification of beneficiaries and issuance of ration cards

3.1 State-wise coverage of population

As per Section 10 (1) (b) of NFSA, identification of eligible households/units was to be completed by the State within 365 days of commencement of NFSA. AAY Households were to be identified by States/UTs in accordance with the guidelines applicable to the scheme and remaining households as priority households in accordance with the guidelines framed by the respective State/UT Governments. NFSA provides for coverage of 75 per cent and 50 per cent of the rural and urban population at the all India level, corresponding to which the State-wise coverage was determined by the Planning Commission.

The following chart illustrates coverage of rural and urban population and identification of beneficiaries in the categories of Antyodaya Anna Yojana (AAY) and priority households in accordance with the guidelines of Central Government and State Governments:

Chart 2-Coverage of population and its identification under NFSA



3.2 Status of identification

The following Table lists the States/UTs which were allocated foodgrains under NFSA based on their reported completion of identification of beneficiaries and other preparatory activities;

Table 3: Status of NFSA Compliance by States (October 2015)

S. No.	Name of the State/UT	Implementation started from the month of
1.	Haryana	September, 2013
2.	Rajasthan	October, 2013
3.	Delhi	October, 2013
4.	Himachal Pradesh	October, 2013
5.	Punjab	December, 2013
6.	Karnataka	January, 2014
7.	Chhattisgarh	January, 2014
8.	Maharashtra	February, 2014
9.	Chandigarh	February, 2014
10.	Madhya Pradesh	March, 2014
11.	Bihar	March, 2014
12.	West Bengal	June, 2015
13.	Lakshadweep	August, 2015
14.	Tripura	September, 2015
15.	Puducherry	September, 2015
16.	Uttarakhand	October, 2015
17.	Jharkhand	October, 2015
18.	Telangana	October, 2015

Source: Information furnished by Ministry

Audit noted the following:

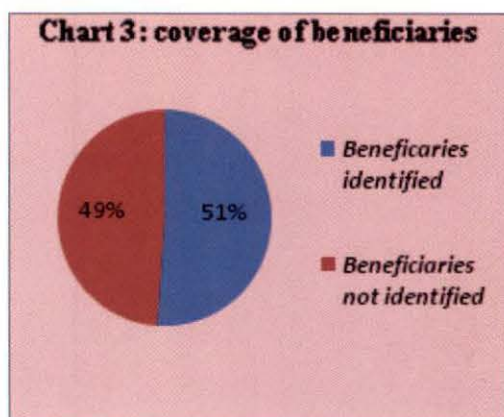
As per the NFSA, the States/UTs were required to identify the eligible households within 365 days. NFSA further stipulated that the State Government would continue to receive the allocation of foodgrains from the Central Government under the TPDS, till the completion of identification of such households. It was observed that out of the total 36 States/UTs,

- Only 11⁷ States/UTs reported identification of eligible households within the stipulated timeline of 365 days and were getting foodgrains under

⁷ Bihar, Chandigarh, Chhattisgarh, Delhi, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra, Punjab, Rajasthan.

NFSA during September 2013 - March 2014;

- Seven⁸ more States/UTs reported identification of eligible households under NFSA during June-October 2015 taking the figure of implementing States/UTs to 18.
- In effect, only 51 per cent of the eligible beneficiaries had been identified and 49 per cent beneficiaries were yet to be identified in the country (**Annex 3.1**) as indicated in Chart 3.



It was further noted that out of the above 18 States, eight States/UTs⁹ fully completed the identification as per coverage under NFSA. However, it was noted that in case 10 States/UTs¹⁰ NFSA was implemented even though these States did not complete identification of required number of beneficiaries under NFSA. In these 10 States/UTs, as against the total 2621.29 lakh beneficiaries, only 2077.88 lakh were identified. This resulted in benefit of subsidized foodgrains under NFSA not reaching 543.41 lakh remaining unidentified of the targeted beneficiaries.

For 18 States/UTs which had not reported completion of the identification, Ministry extended the timeline for implementation thrice latest being till September, 2015.

Ministry stated that NFSA did not bar implementation of the NFSA in a State/UT with incomplete identification of beneficiaries. By allowing partial coverage in such States, at least those identified persons came under the purview of the NFSA and availed of the benefit of the NFSA sooner.

However, audit noted that under Section 10(1) (b) of NFSA, the State Government shall continue to receive the allocation of foodgrains from the Central Government under the existing Targeted Public Distribution System, till the identification of such households is complete. Hence NFSA clearly stipulates that identification is necessary for receiving foodgrains under NFSA.

3.3 Delay in implementation of NFSA by non-implementing States/UTs

An analysis was made in audit in order to ascertain the reasons which led to delay

⁸ Tripura, West Bengal, Uttarakhand, Jharkhand, Telangana, Puducherry, Lakshadweep.

⁹ Chhattisgarh, Haryana, Karnataka, Lakshadweep, Maharashtra, Punjab, Rajasthan, Uttarakhand.

¹⁰ Bihar, Chandigarh, Delhi, Himachal Pradesh, Madhya Pradesh, West Bengal, Jharkhand, Telangana, Tripura, Puducherry.

in implementation of NFSA. Test check of records revealed the following reasons for non-implementation of NFSA in the States not qualifying for allocation under NFSA:

- i) Ministry had indicated that the States/UTs may use the Socio Economic Caste Census (SECC) data in the category of priority households, if they so desire. This provision was made keeping in view the ongoing SECC being coordinated by Ministry of Rural Development since 2011 for determining eligibility and entitlements of rural and urban households for different Central Government programmes and Schemes. However, work of survey of rural and urban areas under SECC 2011 was not completed till July 2013. The SECC survey report was yet to be finalized (November 2015). It was noted that Uttar Pradesh and Andaman and Nicobar Islands mentioned that delay was due to non-finalization of figures under SECC.
- ii) Gujarat cited variations in SECC data and total population of the State as per census 2011 as a reason for delay in implementation of NFSA.
- iii) Delay in getting National Population Register data was cited as a reason by Odisha.
- iv) Due to lack of infrastructural facilities, insufficient funds and manpower, NFSA could not be implemented in Arunachal Pradesh, Meghalaya, Manipur, Mizoram, Sikkim and Nagaland. These issues were raised by States with the Ministry at various stages during the formulation of the bill and after the enactment of NFSA. However, these issues still remained unresolved.
- v) Andhra Pradesh stated bifurcation of the State as a factor for delay.
- vi) Daman & Diu, Dadra and Nagar Haveli, Goa, Jammu & Kashmir, Kerala and Tamil Nadu informed that preparatory measures were underway.
- vii) Audit noted that non-completion of digitization of eligible beneficiaries contributed to the delay in implementation in Assam.

Ministry stated that the onus of identification rested with the States. The complete responsibility for evolving the criteria for identification of priority households was with the State Governments. It was not linked to SECC or any other guidelines of the Central Government. Once the criteria are evolved by a State, it has to carry out exercise of actual identification of priority households as per criteria finalized

by it. It is free to use SECC or any other reliable data for this purpose.

Audit noted that prior to enactment of the NFSA in 2011 many states had raised the issue of identification of beneficiaries as one of the major constraints. Ministry had clarified that data collected under SECC will have information of a number of socio-economic indicators. Ministry also indicated that Ministry of Rural Development and Planning Commission in consultation with states, experts and civil societies will arrive at a consensus on the methodology, consistent with provisions of Food Security Bill, to ensure that no poor household is excluded from coverage under Government programmes. However, Ministry finally decided to allow the States/UTs to formulate their own guidelines/criteria for identification of priority households. This contributed to delay in implementation as many States were still waiting for the completion of SECC.

3.4 Irregular extension of time for identification of beneficiaries

As per Section 10 (1) of the NFSA, State Governments were to identify the eligible households within one year from the commencement of the NFSA i.e. upto 4 July 2014. However, it was noted that only 11 States/UTs reported completion of this preparatory work within the stipulated one year. The Ministry later extended this timeframe in June 2014 by three months. Since no other states had reported completion of identification of the beneficiaries during the extended period, it was further extended for a period of another six months and then again by six months up to 30 September 2015.



Audit noted that without any enabling provision in the NFSA, the Ministry extended the time frame for identification of beneficiaries which was irregular.

Ministry stated that States/UTs highlighted delays in identification of eligible households due to various reasons such as non-availability of complete data, time being taken to conduct survey/verification, completion of requisite preparatory activities for implementation of NFSA, and so on, hence a decision was taken to extend the time limit for identification of eligible beneficiaries under NFSA and satisfactory completion of other preparatory activities by the State Governments.

Ministry further stated that as of November 2015, the NFSA was being implemented in 23 States/UTs, and considering that a long time had passed since the NFSA came into force, it had now been decided not to extend the time period further so that complete responsibility for any further delay in implementing the NFSA was borne by the respective State/UT.

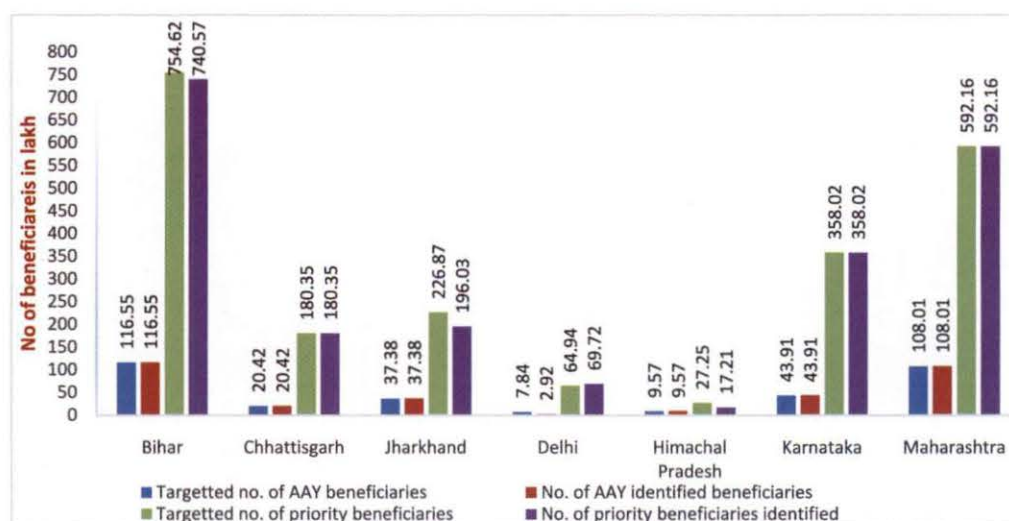
NFSA had no provision for extension of time. However, Section 42 (1) of the NFSA, stipulated that if any difficulty arises in giving effect to the provisions of the NFSA, the Central Government may, by order, published in the Official Gazette, make such provisions, for removing the difficulty, within two years from the commencement of the NFSA. Every such order was to be laid before the each House of the Parliament.

Audit noted that the Ministry did not take recourse to resolve the problems faced by the states in identification of eligible households. Instead, it extended the time limit of 365 days laid down in the NFSA thrice, despite no such provision for extension available under NFSA.

3.5 Coverage in the selected States

Details of coverage of beneficiaries against the total beneficiaries as per NFSA in the selected implementing States/UTs as of October 2015 are given in the chart below:

Chart 4: Coverage of population in implementing States



Source: Ministry’s records

Test check of records in selected States/UTs revealed that identification of beneficiaries was not done as per NFSA as given below:

Bihar: State Government did not carry out fresh exercise for identification of AAY households and instead included the existing AAY households under NFSA. It framed the guidelines for identification of eligible priority households that included both inclusion and exclusion criterion. It was noted that as per the guidelines, households having any member as regular employee of Central/State Government or Public Sector or Local Body or Autonomous Institutions were

to be excluded. However, to meet the shortfall in coverage of beneficiaries, the State Government modified the guidelines in December, 2014 and decided to include regular Group IV/D employee from SC/ST category working with State Government. Audit noted that the State may have resorted to include such criteria in order to meet the target of beneficiaries.

Ministry maintained that the criteria framed by the states were the prerogative of the states. However, though the framing of criteria were the prerogative of the states, in the absence of any guidelines by the Ministry, the states resorted to their own criteria in order to fill up the gap in the number of eligible beneficiaries and the ceiling of coverage prescribed by the NFSA.

Chhattisgarh: State Government implemented Chhattisgarh Food Security Act, 2012 (CGFSA) in September 2013. For implementation of CGFSA State Government took necessary steps as envisaged and the salient features of the CGFSA were same as that of NFSA. State adopted its own criterion and completed implementation before enactment of NFSA. On notification of NFSA, the State informed the Ministry of the existing efforts and the Ministry allowed them to be considered as NFSA compliant from January 2014.

Delhi: Delhi Government initially selected 1.04 lakh as AAY households and 5.25 lakh as priority households from the existing 6.29 lakh households under BPL, AAY, Jhuggi Ration Cards and Resettlement Colony Ration Cards for giving benefit under the NFSA from September 2013. Delhi Government notified the guidelines for identification of eligible AAY and priority households under NFSA in July 2013. Later, during the process of actual identification, 2.20 lakh households (0.30 lakh AAY and 1.90 lakh priority households) out of 6.29 lakh identified initially, were deleted in April 2014 since there were duplicate and ineligible beneficiaries which meant that the State Government supplied subsidized foodgrains to 2.20 lakh ineligible households from September 2013 to March 2014.

Further as per the guidelines, households having total annual income of less than ₹ 1.00 lakh were eligible for inclusion under priority households. It was noted that 1.55 lakh ineligible households having annual income of more than ₹ One lakh, whom the Delhi Government had previously issued Unstamped APL Cards but were not issued subsidized foodgrains under TPDS, were included under priority households. Thus, 1.55 lakh such ineligible households were given benefit under NFSA.

Ministry stated that monthly allocation of foodgrains to Delhi under NFSA was revised from the month of October, 2013 to October, 2014. It was also decided to adjust the excess quantity lifted in excess of revised allocation against the allocation in subsequent months.

However, audit noted significant variation in number of beneficiaries which was indicative of risk of errors in exclusion and inclusion in list of identified beneficiaries.

Himachal Pradesh: Though the State Government framed the guidelines for identification under NFSA, it did not carry out fresh exercise for identification of AAY and priority households. It took AAY and priority households from the existing BPL, AAY and Primary households. Further, it was noted that State government identified and extended benefit to 31.06 lakh beneficiaries under the NFSA, however the Ministry released foodgrains for 26.78 lakh initially identified beneficiaries by the State due to the reason that digitization of beneficiaries was not completed in the State.

Karnataka: The State Government did not carry out fresh exercise for identification of AAY households but carried forward the existing AAY households under NFSA. Further, the State Government did not frame any guidelines to identify households as priority households but included the existing 403.25 lakh BPL families against required 359.81 lakh as priority household beneficiaries thus giving benefits of NFSA to additional 43.44 lakh beneficiaries from own resources.

It was also noted that State Government had launched a scheme namely Anna Bhagya Scheme (ABS), aimed at ensuring food security to BPL families across the State since July 2013. Under the Scheme, a single person family is eligible for 10 kg rice, two person's family for 20 kg rice and a family with three and more number of persons for 30 kg rice per month. Even after implementation of NFSA, State Government continued to follow the scale of issue of foodgrains that was fixed under ABS, which was higher than the entitlement eligible under NFSA. Consequently, State Government had to procure excess foodgrains from the market to meet the requirement and the subsidy burden of ₹ 2,070.46 crore had to be borne by the State exchequer.

Maharashtra: The State Government did not carry out fresh identification exercise and carried forward existing AAY, BPL & APL card holders to identify AAY and priority households.

Assam: Instead of carrying out fresh exercise for identification of AAY households State Government issued instructions to include all the existing AAY households under TPDS. Against the ceiling of 7.04 lakh AAY households the State Government identified 6.56 lakh. The State Government framed the guidelines for identification of priority households. State was to cover the targeted population of 252.08 lakh by September 2014 but as of March 2015, they could cover 249.87 lakh thus, there was shortfall in coverage of 2.21 lakh.

It was noted the State Government superimposed the target at uniform rate of

84.17 per cent of the Census population for each of the blocks in the rural areas and 60.35 per cent in each of the Municipality Boards/Town Committees in the urban areas.

It was further noted, in two out of five test checked districts¹¹, that while preparing the ration cards for issue to the identified eligible households, the district authorities reduced the number of members of the 41 priority households from 347 to 174 without any recorded reason. The reduction of members of the households ranged from two to ten members against the total family members though the particulars and supporting documents of all the members were furnished by the applicants along with the application form.

It was noted that in Sonitpur district, 1656 households consisting of 10,170 labourers working in Tea estates having annual income below the prescribed benchmark of ₹1.00 lakh by the State Government for inclusion under AAY, were not covered under NFSA. In two test checked districts¹², it was revealed that 52 households having government servant as family member were selected against the criteria set by the State Government that no government servant would be entitled for the benefit under NFSA. Further, in Dhubri district it was noted that income of 50 AAY households was more than that of the selected priority households indicating improper selection of beneficiaries.

Jharkhand: In October 2014, the State Government decided to use SECC data for selection of beneficiaries and in March 2015 it prescribed stepwise activities for selection. State Government implemented NFSA with effect from October 2015 based on draft SECC 2011 data for identification of AAY and priority households. Thus, there was delay in decision making at various levels.

Uttar Pradesh: There was delay in finalization of criteria for identification of priority households as the State Government finalized the criteria only in October 2014 and notified in December 2014 which was followed by survey for identification which was incomplete as of March 2015. State Government did not carry out fresh exercise for identification of AAY households but included the existing 40.94 lakh AAY families under TPDS as AAY households that too without any survey/verification.

Ministry contended that it was not necessary to undertake fresh identification exercise, as the AAY was an ongoing scheme and the number of AAY households as well as the criteria for their identification was already specified for each State. For priority households, the States already had a universe of population comprising of BPL, AAY and APL households under the erstwhile TPDS. The States were

¹¹ Sonitpur, Nagaon.

¹² Baksa, Sonitpur.

required to evolve guidelines/criteria for identifying priority households within the number determined for it.

However, audit noted that the Section 10 of NFSA used the word ‘identify’ which denoted that a process of identification is required. Further, the Ministry’s instructions to the States/UTs of 17 July 2013 clearly indicated that fresh identification exercise was to be carried out.

3.6 Issue of Ration Cards to identified households

As per the directions, relating to necessary preparatory action for implementation of NFSA, issued by the Central Government (17 July 2013) new ration cards were required to be issued with eldest women as head of the household by the States/UTs. A test check of records at the field level revealed the following:

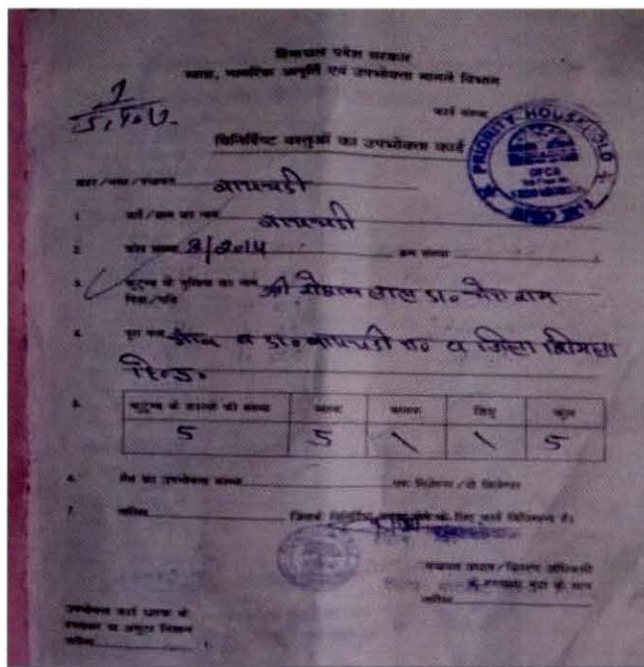
Himachal Pradesh: 6.9 lakh old ration cards were stamped as priority household and AAY households and re-issued as NFSA compliant as shown here.

Bihar: Against 1.42 crore priority households ration cards to be issued, 5.49 lakh ration cards were not distributed by the State.

In test checked Districts, the distribution of the card was withheld to avoid issue of two cards to a single household due to death, migration of beneficiaries and printing mistakes.

Chhattisgarh: As against the total number of 29.97 lakh households as per Census 2011, ration cards were issued to 38.54 lakh households and 33.82 lakh ration cards were found functional as of May 2015 after cancellation of ration cards. Thus, 3.84 lakh excess ration cards had not been cancelled.

Figure 2: Old card reissued as NFSA compliant in Himachal Pradesh



On this being pointed out in Audit (May 2015), State government stated (June 2015) that as the time limit for receipt of application and issuing of Ration Cards was very short therefore it was not possible to verify all the application. Due to this entries of ineligible and bogus application have also been done which were cancelled after conducting verification campaign of Ration Cards.

The facts remains that the issuing of new ration cards without any proper survey and verification was irregular.

Delhi: Though the State had identified 72.64 lakh beneficiaries under NFSA, information relating to distribution of new rations cards under priority households and AAY was not furnished to audit and thus the actual number of ration cards issued could not be ascertained.

Karnataka: State Government issued 113.23 lakh ration cards for AAY and priority households against 445.36 lakh beneficiaries identified by them. As of June 2015, 8.90 lakh bogus and ineligible ration cards were found in the existing system during seeding of Elector's Photo Identity Card (EPIC) details. However, instead of cancelling these bogus or ineligible ration cards, State Government continued to issue foodgrains to them.

Maharashtra: As in the case of Himachal Pradesh, the ration cards were revalidated by merely affixing stamps on the existing ration cards under different categories.

Assam: State Government got 59.92 lakh ration cards printed against the requirement of 56.21 lakh households eligible for issue of ration cards. Further, State Government issued 57.09 lakh ration cards to all the districts for onward distribution during January and February 2014 and balance undistributed 2.83 lakh ration cards were lying at the Directorate of Food, Civil Supply and Consumer Affairs due to printing of cards without proper assessment of the requirement.

Uttar Pradesh: Beneficiaries under NFSA were not finalized, and thus no fresh ration cards were issued. However, the validity of existing ration cards was extended until implementation of NFSA.

3.6.1 Implementation of provisions relating to women empowerment in the ration cards

Aiming at women empowerment, Section 13(1) of NFSA, 2013 provides that in every eligible household, the eldest woman not below 18 years of age was to be recognised as head of the household for the purpose of the issue of ration cards. Where a household at any time, did not have a woman or a woman of eighteen years of age or above, only then the ration cards could be issued to male member of the household and even in such cases the female member, on attaining the age of eighteen years, would become the head of the household. The ration cards under NFSA were also to be compliant with the entitlement norms on per person basis. A test check of records at the field level revealed the following observations.

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In **Himachal Pradesh** it was noted that existing old ration cards, which did not specially identify the eldest women as head of household, were being used.

In **Karnataka**, it was noted that the State Government issued 21.14 lakh ration cards with male member as head of family despite having a female member of 18 years and above. The State Government replied that while issuing new online ration cards to these families, eldest women would be made head of household.

In **Assam**, the situation was similar. Though there were women member in the households, 207 ration cards were prepared in the name of male member. Cases were noticed in which, the ration cards were prepared in the name of women member other than the eldest women of the households.

In **Maharashtra**, the provision of NFSA aimed at empowerment of women was not complied with, as fresh ration cards were not issued and existing cards were revalidated.

Ministry accepted the fact and stated that States were being pursued for responses, and that Assam had informed that action had been taken to prepare ration card in the name of the eldest women member of the household.

3.7 Implementation of provisions relating to Maternity benefits and Supplementary Nutrition

3.7.1 Maternity benefits provided under NFSA not extended across the country

As per Section 4 (b) of NFSA, subject to such schemes as may be framed by the Central Government, every pregnant woman and lactating mother shall be entitled to maternity benefit of not less than rupees six thousand in such instalments as may be prescribed by the Central Government. The Ministry of Women and Child Development (MWCD) has been implementing Conditional Cash Transfer scheme, namely, Indira Gandhi Matritva Sahyog Yojana (IGMSY), for Pregnant and Lactating (P&L) women, on pilot basis in 53 districts across the country since October, 2010.

After the implementation of NFSA, maternity benefit was revised from ₹ 4,000 to ₹ 6,000 from 5 July 2013 under the scheme. However, it was noted that the scheme was being implemented only in the 53 pilot districts as the cost sharing pattern between Central Government and State/UT Governments was not finalized by Ministry of Finance.

The MWCD stated (December, 2015) the cost sharing pattern for IGMSY was

decided by Ministry of Finance in October, 2015. MWCD further added that it initiated the action for obtaining approval of the Cabinet Committee on Economic Affairs for expansion of the IGMSY to all districts of the country.

Thus the maternity benefit, though made mandatory through NFSA, were yet to be extended to pregnant woman and lactating mothers in the country and was available to a few chosen districts.

3.7.2 Supplementary Nutrition (under the ICDS) Rules, 2015.

As per Section 5 (1) of NFSA, in the case of children in the age group of six months to six years, appropriate meal, free of charge, was to be provided through the local Anganwadi Centre (AWC) so as to meet the nutritional standards specified in NFSA.

Ministry of Women and Child Development, in consultation with the State Governments, made the Supplementary Nutrition (under the Integrated Child Development Services Scheme) Rules 2015. However, no provision was made in the Rules for the payment of food security allowance to the beneficiaries of the AWCs which were required under Section 8 of the NFSA.

Conclusion

After two and half years since NFSA came into force in July 2013, only 18 States/UTs reported to have started implementation of NFSA. In many of the States/UTs, though the identification of beneficiaries was not fully completed, Ministry allotted them the revised allocation of foodgrains. As many of the States/UTs had not reported status of their preparedness, Ministry extended the timeline for implementation of NFSA thrice. The extension of time schedule for implementation of NFSA without the approval of Parliament, as there was no enabling provision in NFSA was irregular. Ministry also failed to resolve several issues raised by the States during the formulation phase and also after enactment of NFSA which contributed to delay in implementation in several States/UTs.

The identification of beneficiaries was not carried out in a systematic and scientific manner in any of the test checked states. Some states merely re-stamped their old ration cards as NFSA compliant and that too without providing for women empowerment as laid down in NFSA. Identification of beneficiaries was a critical milestone to be achieved in order to omit the errors of inclusion and exclusion. However, what had effectively been adopted in the States was the old system, re-christened for projecting themselves as NFSA compliant. Resultantly, the states had failed to prepare themselves towards fulfilment of the objective of the NFSA to provide food security to all the needy. The intended use of tool of gender empowerment for achieving food security was also largely not met.

Recommendations

- i) *Ministry may issue, in consultation with State Governments, guidelines on identification of beneficiaries to maintain transparency.*
- ii) *Ministry must assure itself of the actual identification of beneficiaries by the States/UTs by following transparent processes before allowing them revised enhanced entitlements.*
- iii) *As there is no enabling provision in the NFSA, Ministry should obtain approval of the Parliament for extending the timeline laid down for the implementation of NFSA.*

Chapter 4

Preparedness in Logistics: Allocation, Movement and Storage of Foodgrains

4.1 Allocation of foodgrains

As per Section 22(1) of NFSA, the Central Government shall, for ensuring the regular supply of foodgrains to persons belonging to eligible households, allocate from the central pool the required quantity of foodgrains to the State Governments under the TPDS.

For allocation of foodgrains, States/UTs were required to certify their preparedness for implementation of NFSA through a proforma devised by the Ministry, as referred to in Para 1.5.

After examining the proforma furnished by the States/UTs, Ministry started allocating wheat and rice at ₹ 2 per kg and ₹ 3 per kg respectively to them. The Ministry allocated wheat and rice to the rest of the non-implementing States at the central issue prices under the normal TPDS.

4.2 Movement of foodgrains

As per Section 22(4) (e) of NFSA, the Central Government shall provide for transportation of foodgrains, as per allocation, to the depots by the Central Government in each State/UT. Distribution of foodgrains under TPDS and Other Welfare Schemes (OWS) is carried out on the basis of monthly allocation made by the GOI and off-take of foodgrains from the Central Pool by various states. Stock of foodgrains is also to be moved to consuming states irrespective of consumption requirement to create buffer stocks as a measure of food security. The position of inter-state movement of foodgrains by rail and road during the period 2011-12 to 2014-15 was as under:

Table 4: Movement of foodgrains by the rail and road by FCI

Particulars		2011-12	2012-13	2013-14	2014-15
Overall Movement	Rail	303.23	321.33	369.35	389.32
	Road	24.54	27.85	25.37	19.12
	Total	327.27	349.18	394.72	408.44

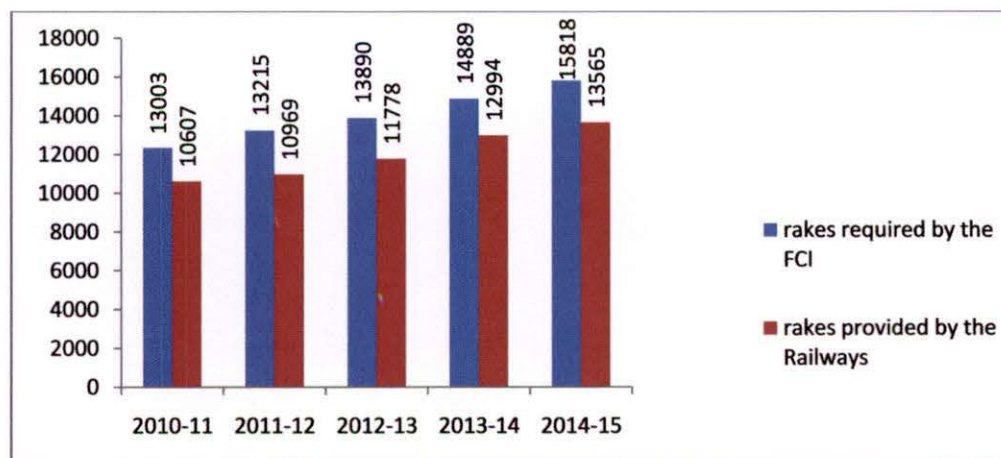
Source: FCI Website

On full implementation of NFSA, the quantity of foodgrains required to be moved from procuring States to consuming States would increase considerably

and requirement of rakes would also increase by about 20 per cent as noted by the Standing Committee.

The information relating to requirement of rakes by FCI for transportation of foodgrains and making available of the same by the Railways during the years 2010-11 to 2014-15 is given in Chart 5:

Chart 5: Availability of rakes against requirement



Source: Data furnished by Ministry

The above chart shows that there was shortfall in the range of 13 per cent to 18 per cent in arranging the rakes by the Railways. On this being pointed out, Ministry stated in October, 2015 that variation in rakes planned vis-à-vis actual dispatch is mainly due to inadequate availability of rakes by the railways and heavy traffic and sometimes also due to operational constraints of FCI like non-availability of vacant space at recipient depots, less lifting by State Governments and increase in procurement in consuming regions etc.

Ministry stated that there is no shortage of supply of food grains for TDPS/OWS (other welfare schemes) due to movement of foodgrains in the states. However, the fact remains that the availability of rakes were short of requirement.

4.2.1 Non-preparation of National Foodgrains Movement Plan

The Ministry (in October, 2012) while submitting information to Standing Committee on National Food Security Bill, had informed that a National Foodgrains Movement Plan to address the road movement related problem in the North Eastern States, mechanization of FCI godowns to reduce rake handling time, priority god sheds for development of basic facilities by railways, etc. supply of rakes, levying of demurrage charges movement by the Railways, upgradation of infrastructure at unloading railway stations was under preparation and a study was entrusted to M/s Pricewaterhouse Coopers Pvt. Ltd. by FCI for this purpose.

The Ministry stated (November, 2015) that study report of M/s Pricewaterhouse Coopers Pvt. Ltd. on Supply Chain Management has been received. Report has been taken into account by FCI for improving the movement of foodgrains. Ministry further stated that there was no major bottleneck in the movement of food grains, as sufficient food grains are available in different states for distribution in TDPS/OWS/NFSA.

However, the Ministry neither indicated the specific steps taken by FCI to address the above issues nor provided any evidence of consideration of the Report by FCI/Ministry and action taken

4.3 Storage capacity for foodgrains

As per Section 22(4) (e), the Central Government shall create and maintain required modern and scientific storage facilities at various locations. Further, in terms of obligation of state government for Food Security, Section 24(5) (a) of NFSA provides that every State Government shall create and maintain required number of modern and scientific storage facilities at various levels, being sufficient to accommodate foodgrains required under the TPDS, For ensuring uninterrupted supply of foodgrains to the entitled beneficiaries, the state would require storage of sufficient foodgrains. However, NFSA did not fix any timeline for upgradation of storage facilities nor were any instructions issued by the Ministry in this regard.

4.3.1 Shortfall in storage capacity with FCI for the Central Pool stock

Audit observed that with the increasing foodgrains stock in the central pool held by FCI and State Government Agencies {excluding foodgrains procured by Decentralized procurement (DCP) states}, the storage gap with FCI during the period 2010-2015 was as given in Table 5:

Table 5: Gap in storage capacity with FCI

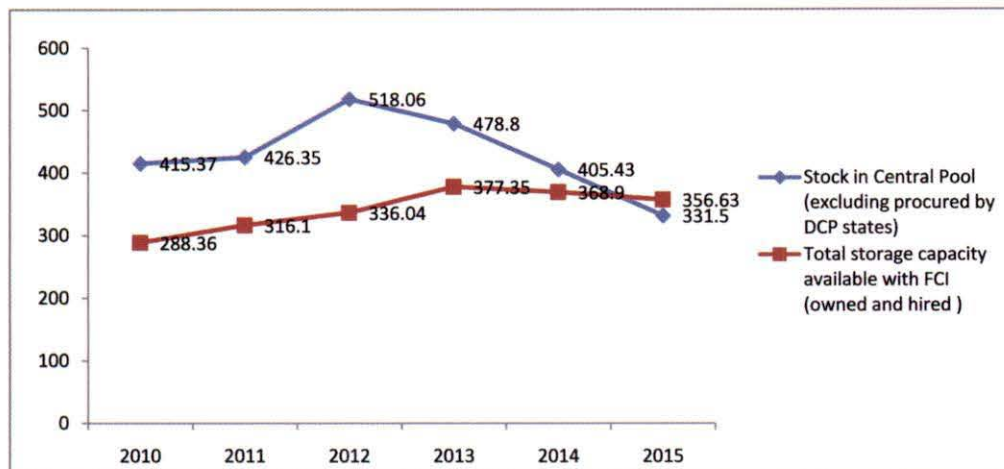
(Quantity in lakh MT)

Sl. No.	Stock of food grain in the Central Pool as on 1 st June	Foodgrains procurement by DCP states	Net stock of Foodgrains with FCI (Central Pool stock minus stock procured by DCP state)	Total storage capacity available (owned and hired) with FCI as on 31 st march	Gap in storage capacity with FCI	Percentage shortfall in storage capacity
1	2	3	4 (2-3)	5	6 (4-5)	7
2010	544.82	129.45	415.37	288.36	127.01	30.57
2011	581.94	155.59	426.35	316.10	110.25	25.85
2012	729.59	211.53	518.06	336.04	182.02	35.13
2013	676.59	197.79	478.80	377.35	101.45	21.18
2014	622.31	216.88	405.43	368.90	36.53	9.01
2015	568.34	236.84	331.50	356.63	-25.13	-7.58

Source: Data furnished by the Ministry

As could be seen from the above, there was shortfall in the storage capacity with the FCI in the range of 9 to 35 per cent during the years 2010-2014 except in the year 2015, in which the stock of foodgrains in the central pool was less due to increase in procurement by DCP states and less foodgrains in the central pool.

Chart 6: Gap in storage capacity with FCI



4.3.2 State specific cases

A test check of records at the field level revealed deficiencies in storage capacities in the selected States as detailed below:

Assam: Considering the monthly allocation of foodgrains of 1.33 lakh MT for the State under NFSA, the state was to have storage capacity of 3.99 lakh MT for three months. Audit noted that the state had storage capacity of 2.84 lakh MT, out of which 1.16 lakh MT was not fit for storage of food grains. Physical verification of FPS and godowns of the selected districts revealed that the seven out of 40 selected FPSs stored foodgrains in living cum bed rooms. The condition of the rooms was found damp.

Bihar: The State Government sent information (January 2014) to the Director (NFSA) of the Ministry that sufficient and scientific storage capacity had been created at various levels in the State for storage of foodgrains under NFSA. As per allotment, monthly



Figure 3: Foodgrains stored in bed cum living room at Amrit Ali FPS, Bilashipara, Dhubri, Assam

required capacity was 4.095 lakh MT whereas available capacity was only 3.302 lakh MT (80.63 *per cent*) as on March 2015 leaving a shortfall of 19.37 *per cent*.

Himachal Pradesh: Against the average monthly allocation of 0.59 lakh MT of foodgrains under TPDS and OWS, the total capacity in the State was only 0.54 lakh MT.

Jharkhand: The State decided that storage capacity of foodgrains in districts should be two times of monthly requirements of foodgrains, as against the standard requirement of three months. It was observed that State had storage capacity for 0.66 lakh MT of foodgrains whereas requirement for storage for two months was 3.10 lakh MT. It was also noted that to meet the storage requirements, State Government decided to create 1.71 lakh MT storage capacities during 2010-11 to 2014-15. During the test check in sampled four districts¹³ it was noted that State Government sanctioned 71 godowns of varied capacity. Out of 53 constructed godowns, six godowns having 0.03 lakh MT capacity were found unfit for use either due to remote location without any approach road or damaged condition.



Figure 4: Spoiled rice in Chaibasa Sadar Block Campus



Figure 5: Wet foodgrains in Pakur Block godown

Maharashtra: During the period 2011-15 the State Government approved construction of 233 godowns with storage capacity of 3.24 lakh MT. It was informed that tendering/estimation process was in progress in respect of 18 godowns, work in respect of 105 godowns was in progress while construction of only 93 godowns was completed. (October 2015).

Uttar Pradesh: It was noted that the storage facility for foodgrains allocated under existing TPDS was inadequate in 406 blocks out of 817 blocks in the State

¹³ Giridih, Gumla, Pakur & West Singhbhum.

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resulting in storage of foodgrains in open area. As the allocation of foodgrains to State would increase by 46 *per cent* on implementation of NFSA, it will put further pressure on the storage facility in the already deficient blocks, and the State was not prepared to receive enhanced allocation.

Ministry stated that on the overall, there was sufficient capacity for stocking the Central Pool foodgrains.

However the contention of the Ministry that 792.48 lakh MT of storage capacity was available in the country was not correct as the shortfall in the total storage capacity of FCI for the central pool stock was 9 to 35 *per cent* during the years 2010-2014. Mere availability of storage capacity in the country as stated by the Ministry was not a correct assessment of the preparedness unless additional storage capacity was identified and arranged by FCI state-wise.

Ministry further stated that storage capacities are less than the ideal situation of three months requirement in some states. In these states, plan scheme to augment the capacities are under implementation.

The reply is non-specific as Audit noted inadequate and inappropriate storages in many states

Conclusion

The States were largely unprepared for handling the logistics of allocation, movement and storage of foodgrains which was necessary for efficient and successful implementation of the NFSA. The Ministry did not make any preparation with regard to removal of bottlenecks in the movement of foodgrains as it could not ensure preparation and finalisation of the National Foodgrains Movement Plan. Further, the storage capacity with the FCI was insufficient considering the increased allocation for several States/UTs. The storage capacity was not adequate even for three months requirement of foodgrains in the test checked States. The condition of existing storage capacities with the States also needed up gradation and improvement.

Thus, there were no substantial improvement post notifications of NFSA. There were no concerted efforts to formulate a nationwide plan for creating scientific and modern storage facilities. The problem may get compounded in future, as the requirement for movement become increasingly heavy.

Recommendations

- i) *National foodgrains Movement Plan should be finalized by the Ministry and implemented for ensuring timely delivery of foodgrains as contemplated in the NFSA.*
- ii) *Ministry may expedite action to augment the storage capacity for foodgrains and upgrade the existing storage facilities*

Chapter 5

Reforms in Targeted Public Distribution System

5.1 Introduction

As per Section 12 of NFSA, the Central and State Governments shall endeavour progressively to undertake necessary reforms in the TPDS. The areas of reforms identified included doorstep delivery of foodgrains to the TPDS outlets for ensuring supply to entitled persons, application of information and communication technology tools including end-to-end computerization in order to ensure transparent recording of transactions at all levels and to prevent diversion and ensuring full transparency. While NFSA provides for other reforms too such as leveraging 'Aadhaar' for unique identification, preference to public institutions/bodies in licensing of FPS etc., Ministry, to begin with, concentrated more on the critical reforms.

5.2 Doorstep Delivery of foodgrains

As per Section 24 (2) of NFSA, it shall be the duty of the State Government to

- Take delivery of foodgrains from the designated depots of the Central Government in the State, at the prices specified in Schedule I of NFSA;
- Organise intra-state allocations for delivery of the allocated foodgrains through their authorised agencies at the doorstep of each fair price shop; and
- Ensure actual delivery or supply of the foodgrains to the entitled persons.

Further, as per Clause 7(12) of TPDS (Control) Order 2015, the State Government shall furnish a report regarding doorstep delivery on quarterly basis to the Central Government. The Ministry based on the information obtained prior to the notification of TPDS (C) Order 2015 informed that it had received reports from 27 states/UTs only. Further, an online system for getting information has been introduced since September 2015.

5.2.1 State specific cases

The level of preparedness as noted from the test check of records in the selected States is detailed below:

Assam: Doorstep delivery was not implemented in the State. Only bidding process for selection of transporters was completed (October 2015).

Bihar: Bihar Government started the doorstep delivery of food-grains to the FPSs under e-PDS. Under this scheme, foodgrains were to be electronically weighed and lifted from the godowns and delivered to FPSs through pre- selected transporters using GPS-enabled vehicles.

Audit noted that there were inconsistencies in the reports generated through e-PDS. In the reports obtained from the offices of the District Managers¹⁴, Bihar State Food Corporation (DMs, BSFC) about the quantity of foodgrains issued to different FPSs, it was seen that against one Store Issue Order (SIO) same quantity of foodgrains was shown as issued twice. During test check of eight blocks¹⁵, audit noted that against SIO of 37931.31 MT foodgrains, though the same quantity of food grains was issued for FPSs but in the report of DMs, BSFC 75862.62 MT (double the quantity) foodgrains was shown as issued. In another case, scrutiny revealed that 756.092 MT foodgrains supplied were not received by FPS dealers. In reply DMs BSFC stated that when SIO quantity was more than the capacity of one vehicle, it was sent by more than one vehicle but due to software problem of the system integrator, dual entry of quantity was shown against one SIO. Thus, the doorstep delivery model was not followed properly.

Physical verification of FPSs in Chewara, Minapur, Kharik, Sabour and Sheikhpura blocks revealed that in 88 cases involving supply of 481.59 MT foodgrains there was difference between date of supply as per records of Bihar State Food Corporation and actual date of supply to FPSs. This was due to inability of system integrator to do simultaneous entry of outgoing foodgrains because of poor connectivity or less charging of battery, as replied by the Corporation.

Delhi: Scrutiny of records revealed that doorstep delivery of foodgrains was being done in all 2300 FPSs. However, due to absence of monitoring of real-time movement of foodgrains with the help of GPS-enabled devices and load sensors fixed to vehicles, audit could not ascertain the effectiveness of the doorstep delivery.

Karnataka & Himachal Pradesh: It was noted that the FPS dealers were transporting foodgrains from the godowns to their shops and expenditure incurred

¹⁴ Bhagalpur, Saran, Muzaffarpur, Sheikhpura

¹⁵ Amnour, Minapur, Moosahri, Marhowrai, Naugachia, Sheikhpura, Sabour

by the dealers were being reimbursed by the State Government. However as the transportation of foodgrains to FPSs was to be done by the State as per the NFSA, the practice of transportation by FPS dealers themselves was inappropriate.

Maharashtra: Only in the tribal and drought prone areas, foodgrains were distributed to the FPSs through Government owned/hired vehicles and in rest of the State, foodgrains were transported to FPSs by the FPSs' dealers themselves.

Uttar Pradesh: Only in 15 out of 75 districts in the State, door-step-delivery was being implemented by engaging contractors.

5.3 End-to-End Computerization of TPDS

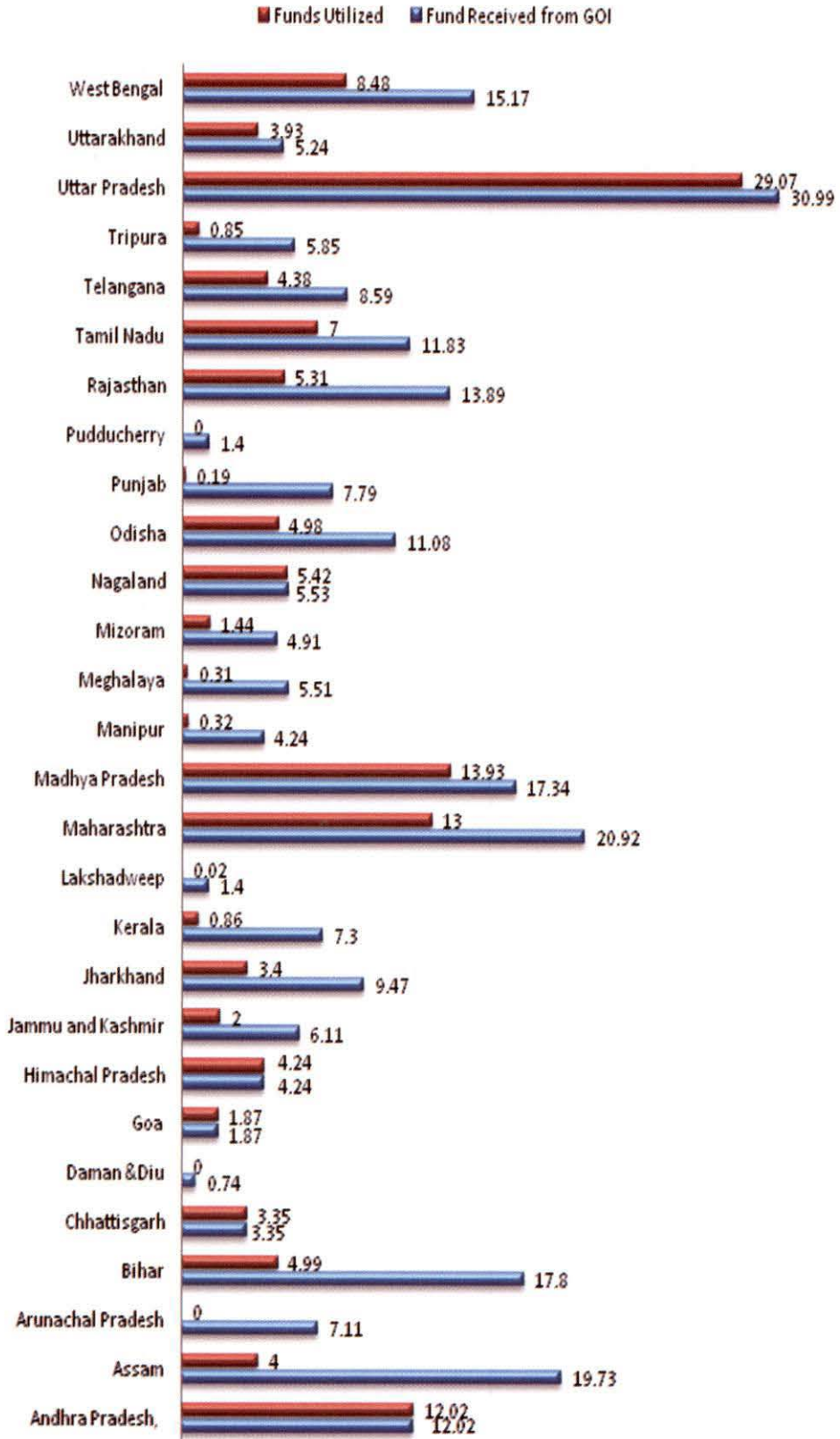
The Ministry launched in December, 2012 a plan scheme on 'end-to-end Computerization of TPDS' for implementation during 12th five year plan period. The Scheme had two components; Component I comprised digitization of ration cards/beneficiaries and other database, computerization of supply chain management, setting up of transparency portal and grievance redressal mechanism and Component II included FPS automation which involved installation of Point of Sale (PoS) devices at FPS for authentication of beneficiaries, recording of sales to beneficiaries at the FPS and uploading of transaction data in central server.

Central Government issued directions in July 2014 that States/UTs intending to implement NFSA will be required to certify completion of component I of the end to end Computerisation. Central Government approved ₹ 884.07 crore out of which Government of India share was ₹ 489.37 crore and States/UTs share was ₹ 394.70 crore. The timelines stipulated for implementation of digitization of beneficiaries and other database and computerization of supply chain management were March 2013 and October 2013 respectively.

5.3.1 Utilization of funds by States/UTs

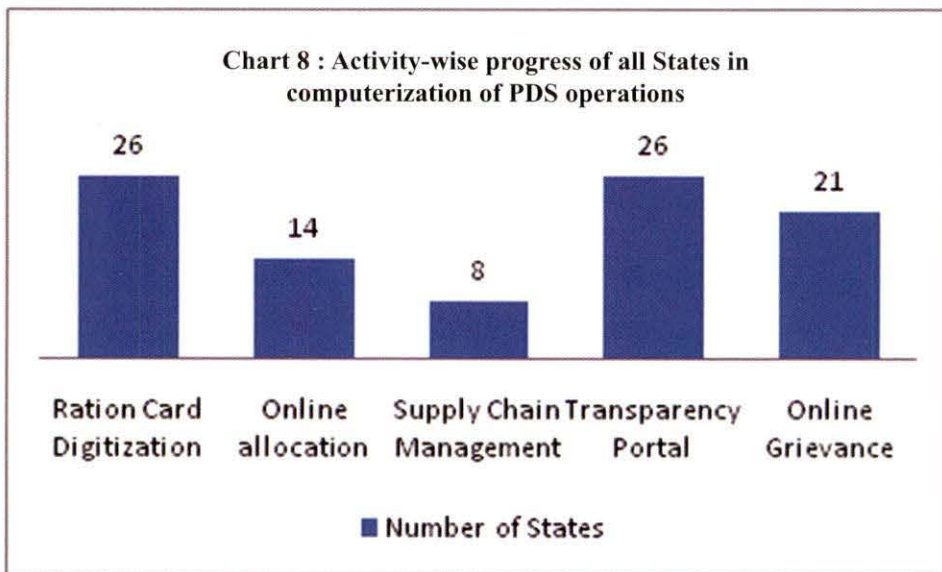
The Ministry released funds amounting to ₹ 261.51 crore to 28 States/UTs during the years 2012-13 to 2015-16 (June, 2015). Status of utilization of funds by the States/UTs as per Ministry's records is given below:

Chart 7 : Expenditure by States/UTs against Funds released by GOI



5.3.2 Slow progress of Scheme by States

After a lapse of 2 years from the stipulated date of completion, most of the States were yet to computerize their TPDS operations. Chart 8 illustrates the status of computerization in all the States/UTs in five different activities. It could be seen that only 72 per cent of the States/UTs completed the ration card digitization, 38 per cent States completed online allocation, 22 per cent supply chain management, 72 per cent completed transparency portal and 58 per cent of the States completed online grievance.



5.3.3 State specific cases

Assam: Test check in the state revealed that GoI released ₹ 19.72 crore as first instalment during January- May 2014. The State Government released the amount to executing agency in February 2015 after a lapse of nine months. Procurement of computer hardware was under process as of October, 2015. However, as per Ministry records only Rs.4.00 crore had been utilised.

It was noted that against the targeted 56.21 lakh ration cards, the department could digitise 45.73 lakh (81.36 per cent) as of March 2015. Digitised records of the three test checked districts¹⁶ showed that data of 1563 households were digitized without ration card number indicating that the digitization was without allotment of ration card. In 1619 cases, ration card of selected households were digitized five to ten times against a single household without cancelling duplicate entries with incorrect details of the members of the households.

Implementation of online supply chain management was also incomplete as of October, 2015. Further the transparency portal was though developed, the

¹⁶ Karimganj, Baksa, Sonitpur.

digitized data was not fully uploaded and grievance redressal module was not made functional.

Bihar: Computerization of supply chain management of foodgrains was implemented. It was noted that Store Issue Orders (SIOs) were generated after online entry of district/ block/FPS-wise allocation, deposit of money by FPS dealer and final reconciliation of payment. However, online entry of SIOs could not be checked at all godowns due to non-availability of system/laptop, internet and electricity connection at godown level which shows lack of preparedness in so far as implementation of end to end computerization is concerned.

Delhi: Scrutiny of household-wise allocation of foodgrains of three selected FPSs showed that data of 170 households was not completely digitized as names, addresses and contact numbers of the beneficiaries were found blank in the allocation sheet. Delhi Government did not however provide the requisite information for detailed analysis by audit.

Himachal Pradesh: GoI released (November 2013) ₹ 4.24 crore as first installment to the State Government. The State Government also released (February 2014) ₹ 4.01 crore out of its share of ₹ 7.07 crore. However, of total available funds of Rs 8.25 crore (including State share) the State spent only ₹ 1.51 crore and ₹ 6.74 crore was lying unspent in the savings bank account (March 2015). The digitization of ration cards/beneficiaries was not done in the State and the software for real time reporting of movement of foodgrains at different levels and stock of foodgrains at the storage facility centres had not been prepared due to delay in development of modules. The Director, Food Civil Supplies and Consumer Affairs stated (April 2015) that two modules were still at the development stage by the National Informatics Centre (NIC).

Good Practice: Chhattisgarh

Computerization of supply chain management was successfully implemented in Chhattisgarh in 2007-08. The system has been fully operational in the State since January 2008 and stocking of TPDS commodities in 10883 FPSs was being closely and effectively monitored since then.

Jharkhand: Digitization of beneficiaries was reported as done in the State. It was noted that online allocation of foodgrains from state to districts and further to blocks/FPS started from December 2014.

Good Practice: Karnataka

The state had already completed computerization of supply chain management from State level up to TPDS whole sale points during 2011-12 before GoI initiated the scheme. Digitization of beneficiaries was completed and transparency portal was also in place.

Uttar Pradesh: Ministry released first installment of ₹ 28.33 crore in June 2013. The State Government sanctioned its share and released a budget of ₹ 56.66 crore. However, only ₹ 29.07 crore (51.31 per cent) was utilized upto March, 2015. In test checked districts Bulandshahr, Gorakhpur and Jhansi, computers worth ₹ 47.40 lakh, ₹ 43.15 lakh and ₹ 25.40 lakh respectively were purchased during 2014-15. However, computers had not been installed in the office/block godowns. Further, no software was installed to provide real time reports pertaining to movement of food grains at different levels, including stock contained in the storage facilities and food grains delivered to FPSs. In Lucknow district, the computers were not purchased during 2013-15.

It was noted that in case of AAY, 42.46 lakh cards (103.70 per cent) were digitized against 40.94 lakh existing cards. Other activities of computerization of TPDS operation were not implemented.

Maharashtra: State Government digitized 2.71 crore ration cards but computerization of supply chain was done only in two pilot districts¹⁷. Transparency portal and online facility for grievance redressal were found in place.

In reply, Ministry stated (November 2015) that as a result of efforts made by it, some improvement in the status of computerization in different activities has taken place.

Conclusion

Computerization of TPDS operations was at different stages of implementation in the States/UTs. Cases of unavailability of required computer application and hardware were found to be the limiting factors in some of the selected States/UTs. Digitized data of beneficiaries was not uploaded on the States/UTs portal. Doorstep delivery of foodgrains was found to be implemented in Uttar Pradesh on only pilot basis. In Himachal Pradesh and Karnataka, doorstep delivery was being done by FPS dealers themselves and not by the State Governments. With regard to the status on doorstep delivery, the Ministry instituted an online system of monitoring only in September 2015.

Recommendation

Ministry may take steps to address the bottlenecks in computerisation of TPDS operations in all States/UTs for efficient implementation of NFSA.

¹⁷ Sindhudurg and Raigarh.

Chapter 6

Grievance Redressal Mechanism and Monitoring

6.1 Introduction

As per NFSA, the following system has been evolved to monitor and redress grievances.

- i) As per Section 14 of the NFSA, every State Government shall put in place an internal grievance redressal mechanism which may include toll free call centres, State web portal, help lines, designation of nodal officers or such other mechanism as may be prescribed.
- ii) As per Section 15 of the NFSA, the State Government shall appoint or designate an officer to be District Grievance Redressal Officer (DGRO) for each district for expeditious and effective redressal of grievances of the aggrieved persons in matters relating to distribution of entitled foodgrains under TPDS and prescribe the qualification, power, terms and conditions of the office of the DGROs.
- iii) As per Section 16 of NFSA, for the purpose of monitoring and review of implementation of NFSA, every State shall, by notification, constitute a State Food Commission (SFC). Further as per sub-Clause 8 under Clause 11 of TPDS (Control) Order, 2015 an appeal against the order of the DGRO shall be preferred before the SFC constituted under NFSA.

6.2 State-wise status

A test check of the records in the sample States indicated that the States were at varied levels of preparedness in implementing provisions of NFSA relating to grievance redressal mechanisms, as shown in Table 6 :

Table 6: State-wise position of Internal Grievance Redressal, appointment of District Grievance Redressal Officers and Constitution of State Food Commission

State	Internal Grievance Redressal	District Grievance Redressal Officer	State Food Commission
Assam	The State Government reported about launching of toll free numbers. However, the numbers were not found to be active. Similarly online registration of complaint and SMS alerts were not found to be active.	The State Government designated the Additional Deputy Commissioners (Development) of the districts as DGROs in February 2014 for all districts of the State. However, the qualification, power, terms and conditions of the office of the DGROs and allowances had not been prescribed in the notification.	The State Government designated (February 2014) the Assam State Woman Commission as SFC as an interim measure and a regular SFC was yet to be constituted as of June 2015.
Bihar	Toll Free number has been operationalized for registering complaints. However, the details of complaints received and addressed were not made available to audit. SMS facility was not started. Appointment of nodal officer was notified but no work was observed to have been done.	Additional District Magistrates (ADMs) were designated as DGRO (February 2014). Posts of its support staff were created in April 2015.	The State Government constituted State Food Commission in January 2014. However, it was not functioning as posts of its support staffs were created in April 2015.
Chhattisgarh	Internal Grievance redressal mechanism was in existence. During the period 2010-11 to 2014-15, the State Government received 7170 complaints out of which 1218 complaints were pending for three months to five years.	The State Govt. designated Collector of every district as a DGRO. However, the rules and regulations regarding functioning of DGRO were not notified.	The State Government designated the Chhattisgarh State Consumer Dispute Redressal Commission to exercise the powers and perform the functions of the State Food Commission. However, the appointment of members of the State Food Commission was not done (June 2015).

State	Internal Grievance Redressal	District Grievance Redressal Officer	State Food Commission
Delhi	Toll Free number has been operationalized for registering complaints	In one of the two test checked districts, District Grievance Redressal Officer was not appointed till June 2015.	The State Government designated (July 2013) Public Grievance Commission (PGC) as State Food Commission as an interim measure. Regular SFC was yet to be constituted as of June 2015. However, no work related to functioning of State Food Commission was observed to have been done in the state.
Himachal Pradesh	Toll Free numbers have been operationalized for registering complaints	The State Govt. had appointed a DGRO in each district.	SFC had not been constituted in the State as of October 2015.
Jharkhand	Toll Free number has been operationalized for registering complaints. Facility to lodge complaint was available in portal with auto escalation of grievances.	The State Government nominated Additional Collector of the district as District Grievance Redressal Officer in May 2015 but no work related to grievance redressal was observed in district and block levels in the sample districts.	State Food Commission was not constituted in the State as of July 2015.
Karnataka	Toll Free number has been operationalized for registering complaints	DGROs have not been appointed by the State.	The State Government constituted (May 2014) an SFC. However, no work related to functioning of State Food Commission was observed to have been done in the State.
Maharashtra	Toll Free number has been operationalized for registering complaints	Government of Maharashtra designated (January 2014) the District Collector as the DGRO of the respective districts.	The State Government decided (January 2014) to establish a committee headed by Secretary, Food, Civil Supply and Consumer Protection Department.
Uttar Pradesh	Toll Free number has been operationalized for registering complaints. However, unresolved complaints were not escalated to higher authority for redressal.	Appointment of DGRO was yet to be made.	State Food Commission was not constituted as of May 2015.

6.3 Vigilance Committees

As per Section 29(1) of the NFSA, for ensuring transparency and proper functioning of the TPDS and accountability of the functionaries in such system, every State Government was to set up Vigilance Committees (VCs) at the State, District, Block and FPS levels. Further, this has also been mentioned in Sub-clause (6) under Clause 11 of TPDS (Control) Order 2015. The State Governments had to send a report annually to the Central Government on the functioning of vigilance committees. The status of vigilance committees is given in Table 7].

Table 7: State wise status of Vigilance Committee

States	Status of Vigilance Committee
Assam	The State Government has constituted State level vigilance committee and vigilance and monitoring committee at district/block and circle level in August 2014. However details of irregularities detected and observations made by the vigilance committees were not found on records in the test checked districts.
Bihar	Records showed that State level vigilance committee was constituted and only one meeting was held up to March 2015. In test checked districts, district level VC was constituted only in Muzaffarpur district and in two blocks, but no meeting was held. The VC was not constituted in any panchayat/ward level in all test checked blocks.
Chhattisgarh	Though the order for constitution of VC was issued, records relating to minutes of meetings of the VC were not found maintained.
Delhi	State level Vigilance Committee was not set up and two committees constituted at the district level were found to be non-functional.
Himachal Pradesh	Vigilance Committees at the State level and in all the 12 districts of the State were formed. No meeting of VC was, however, convened at the State level between September 2013 and March 2015. However, such committees in 77 blocks as per the norms of NFSA had not been constituted as of June 2015.

States	Status of Vigilance Committee
Jharkhand	District level Vigilance Committee was formed in Giridih district only and in only 18 out of 49 Block level Vigilance Committees were formed.
Karnataka	Set up in 14 out of 30 districts. However, copy of the minutes of meetings was not furnished to audit and hence their effectiveness in discharging the duties could not be verified in audit.
Maharashtra	State level committee was set up but only two state-level meetings of Vigilance Committee were conducted during 2013-15.
Uttar Pradesh	Vigilance committees were not set up at any level.

It was observed that no state government had submitted annual reports to the Ministry under the aforesaid Control Order. It was also noted that Ministry issued online formats to States for submission in September 2015 only.

Ministry stated the information from most of the States/UTs on functioning of vigilance committees was awaited in the prescribed format under the TPDS (Control) Order, 2015.

6.4 Monitoring by the States

As per Clause 8 of the TPDS (Control) Order, 2001 read with paragraph 6 of the annexure, the State Governments shall ensure regular inspections of fair price shops not less than once in six months by the designated authority. State Governments may issue orders specifying the inspection schedule, list of check points and the authority responsible for ensuring compliance with the said orders. State wise status is as under:

Table 8: Status of monitoring in the States

State	Status
Bihar	Records indicated that the frequency of physical verification by State Government departments responsible for food and civil supplies were not as per prescribed schedule under TPDS Control Order but was occasional.

State	Status
Chhattisgarh	As per the prescribed procedure, a Truck Challan (TC) generated by the system contained a <i>Panchnama</i> a format for reporting that the delivery of correct quantity and quality of foodgrains had reached the FPS. The date of receipt to FPS is to be written and attested by the members of Vigilance Committee (VC) on <i>Panchnama</i> . However it was found that the date of receipt of foodgrains on <i>Panchnama</i> and signature of members of VC were missing in several cases.
Jharkhand	For proper monitoring, inspection by an officer at each level was fixed (February 2013) by the department. In sampled districts, inspection was not carried out by District Supply Officer (DSO) as no records regarding inspections were available in the office. In reply, it was stated by the DSOs that the due to shortage of Block Supply Officers/Marketing Officers the required inspections were not carried out.
Maharashtra	Government directed (April 2001) that the district officials from Supply Inspector to Additional Collector were required to inspect FPSs in six months. In seven out of eight test checked units ¹⁸ the shortfall in inspection of FPSs ranged between 2.39 percent (Mumbai Region) and 73.09 percent (DSO, Pune) during the period 2012-15. Further as per the Government orders of April 2005, Supply Inspectors were to verify at least 50 ration cards along with FPS inspections by calling the beneficiary or by conducting home visit. Verification of the stipulated minimum of 50 ration cards was not done in any of the eight tests checked units.

6.5 Role of the Ministry

Under Clause 11 of TPDS (Control) Order, 2015, the Ministry monitored the grievance redressal mechanism by requiring the States/UTs to report at the end of each quarter the number of unsettled/outstanding grievances at the level of call centres, State portal and DGRO.

A test checks of records at the level of the Ministry it was observed that no State/UT submitted quarterly report to the Ministry under aforesaid Control Order. It was also noted that Ministry had initiated online formats to be furnished by the States only in September 2015.

¹⁸ DSO Aurangabad, Nagpur, Thane, Pune, Pune, FDO Pune and Dy. Controller of Rationing F Region Thane

Ministry stated that information related to handling of grievance redressal mechanism had been received from 4 State/UTs and remaining states were yet to submit the same.

Conclusion

The grievance redressal system was constituted in most of the states, albeit not till the last tier. Though, six out of nine selected States/UTs were found to have put in place the grievance redressal mechanism, these were not fully functional. Vigilance committees were found to be constituted only at few districts/blocks in the selected States/UTs. Further, due to non-availability of information on grievance redressal mechanism and vigilance committees, Ministry was not in position to monitor the implementation of the same in all the States/UTs. Monitoring done by the States was not found to be satisfactory as either there were no inspections or less than targeted inspections.

Recommendation

The Ministry may put suitable mechanism in place to ensure that States comply with provisions of the NFSA with regard to the grievance redressal mechanism and vigilance committees at various levels and ensure their effective functioning. It may also ensure compliance of the TPDS (C) Order 2015 by collecting quarterly reports from the States/UTs..

New Delhi
Dated: 23 DEC 2015

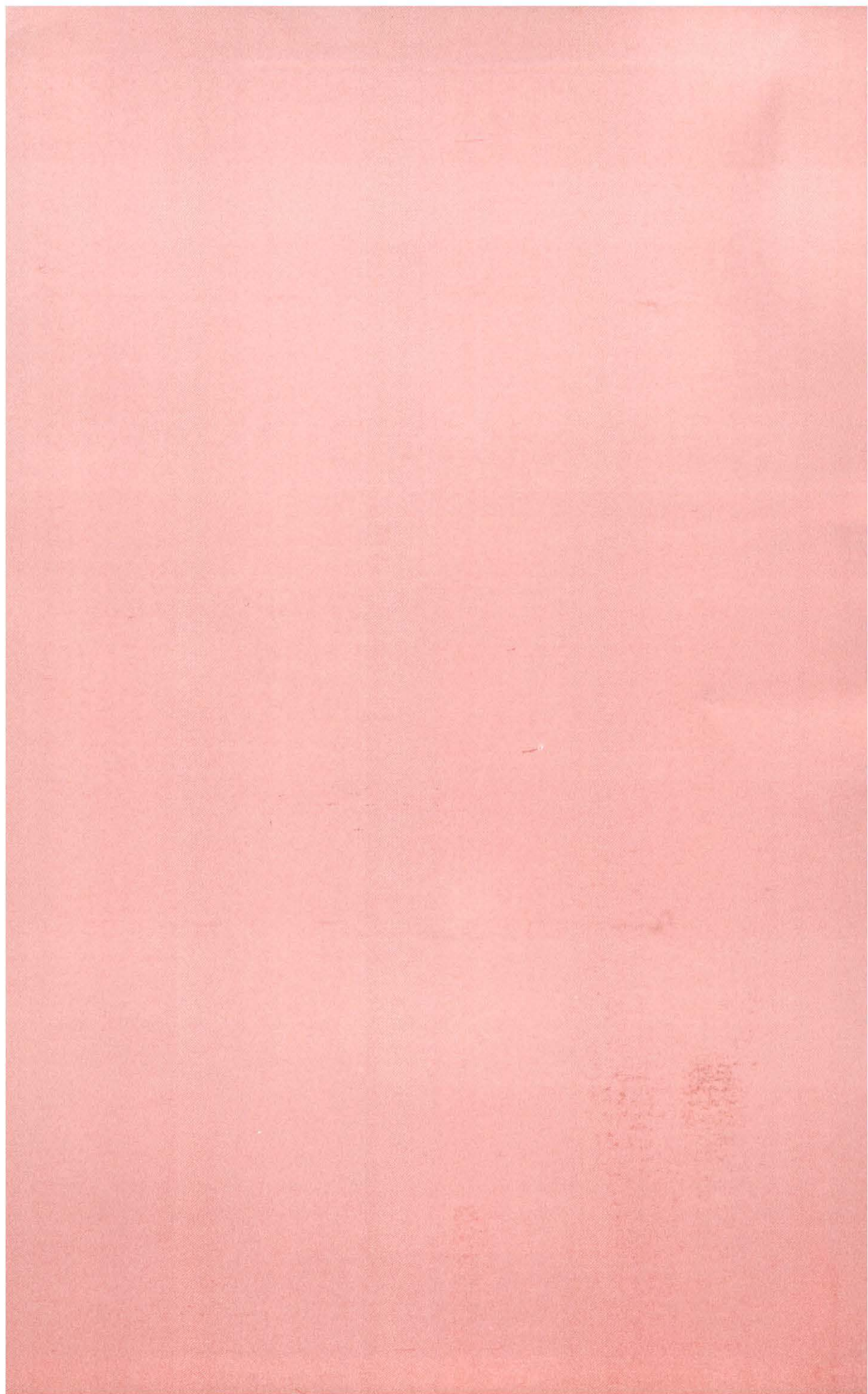

(MUKESH PRASAD SINGH)
Director General of Audit
Central Expenditure

Countersigned

New Delhi
Dated: 23 DEC 2015


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

Annexes



Annex-1.1
(Refer to Para No. 1.4)

Estimated foodgrains requirement and food subsidy under TPDS and Other Welfare Schemes

Existing TPDS (including other welfare schemes)			
	Wheat	Rice	Total
Foodgrains Requirement (in lakh tons)	262.7	301.0	563.7
Estimated Subsidy (₹ in crore)	39475.8	61476.9	100952.7

As per NFSA, 75 per cent and 50 per cent coverage in Rural/urban areas at all India level and State-wise coverage based on inclusion ratios provided by Planning Commission

Foodgrains Requirement (in lakh tons)			
	Wheat	Rice	Total
Total requirement at the rate of 5 kg per person under priority households	219.6	268.4	488.0
Additional for protecting allocation of 2.50 crore AAY households at the rate of 35 kg per household	13.5	16.5	30.0
Additional tide over allocation for protecting the average annual offtake of States	14.1	17.2	31.3
Estimated requirement for OWS	29.2	35.8	65.0
Total Estimated Requirement	276.4	337.9	614.3
Estimated Subsidy (₹ in crore)			
For beneficiaries under priority households	39752.4	62902.5	102654.9
Additional for protecting allocation of AAY households	2443.8	3867.0	6310.8
Additional for 'tide over' allocation	1972.2	3122.1	5094.3
For Other Welfare Schemes	5294.9	8378.4	13673.3
Total Estimated Subsidy under NFSA	49463.3	78270.0	127733.3

Annex-2.1
(Refer to Para No. 2.2)

Sample Selection

Sl. No.	State	District	No. of Block	No. of FPS
1	Assam	Baksa	10	40
		Sonitpur		
		Nagaon		
		Dhubri		
		Karimganj		
2	Bihar	Muzaffarpur	8	32
		Sitamarhi		
		Nalanda		
		Patna		
3	Chhattisgarh	Bastar	10	40
		Bilaspur		
		Durg		
		Raipur		
		Surajpur		
4	Delhi	North	4	16
		South West		
5	Himachal Pradesh	Kinnaur	8	32
		Mandi		
		Shimla		
		Solan		
6	Jharkhand	Giridih	8	32
		Gumla		
		Pakur		
		West Singhbhum		
7	Karnataka	Bangalore Urban	12	48
		Bellary		
		Haveri		
		Mysore		
		Ramanagana		
		Raichur		

Sl. No.	State	District	No. of Block	No. of FPS
8	Maharashtra	Amravati	16	64
		Aurangabad		
		Mumbai		
		Nashik		
		Nagpur		
		Pune		
		Raigad		
		Thane		
9	Uttar Pradesh	Bulandshahar	8	32
		Gorakhpur		
		Jhansi		
		Lucknow		
		Total :42	84	336

Annex-3.1
(Refer to Para No. 3.2)

Population/Beneficiaries as of October 2015

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S. No.	States/ UTs	Population (Census 2011)	Percentage Coverage		Accepted No. of persons under NFSA			No. of families/persons identified under NFSA				
			Rural	Urban	Rural	Urban	Total	Antyodaya Anna Yojana (AAY)		priority	Total identified persons (10+11)	Percentage of total coverage
								No. of families	No. of persons			
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
1	Bihar	1038.05	85.12	74.53	783.74	87.42	871.16	25.01	116.55	740.57	857.12	98.39
2	Chhattisgarh	255.4	84.25	59.98	165.16	35.61	200.77	7.19	20.42	180.35	200.77	100.00
3	Delhi	167.53	37.69	43.59	1.58	71.2	72.78	0.78	2.92	69.72	72.64	99.81
4	Haryana	253.53	54.61	41.05	90.28	36.21	126.49	2.68	11.35	115.14	126.49	100.00
5	Himachal Pradesh	68.57	56.23	30.99	34.68	2.14	36.82	1.97	9.57	17.21	26.78	72.73
6	Karnataka	611.31	76.04	49.36	285.55	116.38	401.93	10.97	43.91	358.02	401.93	100.00
7	Madhya Pradesh	752.98	80.1	62.61	420.83	125.59	546.42	15.82	59.78	449.74	509.52	93.25
8	Maharashtra	1123.73	76.32	45.34	469.72	230.45	700.17	25.05	108.01	592.16	700.17	100.00
9	Punjab	277.04	54.79	44.83	94.88	46.57	141.45	1.79	7.71	133.74	141.45	100.00
10	Rajasthan	686.21	69.09	53	356.09	90.53	446.62	9.32	37	409.62	446.62	100.00
11	Tripura	36.71	74.75	49.54	20.26	4.76	25.02	1.08	4.81	17.26	22.07	88.21
12	West Bengal	913.48	74.47	47.55	463.31	138.53	601.84	3.93	11.44	147.33	158.77	26.38
13	Lakshadweep	0.64	35.30	33.56	0.05	0.17	0.22	0.01	0.04	0.18	0.22	100.00
14	Uttarakhand	101.17	65.26	52.05	45.85	16.09	61.94	1.84	7.92	54.02	61.94	100.00
15	Jharkhand	329.66	86.48	60.20	216.52	47.73	264.25	9.18	37.38	196.03	233.41	88.33
16	Telangana	352.89	60.96	41.14	143.08	48.62	191.70	5.67	15.29	176.33	191.62	99.96
17	Chandigarh	10.55	38.54	47.26	0.11	4.85	4.96	0.00056	0.003	1.78	1.78	35.95
18	Puducherry	12.44	59.68	46.94	2.35	3.99	6.34	0.18	0.52	3.65	4.17	65.77
	Total	6991.89	-	-	3594.04	1106.84	4700.88	122.47056	494.623	3662.85	4157.47	-

Glossary

AAJ	Antyodaya Anna Yojana
ABS	Anna Bhagya Scheme
APL	Above Poverty Line
AWC	Anganwadi Centre
BPL	Below Poverty Line
BSFC	Bihar State Food Corporation
CGFSA	Chhattisgarh Food Security Act, 2012
DDP	Desert Development Programme
DGRO	District Grievance Redressal Officer
DHA	Designated Hill Area
DPAP	Drought Prone Area Programme
DSO	District Supply Officer
EPIC	Elector's Photo Identity Card
FCI	Food Corporation of India
FPS	fair price shop
ICDS	Child Development Services
IGMSY	Indira Gandhi Matritva Sahyog Yojana
ITDP	Integrated Tribal Development Project
MDM	Mid Day Meal
MSP	Minimum Support Price
NFSA	National Food Security Act, 2013
NSSO	National Sample Survey Organization
OWS	Other Welfare Scheme
PDS	Public Distribution System
PDS (C) Order	Public Distribution System (Control) Order
PGC	Public Grievance Commission
RPDS	Revamped Public Distribution System
SECC	Socio Economic Caste Census
SFC	State Food Commission
SIO	Store Issue Order
TPDS	Targeted Public Distribution System
TPDS (C) Order	Targeted Public Distribution System (Control) Order
UT	Union Territory

