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07 FEB 2011

**Report of the
Comptroller and Auditor General of India**

**Performance Audit on
Public Distribution System**

For the year ended 31 March 2010

**Report No. 7
Government of ASSAM**

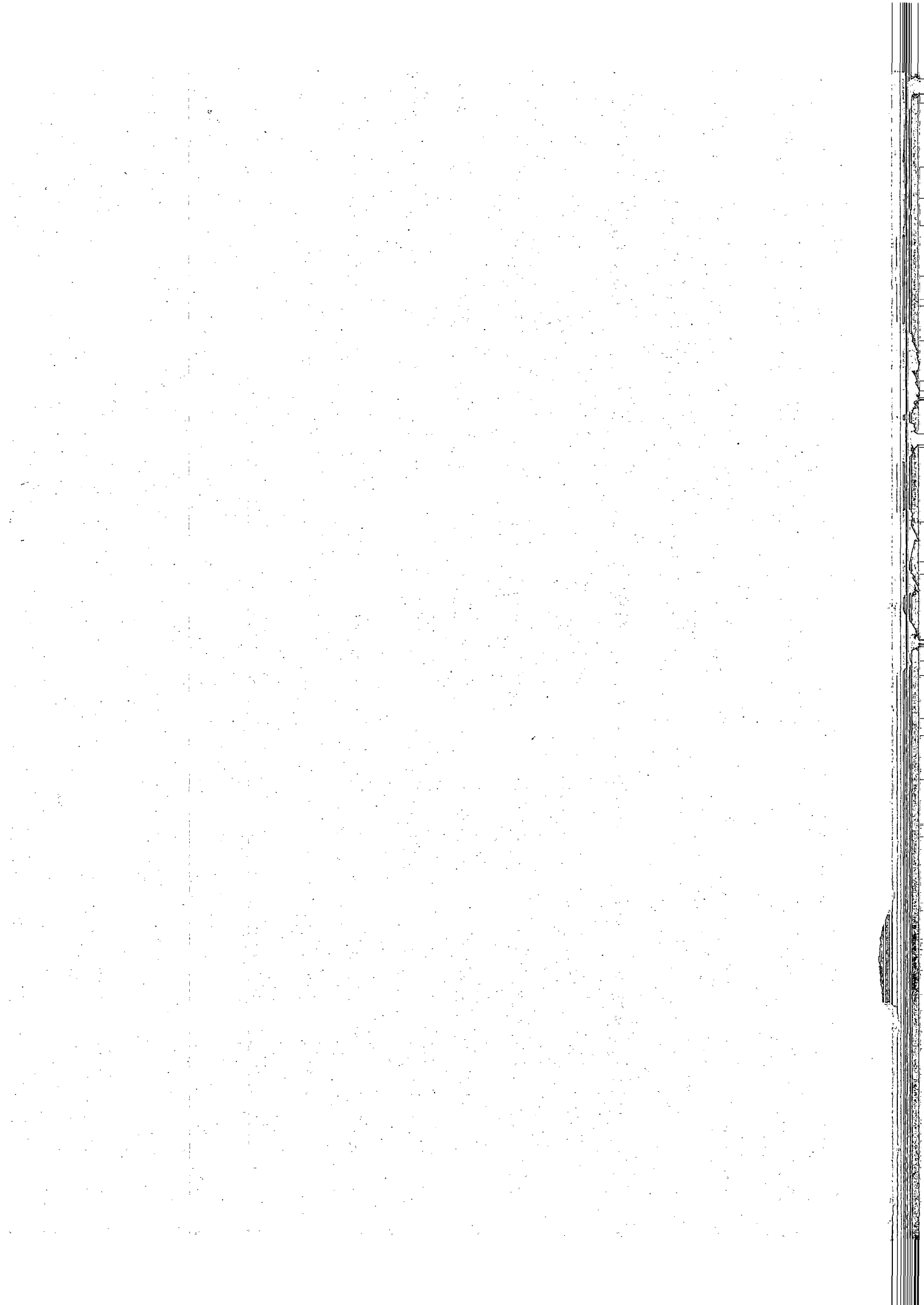
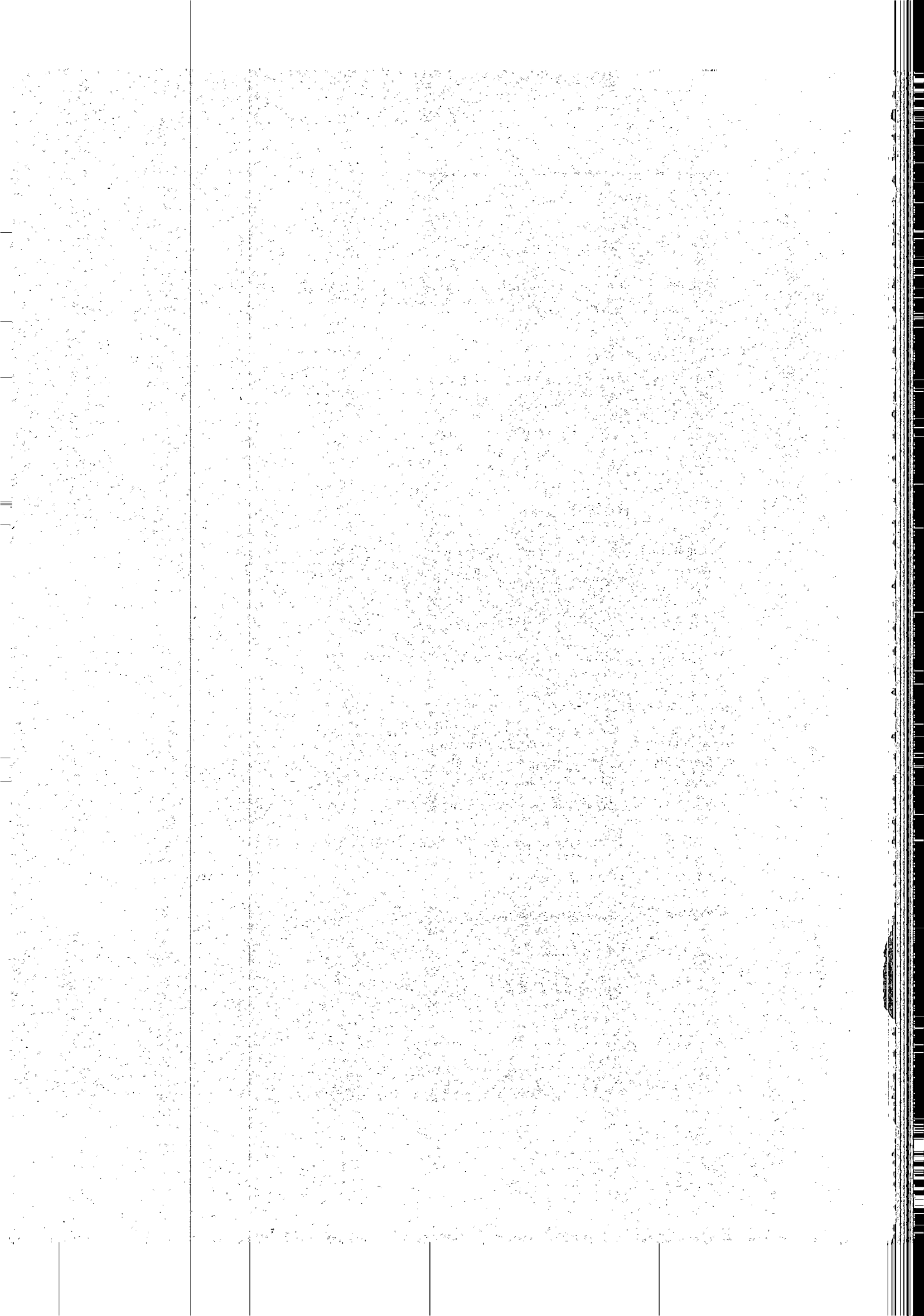


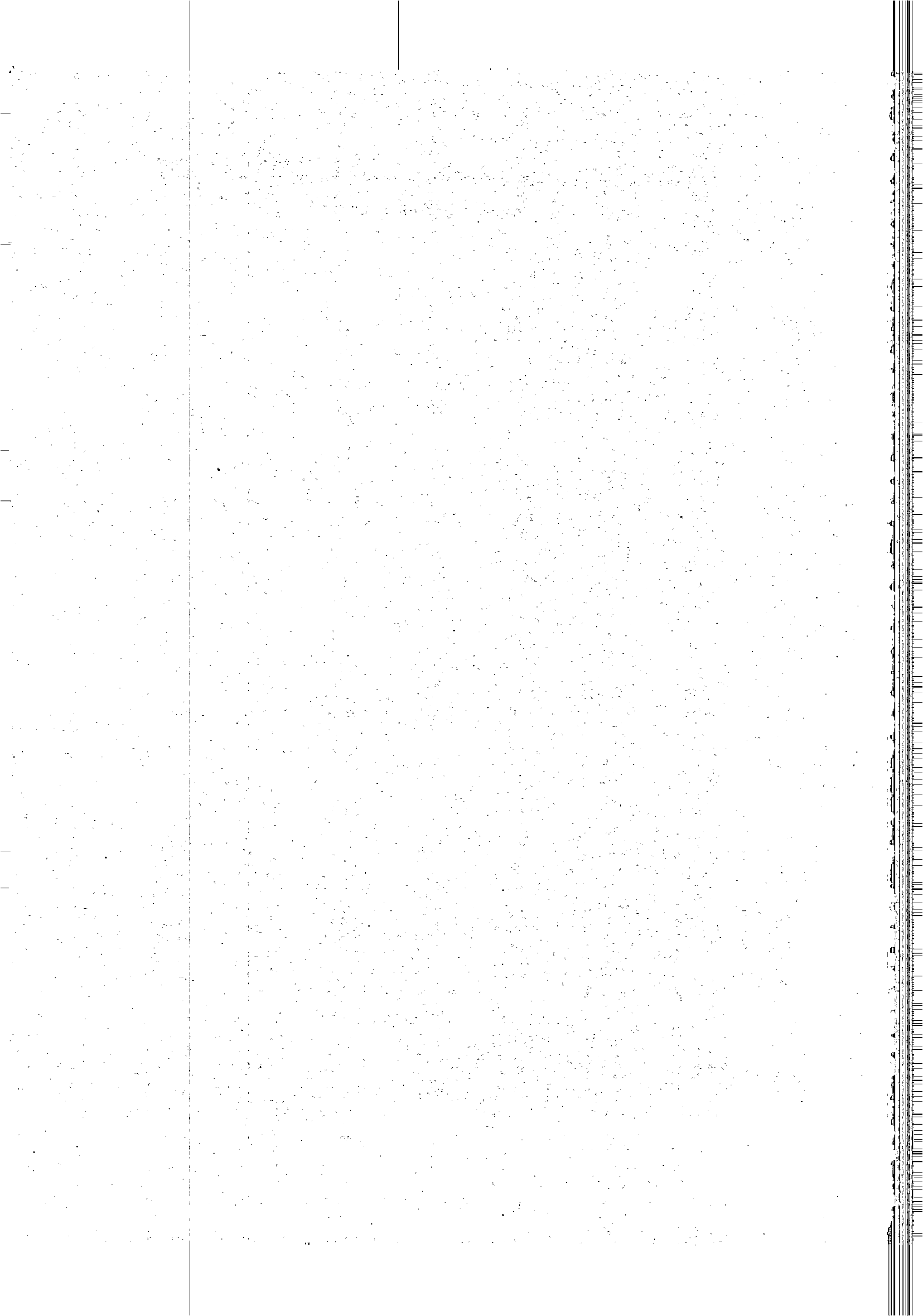
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Glossary of Abbreviations

AAY	Antyodaya Anna Yojana
APL	Above Poverty Level
ASWC	Assam State Warehousing Corporation
BPL	Below Poverty Line
C.B.	Closing Balance
CIP	Central Issue Price
CM	Chakki Mill
CPIO	Central Public Information Officer
DRDA	District Rural Development Agency
FCI	Food Corporation of India
FCS&CA	Food, Civil Supplies and Consumer Affairs
FIC	Family Identity Card
FPS	Fair Price Shop
GOA	Government of Assam
GOI	Government of India
GPSS	Gaon Panchayat Samabai Samities
ICDS	Integrated Child Development schemes
LAMPS	Large Area Multi-Purpose Societies
MCM	Modern Chakki Mill
MOCAF&PD	Ministry of Consumer Affairs, Food and Public Distribution
MT	Metric Tonne
NCAER	National Council of Applied Economic Research
NISG	National Institute of Smart Government
O.B.	Opening Balance
P.D.	Project Director
PDS	The Public Distribution System
P&RD	Panchayat and Rural Development Department
PRI	Panchayati Raj Institutions
qtls.	Quintals
RDD	Rural Development Department
RFM	Roller Flour Mill
RTI	Right to Information
SKO	Superior Kerosene Oil
STATFED	Assam State Co-operative Marketing and Consumer's Federation Limited
SWCS	Silchar Whole Sale Co-operative Society Ltd.
TPDS	Targeted Public Distribution System
UTs	Union Territories
VGB	Village Grain Bank
VC	Vigilance Committee
WSCCS	Whole Sale Co-operative Consumer Society

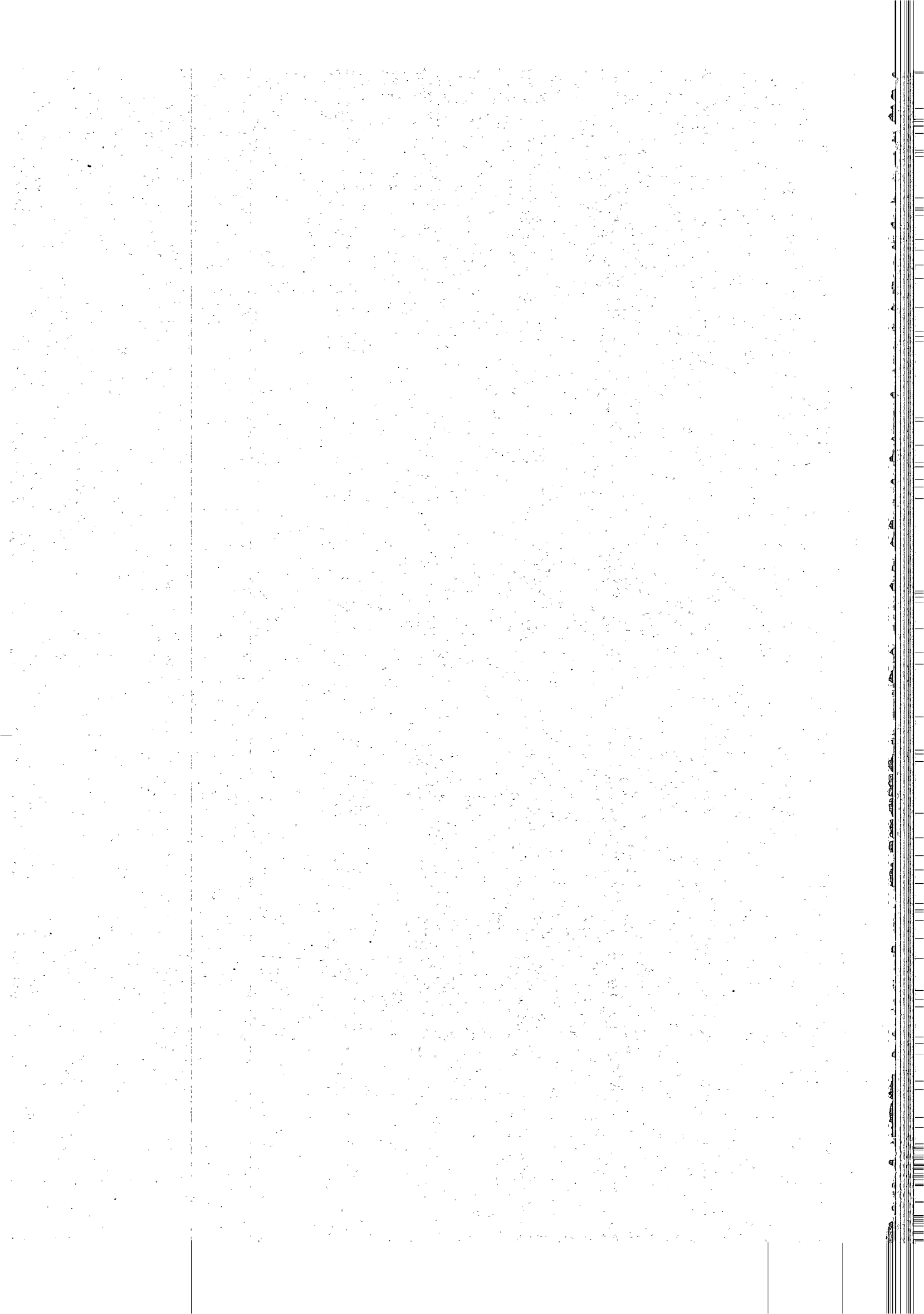


PREFACE

1. This Report of the Comptroller and Auditor General of India contains the results of performance audit on 'Public Distribution System' in Assam. The Report has been prepared for submission to the Governor under Article 151(2) of the Constitution of India.
2. The audit was conducted through a test-check of the records of the Director of Food, Civil Supplies and Consumer Affairs and field level implementing agencies viz., sub-divisions, Gaon Panchayat Samabay Samities/Whole Sale Consumer Co-operative Societies, Fair Price Shops during the period 2005 to 2010.
3. The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



EXECUTIVE SUMMARY



Executive Summary

The Targeted Public Distribution System (TPDS) was introduced in June 1997 with focus on the poor and under it the States are required to formulate and implement foolproof arrangements for identification of the poor and delivery of foodgrain in a transparent and accountable manner at the Fair Price Shops (FPS) level. The Antodaya Anna Yojana (AAY), launched in December 2000, is a step further in the direction of making TPDS aim at reducing hunger amongst the poorest segments of BPL¹ population and the vulnerable sections of society.

This performance review on the Public Distribution System in Assam is aimed at reviewing the efforts of the State Government to bridge the gaps in the distribution system as envisaged, and highlight the areas and issues of concern which need to be addressed for successful and efficient achievement of the objectives of the Public Distribution System.

The performance review has brought out several positive points relating to issue of ration cards to BPL and AAY families and lifting of foodgrain meant for AAY beneficiaries. **(Paragraph 5.1 and 6.1.3)**

There were however, many areas of concern and issues which require needful action of the State Government. Foremost among these is the identification of beneficiaries, which was done by Block Development Officers (Rural) and Circle Officers (Urban) instead of involving Gram Panchayats (Rural) and Nagar Palikas (Urban). Household survey was not conducted for APL² beneficiaries and BPL survey and census conducted by GOA was not taken into consideration. **(Paragraphs 4.1 and 4.2)**

Recommendation

Proper survey to ascertain the actual number of household/beneficiaries in the State needs to be conducted.

Foodgrain were provided to APL beneficiaries even without ration cards while ration cards were also issued unauthorisedly by the societies to APL beneficiaries in rural areas. **(Paragraphs 5.2 and 5.3)**

Recommendation

The Department should streamline the issue of ration cards including retrieving the unauthorized cards to check diversion of commodities to open market.

The consumers were overburdened owing to higher selling price of PDS items than the price approved by the Government. There was also a large discrepancy not only

¹ Below Poverty Line.

² Above Poverty Line.

with respect to approved scale but also in the scale of allocation amongst the rural and urban families. **(Paragraph 7.2)**

Recommendation

The Government should ensure distribution of foodgrain to the beneficiaries at the prescribed scale and at the approved price.

Considering the distribution at the end level as the ultimate objective, short allocation and lifting of foodgrain at different levels had the cascading effect of reducing the scale of distribution to the beneficiaries and was also likely to jeopardize the effective functioning of the system. **(Paragraphs 6.1.1, 6.1.3 and 6.1.4)**

Recommendation

Lifting and distribution of foodgrain needs close and effective watch to check diversion of foodgrain to open market and to ensure availability of foodgrain at right scale to the beneficiaries.

Infrastructure is an area where the State fared badly as the financial assistance to the State was not utilized optimally for construction of storage godowns, purchase of mobile vans and establishment of Village Grain Banks.

(Paragraphs 8.2, 8.3 and 8.4)

Recommendation

There is an urgent need to put in place adequate infrastructure facilities to ensure availability of foodgrain to the targeted beneficiaries as envisaged.

Transportation cost of AAY rice was not reimbursed in a timely manner resulting in huge backlog of payments to FP Shop owners and Societies/Co-operatives. Non-payment of transportation cost to GPSSs/FPSs was one of the contributing factors of short-lifting of PDS commodities and resultant short distribution to the poorest section of beneficiaries, thus adversely effecting smooth implementation of PDS in the State. **(Paragraph 3.2)**

Recommendation

A suitable mechanism should be put in place to address the issue of reimbursement of transportation cost of AAY rice as per norms of PDS.

The quality of foodgrain distributed remained questionable due to absence of quality control mechanism. **(Paragraph 11.7)**

Recommendation

Necessary quality control checks needs to be ensured to assess the quality including nutritional value of foodgrain distributed.

Documentation at FPS, GPSS/WSCCS, sub-divisional level and monitoring through reports and returns, functioning of vigilance committees, inspection of FPSs etc., were far from satisfactory. (Paragraphs 10.4, 10.5 and 11.1)

Recommendation

The State Government should ensure periodic system of reporting and monitoring regular inspection and meeting of vigilance committees at State, district/sub-division, GPSS and FPS levels.

More than 50 per cent of the FPSs, as revealed in test-check, failed to lift PDS commodities on time resulting in delay in distribution of commodities to the beneficiaries. (Paragraph 10.4.1)

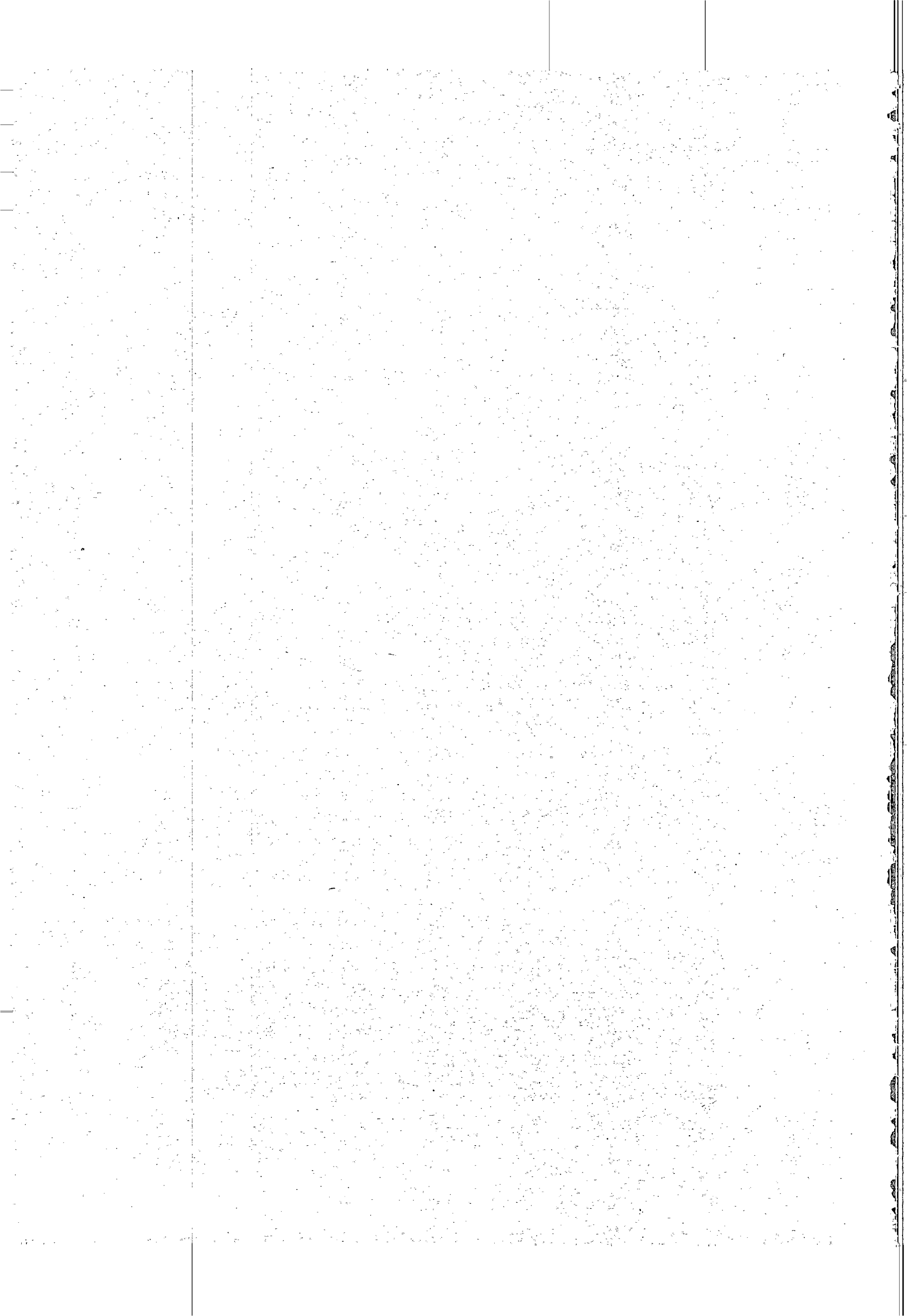
Recommendation

Timely distribution of foodgrain should be ensured.

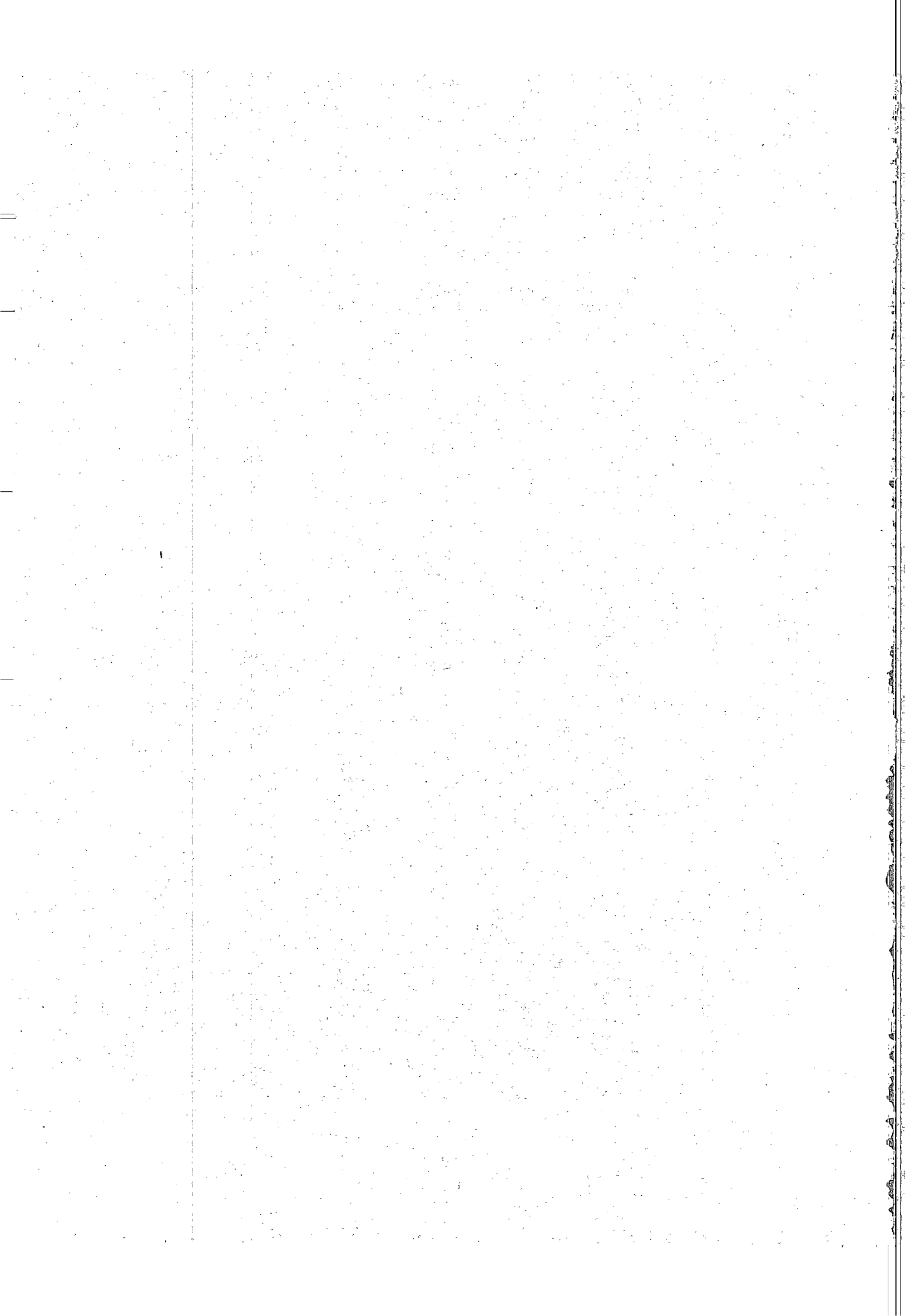
Conclusion

Public Distribution system (PDS) is one of the most important functions of the State Government which helps in providing food security to a large number of consumers. The implementation of PDS in the State, however, suffered due to non-finalisation of the beneficiaries lists after proper survey to ascertain the actual number of household/beneficiaries in the State, unauthorized ration cards in the system, short-allocation and lifting of foodgrain, delayed distribution of foodgrain, charging of higher retail price, undue benefit to flour mills etc. The allocation and lifting of PDS commodities were not done on the basis of actual position of authorized ration card holders. Foodgrain were provided to APL beneficiaries without ration cards. The consumers were overburdened owing to higher selling price of PDS items than the price approved by the Government. There were inadequate/improper storage facilities causing storage loss of foodgrain and affecting the chain and timeliness of distribution and quality of foodgrain.

Considering the distribution of PDS items at the end level, short-allocation and lifting of foodgrain at different levels had the cascading effect of reducing the scale of distribution to the beneficiaries. The Department failed to optimally utilize financial assistance for construction of storage godown, purchase of mobile vans and establishment of Village Grain Banks. Quality of foodgrains distributed remained questionable due to absence of quality control mechanism. Monitoring was lax leading to improper documentation at FPS, GPSS/WSCCS, sub-divisional level, absence of mandatory checks by Vigilance Committee, Departmental Officers and Special Area Officers.



CHAPTER-1



Chapter 1 Introduction

1.1 The Scheme

The Government food management strategy involves the implementation of a well targeted and properly functioning Public Distribution System as an instrument for providing food security to the poor by making available foodgrain at affordable prices at appropriate time. The steps involved in achieving the above objective were: i) identification of beneficiaries; ii) issue of ration cards (Family Identity Cards) to identified beneficiaries; iii) allocation, lifting and distribution to cover all identified beneficiaries having FICs; iv) scale of distribution as per norm; v) distribution on time; vi) quality of PDS commodities; vii) pricing of foodgrain as fixed by Government; and viii) an effective mechanism in place to oversee the efficient operation of the above system.

The Public Distribution System (PDS) in Assam is regulated under the “Assam Public Distribution of Articles Order, 1982” and is covered by “Essential Commodity Act, 1955”. Under the System, the Above Poverty Line (APL) families would continue to get foodgrain and other essential commodities from Fair Price Shop (FPS) through ration cards at normal Central Issue Price (CIP).

To ensure food security to the economically weaker sections of the society, Targeted Public Distribution System (TPDS) was launched in June 1997 to provide foodgrain at subsidised rate¹ below the CIP to Below Poverty Line (BPL) families as per the norms² prescribed. The BPL families were to be identified and issued with special cards.

Antodaya Anna Yojana (AAY), launched in December 2000, was intended to secure food availability to the poorest of the poor from the BPL families by providing rice at ₹ 3 per kg. Distinctive ration cards were to be issued to the AAY families.

The State Government, on receipt of allocation for the State from GOI, sub-allocates the foodgrain to civil sub-divisions of all districts. The foodgrain are then lifted by the notified lifting agencies (i.e., WSCCSs³/GPSSs⁴) for distribution through FPSs.

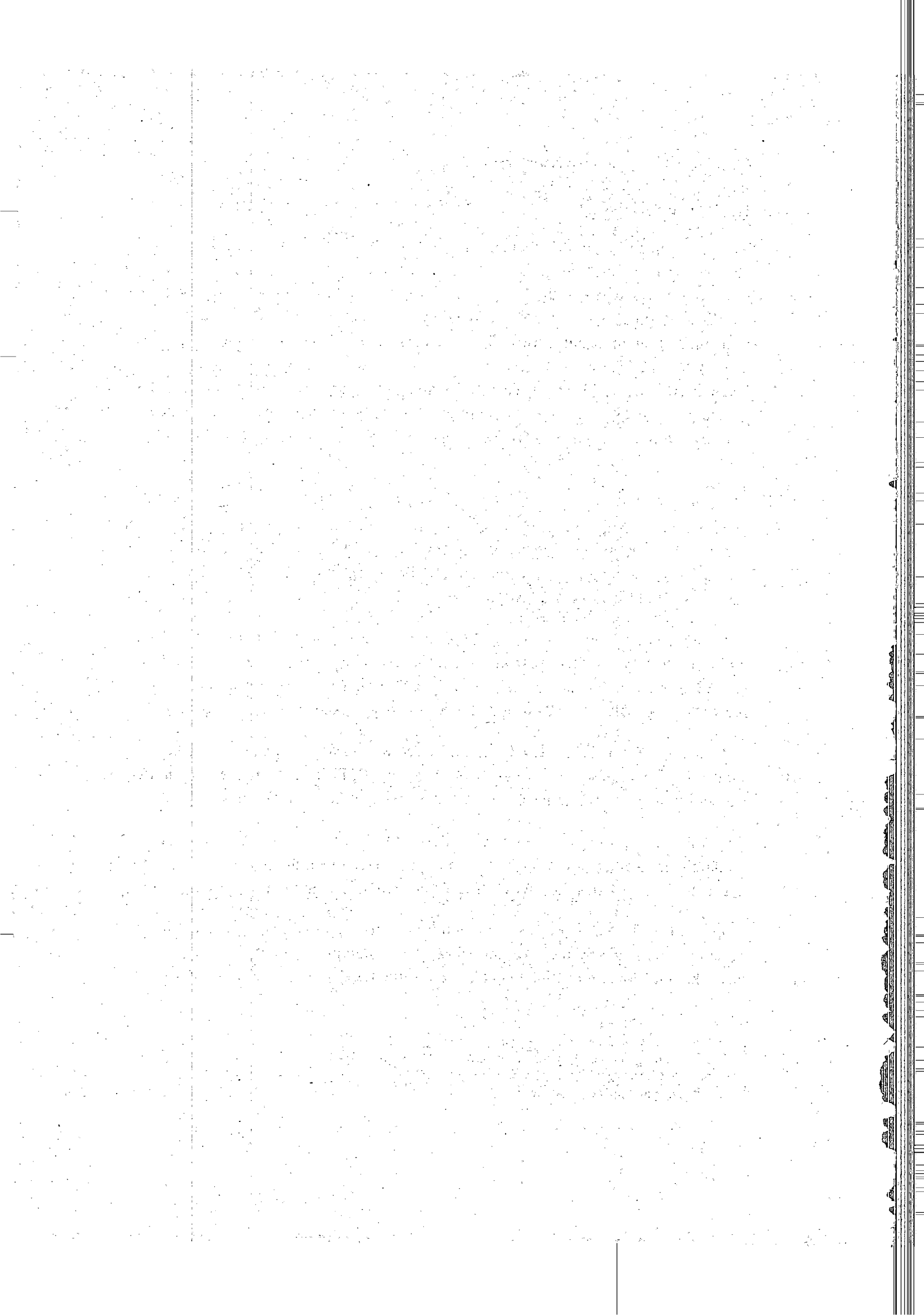
Under TPDS, the FCI off-takes foodgrain (mainly rice and wheat) from Central pool as per allocation made by the GOI and stores the foodgrain in various base depots spread throughout the State for lifting by numerous notified lifters.

¹ Government approved rate for BPL (Maximum) (₹ 6.67)

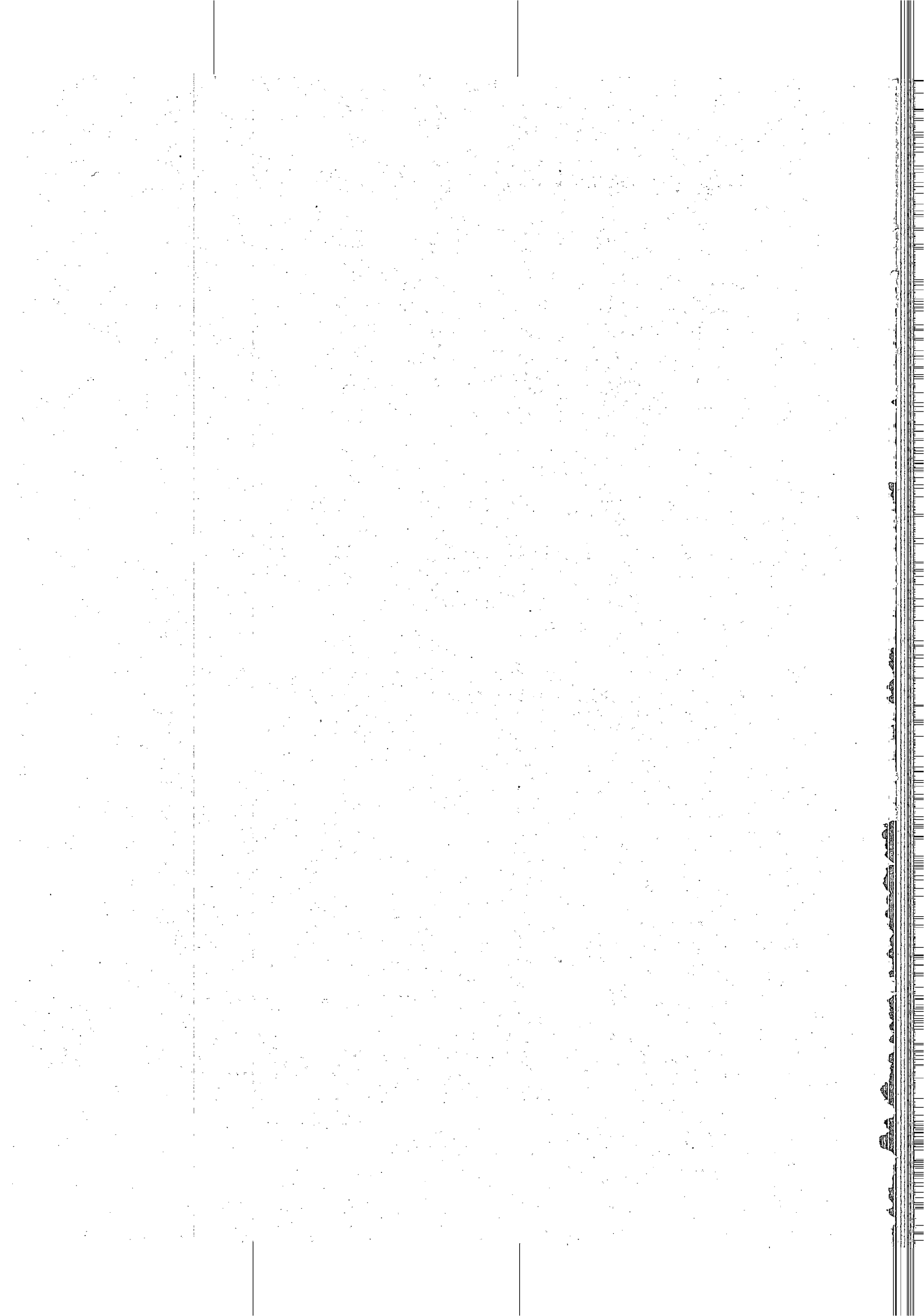
² 35 Kg per family per month at subsidized rate.

³ Whole Sale Consumer Co-operative Societies (WSCCS).

⁴ Gaon Panchayat Samabay Samitees (GPSS).



CHAPTER-2

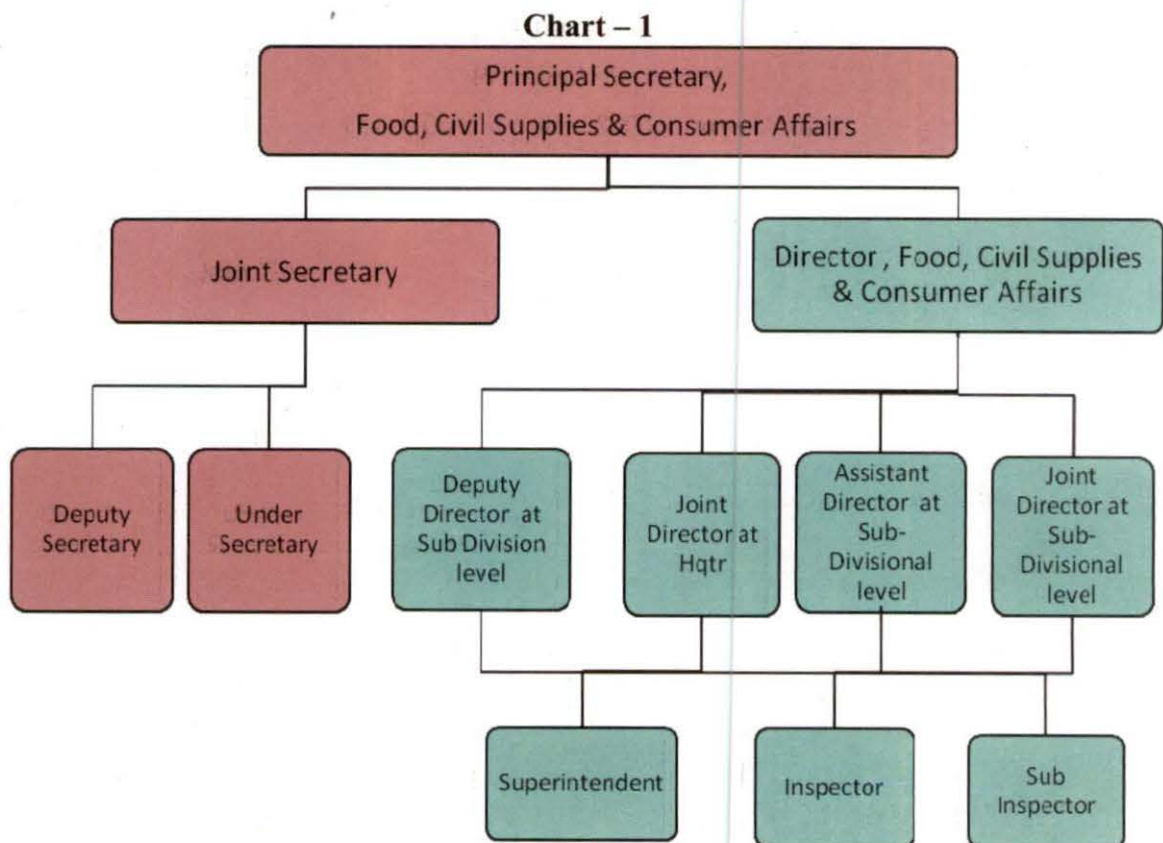


Chapter 2 Framework of Audit

2.1 Organisational Setup

The Principal Secretary, Food, Civil Supplies and Consumer Affairs (FCS&CA), is responsible for overseeing the activities of the PDS at Government level in the State. He is assisted by one Joint Secretary and one Deputy Secretary. The Director of FCS&CA is the head of the Department and is in charge of implementation of PDS. He is assisted by one Joint Director. At the district level Deputy Commissioner is looking after the affairs of PDS, although PDS is implemented at sub-divisional level and the Joint Director/Deputy Director of FCS&CA Department is responsible for sub-division centric implementation of PDS and furnishing various reports directly to the Government/Director. The district authorities did not maintain any consolidated record of PDS for the district as a whole.

The organisational setup of the Department is depicted in chart-1 below:



The Joint Directors/Deputy Directors/Assistant Directors and other field staff at sub-divisional levels are under the administrative control of the Deputy Commissioner/Sub-divisional Officer (Civil) of respective sub-divisions.

2.2 Scope of Audit

The performance audit on PDS during 2005-10 was carried out through a test-check of records of the Director, the Joint Directors/Deputy Directors of the 15 civil sub-divisions of seven sampled districts, 31 WSCCs/GPSSs and 120 FPSs (out of 27 districts, 795 WSCCs/GPSSs and 34,536 FPSs) during January 2010 to June 2010.

The districts covered as part of audit sample alongwith sub divisions are shown in the Chart - 2 below:

Chart -2

Sampled district	• Sub-divisions covered
1. Bongaigaon	<ul style="list-style-type: none">• Bongaigaon Sadar• North Salmara
2. Cachar	<ul style="list-style-type: none">• Lakhipur• Silchar
3. Dibrugarh	<ul style="list-style-type: none">• Dibrugarh
4. Kamrup Metro	<ul style="list-style-type: none">• Kamrup Metro
5. Kokrajhar	<ul style="list-style-type: none">• Gossaigaon• Kokrajhar• Parbatjhora
6. Nagaon	<ul style="list-style-type: none">• Hojai• Koliabor• Nagaon
7. Sonitpur	<ul style="list-style-type: none">• Biswanath• Gohpur• Tezpur

2.3 Audit Objectives

The main objectives of the performance audit were to:

- Assess that the targeted beneficiaries were identified in a transparent manner;
- Assess whether ration cards were issued properly to all the targeted population;
- Examine the effectiveness of allocation, lifting and distribution of foodgrain by Government to the actual targeted groups/families;
- Assess that the delivery mechanism ensured actual distribution of foodgrain to all targeted beneficiaries in a timely manner and at correct scale and price;
- Examine that the infrastructure development schemes were implemented effectively;
- Assess effectiveness of consumer awareness programs and redressal of public grievances; and
- Assure that the internal control mechanism and monitoring system as envisaged in the system was adequate and effective.

2.4 Audit Criteria

The following audit criteria were adopted for the performance audit:

- The Assam Public Distribution of Articles Order, 1982.
- The Public Distribution System (Control) Order, 2001.
- Annual Reports of 1996-97 and 2008-09 of Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution.
- Guidelines of GOI and GOA on (i) Implementation of AAY, (ii) Guidelines on measures adopted for implementation of TPDS.
- Circulars issued by GOA from time to time.
- Prescribed monitoring mechanism.

2.5 Audit Methodology

Performance audit of PDS commenced with a discussion with the Director on 27 January 2010. An Entry Conference was conducted in March 2010 with the Joint Director (HQ) FCS&CA, where the audit objectives, audit criteria and the methodology of performance audit were explained. Under each of the seven Districts selected for audit by Random

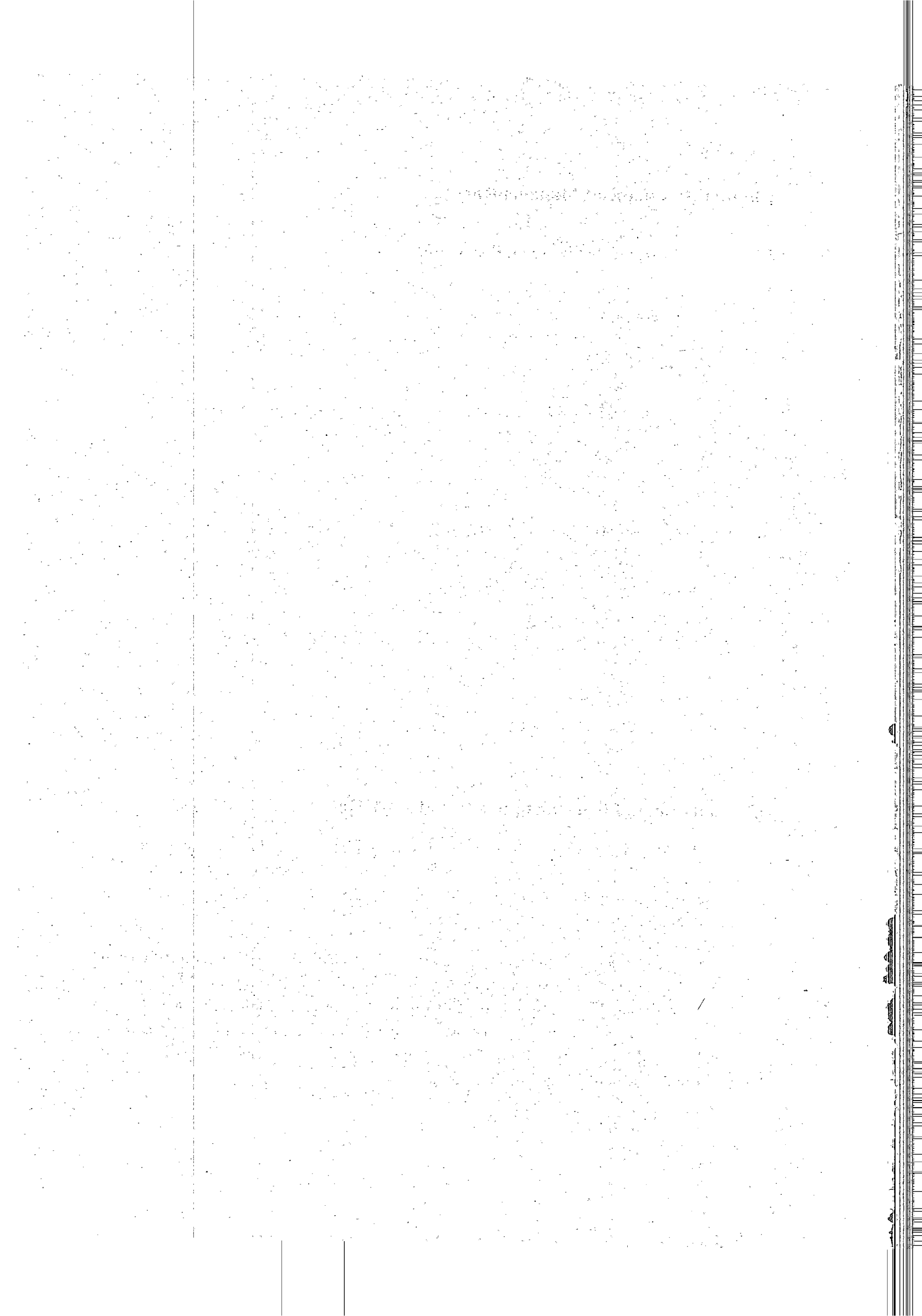
Sampling without Replacement, all the civil sub-divisions (15¹) including one WSCCS and one GPSS (Urban: one, Rural: one) in each selected sub-division and 120 FPSs under 15 sub-divisions were selected at random for audit. Photographic evidence and physical verification were also taken into consideration to substantiate audit observations. An exit conference was also held on 11 October 2010 with Principal Secretary to the Government of Assam, FCS&CA and representatives from the Department wherein the audit findings were discussed through power point presentation and the replies of the Department have been incorporated in the review at appropriate places.

2.6 Acknowledgment

The office of the Principal Accountant General (Audit), Assam acknowledges the cooperation extended by the Department of Food, Civil Supplies and Consumer Affairs, Assam during the course of audit.

¹ 1. Biswanath, 2. Bongaigaon Sadar, 3. Dibrugarh Sadar, 4. Gohpur, 5. Gossaigaon, 6. Hojai, 7. Kaliabor, 8. Kamrup Sadar, 9. Kokrajhar Sadar, 10. Lakhipur, 11. Nagaon Sadar, 12. N.Salmara, 13. Parbatjhora, 14. Silchar Sadar and. 15. Tezpur

CHAPTER-3



Chapter 3 Financial Management

3.1 Financial Outlay and Expenditure

There was no direct financial involvement of the State Government in the operation of PDS except reimbursement of transportation cost of AAY rice from FCI godowns to the FPSs as per norms of PDS and funds for infrastructural developments. Details are given in the table below:

Table: - 1
Financial Outlay and Expenditure on consumer affairs and AAY transportation cost for the years 2005-10

(in lakh)

Sl. No.	Name of the Scheme	Total financial allocation	Total expenditure	Excess (+) Savings (-)	Percentage
1	Consumer Affairs	806.79	502.29	(-) 304.50	(-) 37.74
2	Cost of transportation of AAY rice	953.07	(-) 21.31 ¹	(-) 974.38	(-) 102.24

Source: Finance and Appropriation accounts.

The table shows that the Government had not released substantial amount of fund available for reimbursement of transportation cost of AAY rice and infrastructural development during 2005-10, adversely affecting the implementation of AAY schemes and putting in place the required consumer awareness programme. Comments in this regard have been made in Paragraph 9.1. During exit conference (October 2010) Department stated that steps would be taken to disburse the transportation cost. No comment was offered in respect of consumer affairs.

3.2 Payment of transportation cost of AAY rice

In order to retain the end retail price of AAY rice at ₹3 per kg (CIP), the department in accordance with the GOI order dated 18 December 2001, decided (January 2002) to reimburse cost of transportation of AAY rice at ₹0.30 per kg (₹0.23 per kg to WSCCS/GPSS and ₹0.07 per kg to FPS).

Scrutiny of the records revealed that during 2005-10, 12,14,090 MT AAY rice was lifted and transported by various WSCCS/GPSS/FPS for which ₹36.42 crore was due (@ ₹0.30 per kg) in addition to outstanding transportation cost of ₹6.82 crore as of 31 March 2005. ₹22.37 crore only was released during 2005-10 for payment towards transportation cost against a total budget allocation of ₹40.07 crore, thus leaving a balance of outstanding liability of ₹20.87 crore for the period June 2007 onwards.

¹ Recovery of overpayment relating to previous year.

Audit scrutiny further revealed that of the 120 FPSs test-checked, records were not available in 15 FPSs and 55 (52 *per cent*) out of the remaining 105 of the selected FPSs had not received any transportation cost. Fifty FPSs (48 *per cent*) and 29² out of the selected 31 WSCCSs/GPSSs received transportation cost intermittently during 2005-10.

Non-payment of transportation cost to GPSSs/FPSs was one of the contributing factors of short-lifting of PDS commodities and resultant short distribution to the poorest section of beneficiaries, thus adversely effecting smooth implementation of PDS in the State.

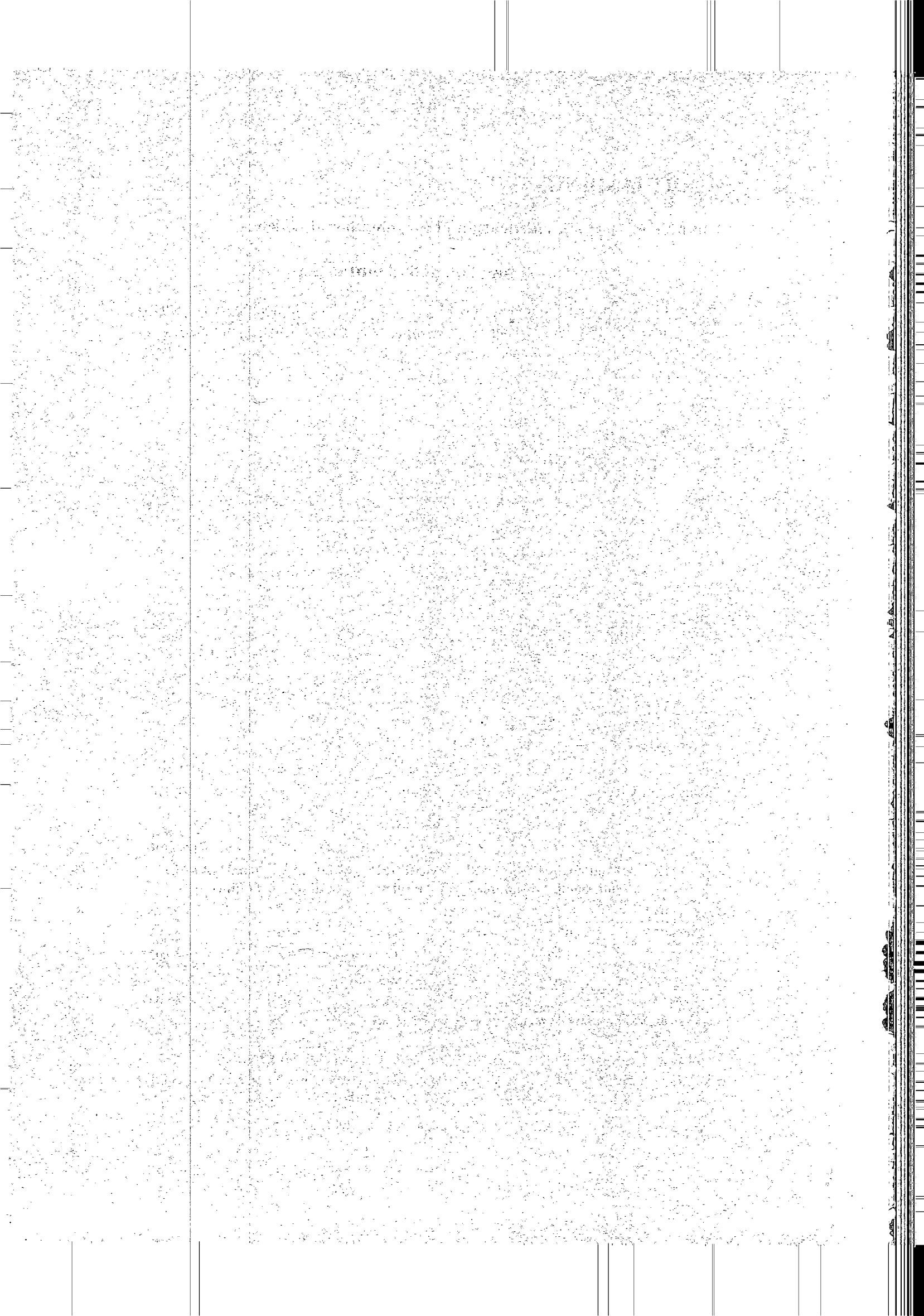
In essence, there were large sums lying unutilized with the State Government. The State Government had not released substantial amount of fund available for reimbursement of transportation cost of AAY rice and infrastructural development.

Recommendation

A suitable mechanism should be put in place to address the issue of reimbursement of transportation cost of AAY rice as per norm of PDS and funds for infrastructural development.

² Records not maintained in 2 GPSSs.

CHAPTER-4



AUDIT FINDINGS

Chapter 4 Identification of targeted beneficiaries

4.1 Survey, investigation and identification

In April 1997, model guidelines for Targeted Public Distribution System (TPDS) comprising all the components, right from identification of beneficiaries to distribution and monitoring was circulated by the GOI for adoption by the State Government. Although the guideline envisaged identification of beneficiaries by involving Gram Panchayats (Rural) and Nagarpalikas (Urban), actual identification was done by Block Development Officers (Rural) and Circle Officers (Urban).

The total number of families in the State in 1995, as estimated by the Central Government, was 46.64 lakh and the number of BPL families as per the Expert Committee constituted by them was shown to be 40.86 *per cent* of the total families in the State. Accordingly, the number of BPL families in Assam was worked out to 19.06 lakh (1995) whereas poverty ratio as per poverty estimates of the Planning Commission was 36.15 *per cent* in 1993-94 and 26.11 *per cent* in 1999-2000.

The State Government conducted a survey through Panchayat and Rural Development Department (P&RD) in 1998-99 where 20.28 lakh BPL families were identified in rural areas alone. Besides, BPL census was again conducted in 2007 by P&RD and 16.83 lakh BPL families were identified. These data were, however not adopted by the department. In the exit conference the department stated (October 2010) that estimation made by the Expert Committee (1995) in respect of BPL families was adopted by the Government as a policy decision but did not offer any comment about changed population statistics in subsequent years. Information furnished by FCS&CA Department in respect of identification of beneficiaries during 2005-10 was as under:

Table - 1

(In lakh)

Year	Total no. of household	Total APL families	Total BPL families	Total AAY families	Total AAY+BPL families
2005-06	58.71	39.78	14.76	4.17	18.93
2006-07	60.21	41.18	13.45	5.58	19.03
2007-08	61.00	41.98	11.98	7.04	19.02
2008-09	62.00	42.94	12.02	7.04	19.06
2009-10	63.00	43.94	12.02	7.04	19.06

Source: Data furnished by the Director, FCS&CA, Assam

Against the estimation of the Expert Committee of the Central Government in 1995 of the existence of 19.06 lakh BPL and AAY families, the State Government could identify 18.93 lakh till 2005-06 and ultimately 19.06 lakh in September 2007. This figure continued till March 2010 despite increased population and likely changes in

category of families with increased per capita income and consequential reduction of poverty ratio as per poverty estimates of Planning Commission from 36.15 *per cent* in 1993-94 to 26.10 *per cent* in 1999-2000.

AAV, conceived (December 2000) to serve poorest of the poor with ₹3 per kg subsidized rice had an initial target of 15.33 *per cent* of the BPL population. Subsequently, it was revised by the GOI to 38 *per cent* of BPL population from 2005-06. Year-wise number of families identified during 2005-10 is shown in table above.

The estimation and identification including categorisation was done on population statistics of 1995 and that too without proper survey and consequently did not reflect the number of AAV and BPL families accurately during the subsequent years. The growth of population was reflected only in the number of APL families which increased from 27.58 lakh in 1995 to 43.94 lakh in 2010.

4.2 Review of Households

As per provisions of PDS (Control) Order, 2001, the State Government was required to get the lists of BPL and Antodaya families reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families. Records of the Director revealed that the review of households was conducted in 21 districts through special drive in the year 2009-10 only, and 11,714 APL, 4,589 BPL and 1,344 AAV cards were eliminated in addition to normal cancellation of 12,164 cards during 2007-10 on account of shifting of family and surrender of ration cards. Thus, had the reviews been carried out once in each year, drawal of food commodities against these ineligible/bogus cards (detected during 2009-10) for years together prior to 2009-10 could have been avoided.

In essence, new eligible beneficiaries due to population increase remained outside the purview of PDS and on the other hand ineligible beneficiaries continued to get benefits over the years.

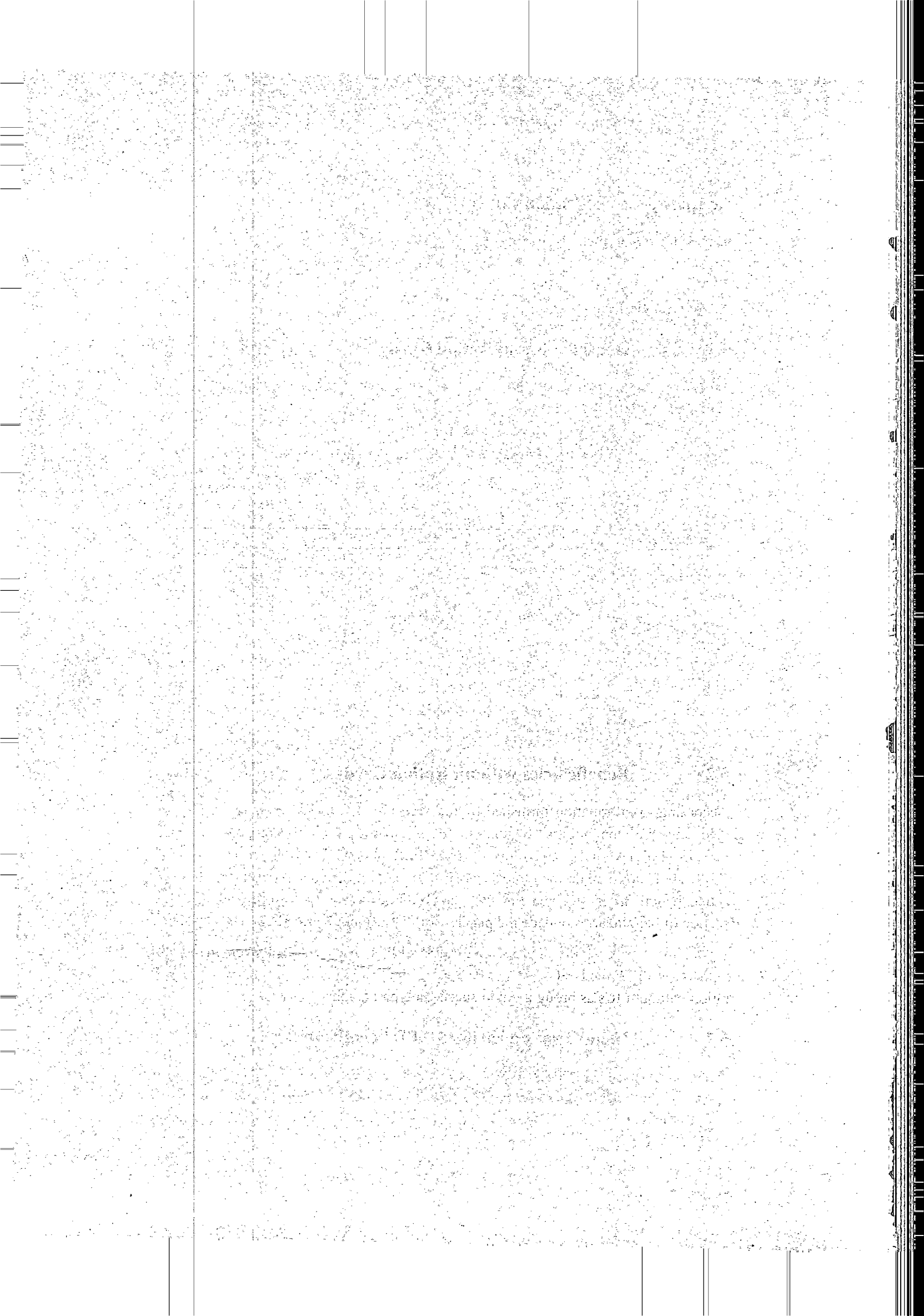
Recommendations

The State Government should conduct survey each year to ascertain the actual position of households/ beneficiaries in the State.

The State Government should ensure proper identification of BPL and AAV beneficiaries.

The State Government should review the actual need of foodgrain to be provided to APL population.

CHAPTER-5



Chapter 5 Ration Cards

Ration Cards, termed as Family Identity Cards (FIC) in Assam, are authorized documents issued by the Government authority for obtaining benefits under PDS. There are three types of ration cards with separate colours meant for APL, BPL and AAY beneficiaries under PDS.

5.1 Households and Ration Cards

Scrutiny of the records revealed the following position of households and ration cards in use during 2005-10:

Table - 1
Position of households and ration cards in use

Year	Total no. of households	Total APL cards	Total BPL cards	Total AAY cards	(In lakh)	
					Total cards	Shortfall
2005-06	58.71	34.65	14.76	4.17	53.58	5.13
2006-07	60.21	35.01	13.45	5.58	54.04	6.17
2007-08	61.00	37.91	11.98	7.04	56.93	4.07
2008-09	62.00	38.41	12.02	7.04	57.47	4.53
2009-10	63.00	38.58	12.02	7.04	57.64	5.36

Source: Records of the Director, FCS&CA, Assam.

From the table above it would be seen that there was huge shortfall in issuing ration cards to the beneficiaries and the entire shortfall was in respect of APL families only. The printing of APL cards was also not done as per requirement while all the beneficiaries under BPL and AAY were provided with ration cards. Comments in this regard have been made separately in Paragraph 5.5.

5.2 Beneficiaries without Ration Cards

According to information furnished by the Director, APL households (beneficiaries) receiving PDS commodities without having any Family Identity Cards (FIC) ranged between 4.07 lakh to 6.17 lakh during 2005-10 (table above). In the absence of FICs of the APL households mentioned above it cannot be stated with certainty that the actual beneficiaries received the PDS commodities. Thus, possibility of leaving a section of beneficiaries outside the purview of PDS cannot be ruled out.

Actual test-check of the sub-divisions/GPSSs/FPSs disclosed that even the GPSS unauthorisedly issued FICs to beneficiaries and there were also instances of issuing ration without FICs as brought out in succeeding paragraphs.

5.3 Issue of ration cards to APL beneficiaries

Audit scrutiny of 31 GPSSs/WSCCSs selected for test-check revealed that in six GPSSs, 29,392 APL ration cards were issued unauthorisedly by the GPSSs against total 41,830 APL cards in operation. This constituted 70.27 per cent of APL cards for

which monthly allocations were made by the sub-divisional authority. The details of cards issued by GPSSs are given in the table below:

Table - 2
Issue of APL Ration Card by the six GPSSs/WCCSs

Sl.No.	Name of GPSSs/WCCSs	No. of APL beneficiaries tagged and getting ration	No. of APL Ration cards issued by the GPSS
1	Bongaigaon GPSS, Bongaigaon	7,109	998
2	Jogighopa GPSS, N. Salmara, Bongaigaon	11,315	11,315
3	Deohati Kakajana GPSS, N. Salmara, Bongaigaon	6,707	6,707
4	Sakti Ashram GPSS, Kokrajhar	4,335	4,335
5	Mahamaya GPSS, Parbatjhora, Kokrajhar	7,927	1,600
6	Parbatjowar GPSS, Parbatjhora, Kokrajhar	4,437	4,437
Total		41,830	29,392

Source: GPSS/WCCSS level formats.

The Department was aware of the issue of cards by GPSSs/WCCSs and stated (October 2010) that steps would be taken to replace these cards. Until such time, ration would continue to be issued on these unauthorized cards.

5.4 Distribution without Ration Cards

Test-check of the records of 31 selected GPSSs, revealed that all the 41,389 APL beneficiaries covered by six¹ (other than the six mentioned in the table -2 above) GPSSs had been receiving foodgrain under PDS, including the period under review, without having any ration cards. These beneficiaries were issued food commodities on the basis of lists of beneficiaries prepared by concerned GPSSs without any basis viz., survey etc., and maintained by the FPS owners thereby raising doubts over the authenticity of the existence of these beneficiaries. The sub-divisional FCS&CA authorities, however, failed to put forward any comments on the matter of distribution of foodgrain to these beneficiaries without any ration cards.

- Audit scrutiny of the records further revealed that as many as 44 FPSs (37 per cent) out of 120 test-checked had been distributing PDS Commodities to APL beneficiaries without any FIC but on the basis of list of beneficiaries approved by the sub-divisional authorities.

¹ (1) Chandrapur – 4,542; (2) Joypur – 4,658; (3) Meharpur Krishnapur – 7,871; (4) Mancotta – 10,294; (5) Gohpur – 9,995; (6) Kalabari – 4,029 = 41,389.

- In respect of four FPSs selected under 'Sepon GPSS' of Dibrugarh district/civil sub-division², audit scrutiny revealed that all the PDS commodities had been issued to 327 APL (three FPSs), 174 BPL (four FPSs) and 100 AAY (four FPSs) beneficiaries without having any ration cards whereas the PDS (Control) Order, 2001 envisaged that the PDS commodities are to be issued to ration card holders only through the identified fair price shops. Thus, the primary requirement of PDS for distribution of commodities to the ration card holders only through FPSs was not fulfilled in respect of the said FPSs.

5.5 Maintenance of Stock registers of Ration Cards (APL, BPL and AAY)

Audit scrutiny of stock registers of FIC/Ration Cards revealed that 24,25,000 cards for APL; 18,86,000 cards for BPL and 7,27,800 cards for AAY were recorded as received for distribution in various districts/sub-divisions. Out of total available FICs, 22,66,951 for APL; 18,86,000 for BPL and 6,56,902 for AAY cards were issued to various districts/sub-divisions. The statement showing the position of receipts and issue of APL, BPL and AAY cards are shown in the *Appendices - I and II*.

Audit scrutiny further revealed that the date-wise/district-wise or sub-division wise issue and resultant balance of cards were not maintained properly. Moreover, in case of BPL families shifted to AAY scheme, the old cards with BPL families were neither taken back and cancelled nor any accounts in this regard were maintained.

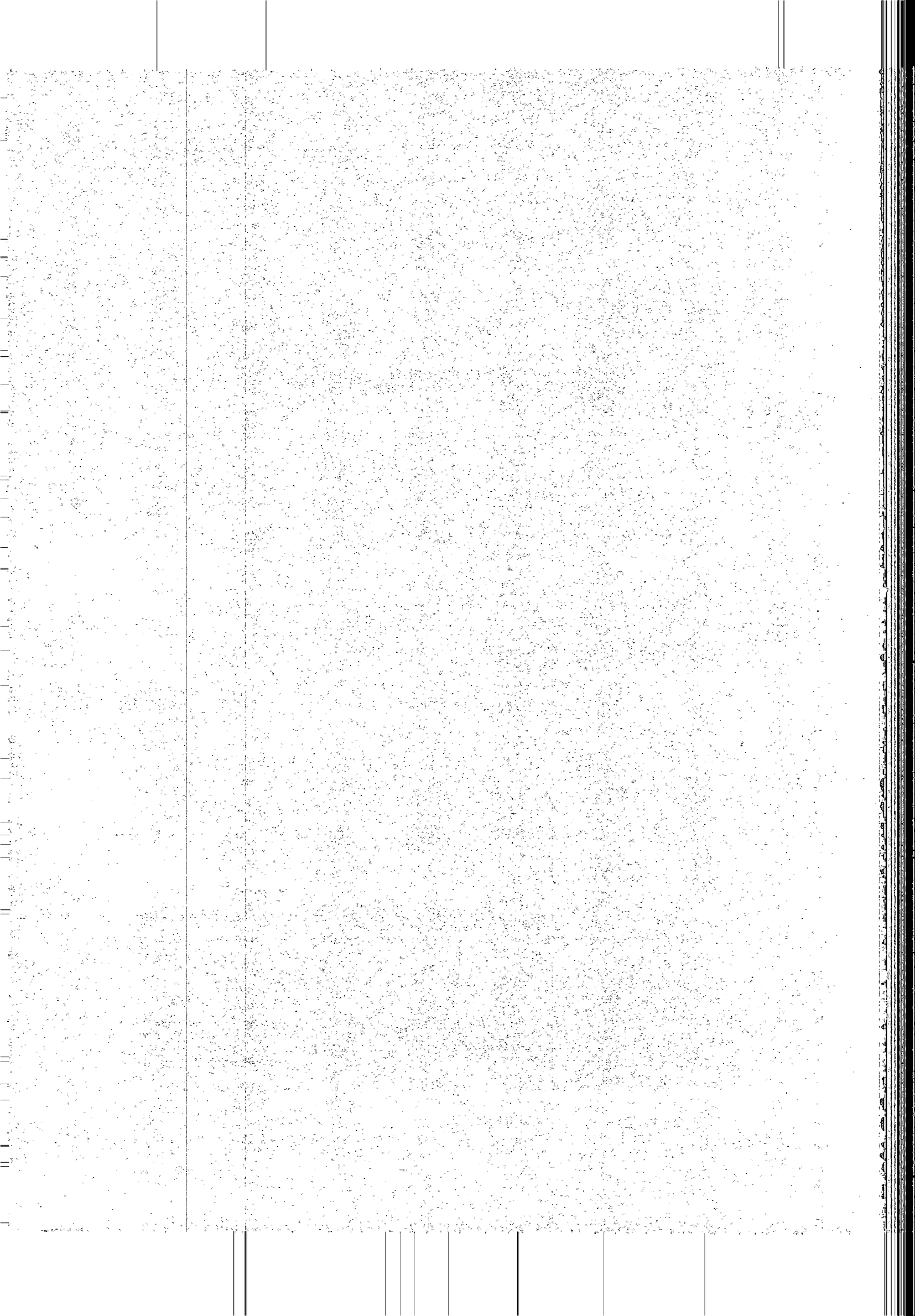
Thus, due to improper maintenance of stock registers of FICs, the actual position of receipts, distribution and balances of cards, could not be ascertained in audit. Possibility of getting benefits under both the schemes of BPL and AAY as well as leaving out a section of targeted population from the ambit of TPDS for want of FICs could not be ruled out. On this being pointed out in audit, Director (FCS&CA) stated (July 2010) that the stock registers of APL, BPL and AAY ration cards were duly certified by the Joint Director. The reply was not tenable as it was silent about maintenance of date-wise/district-wise or sub-division wise data in respect of issue of ration cards and resultant balance thereof in the stock registers.

In essence, the allocation and lifting of PDS commodities were not done on the basis of actual position of authorized ration card holders.

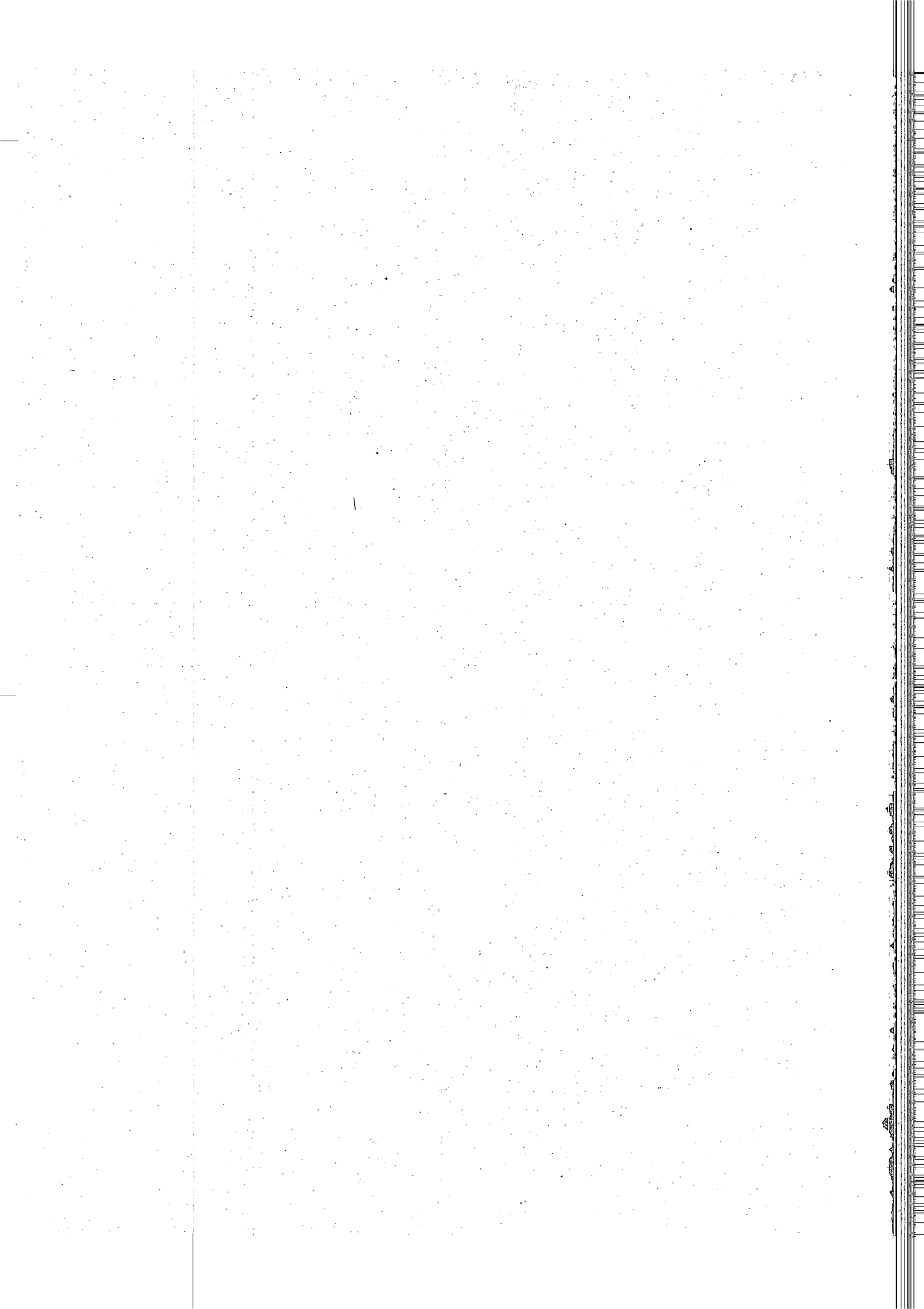
Recommendation

State Government should review the position of ration cards in operation and replace unauthorized cards, including retrieving the BPL cards of families now under AAY category.

² Only one civil sub-division under the District.



CHAPTER-6

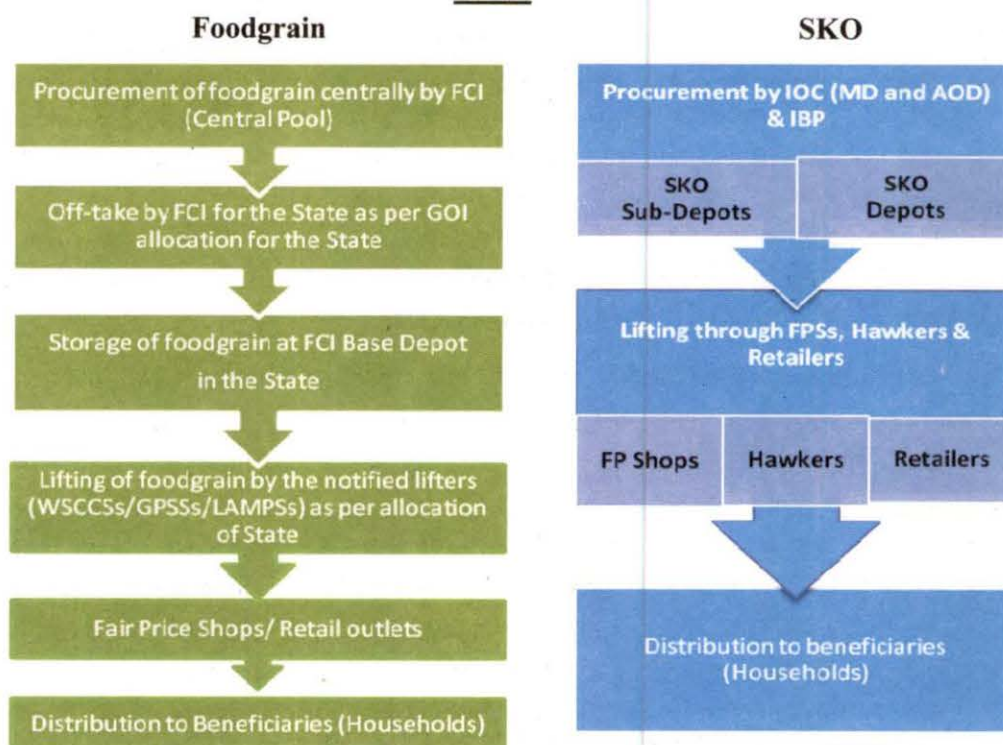


Chapter 6 Allotment, Lifting and Distribution

The Central Government, through FCI has assumed the responsibility for procurement, storage, transportation and bulk allocation of foodgrain to the State Government. The operational responsibility including allocation and distribution within the State rests with the State Government. The Central Government also determines the issue prices (CIP¹) at which foodgrain were to be procured by State Governments through its notified lifters for distribution to beneficiaries through FPSs. The State Government, however, determined the issue price of whole sellers and FPSs considering profit margins, transportation charges and other incidental charges except under AAY scheme where transportation and handling charges, to be borne by the State Government, were reimbursed directly to the whole sellers (lifters) and FPS owners.

In Assam, PDS commodities are being distributed to 63 lakh² households in 27 districts (56 civil sub-divisions) through 34,536 FPSs (urban: 4,030; rural: 30,506, as of January 2010). In respect of Superior Kerosene Oil (SKO), distribution to beneficiaries is made through 12,438 hawkers and 3,307 retailers in addition to the FPSs, after procurement from 385 depots and 95 sub-depots. The flow diagram of PDS commodities is given below:

Chart



¹ CIP – Central Issue Price.

² APL: 43.94 lakh; BPL: 12.02 lakh and AAY: 7.04 lakh.

Audit noticed that no monthly or even periodical requirement of PDS commodities/foodgrain had been placed with the Central authority during the period covered by the audit and the allocation of rice in respect of BPL and AAY beneficiaries had been made by the Centre on the basis of number of BPL/AAY families totaling 18.93 lakh during March 2005 to February 2006 and 19.06 lakh from March 2006 to March 2010. The State allocation and lifting of foodgrain in respect of AAY beneficiaries were made largely at the prescribed rates.

As regards allocation of foodgrain by the Centre in respect of APL beneficiaries neither any demand was placed by the State nor was the Central allocation based on number of households which resulted in allocation of APL rice/wheat by the Director without any basis and at much lower and varied scales. Comments in this regard have been made in Paragraph 6.1.4 and in chapter 7.

The distribution of SKO through hawkers and retailers was in violation of PDS (Control) Order 2001 which envisaged distribution through FPSs to the ration card holders only although the same was done as per directions of GOA. Comment in this regard have been made in Paragraph 6.3.

6.1 Foodgrain

6.1.1 Requirement and Central allocation of foodgrain

Requirement of APL, BPL and AAY foodgrain for the State during 2005-10 as worked out by audit, based on number of households data furnished by the Director, FCS&CA was 88.12 lakh MT rice and wheat, 26.98 lakh MT rice and 12.97 lakh MT rice respectively. Against this requirement, GOI allocated 36.80 lakh MT of APL rice/wheat, 25.14 lakh MT of BPL rice and 13.70 lakh MT of AAY rice. Thus, there was short allocation of 51.32 lakh MT (58.24 *per cent*) of APL rice, 1.84 lakh MT (6.80 *per cent*) of BPL rice and excess allocation of 0.74 lakh MT (5.67 *per cent*) AAY rice during 2005-10 (Details in *Appendix-III*).

The short allocation indicates that either all the beneficiaries were not covered or the scale of distribution was compromised.

In reply the reason for short allocation was stated (July 2010) by the Director, FCS&CA to be due to sudden curtailment of State quota since 2007. Further, stated that the short allocation by the GOI for BPL families (33 kg) and for APL families (6 kg) was due to allotments made by the GOI on the basis of 2001 census. However, there was nothing on record to indicate that GOA had taken up the matter with the GOI to increase the allotment. As regards allotment of sugar allocations were made and lifting was done intermittently at varied scale.

6.1.2 Off-take by FCI from Central Pool

Records of FCI showing off-take of foodgrain from Central Pool against the requirement of State Government for the period from 2005-10, disclosed huge

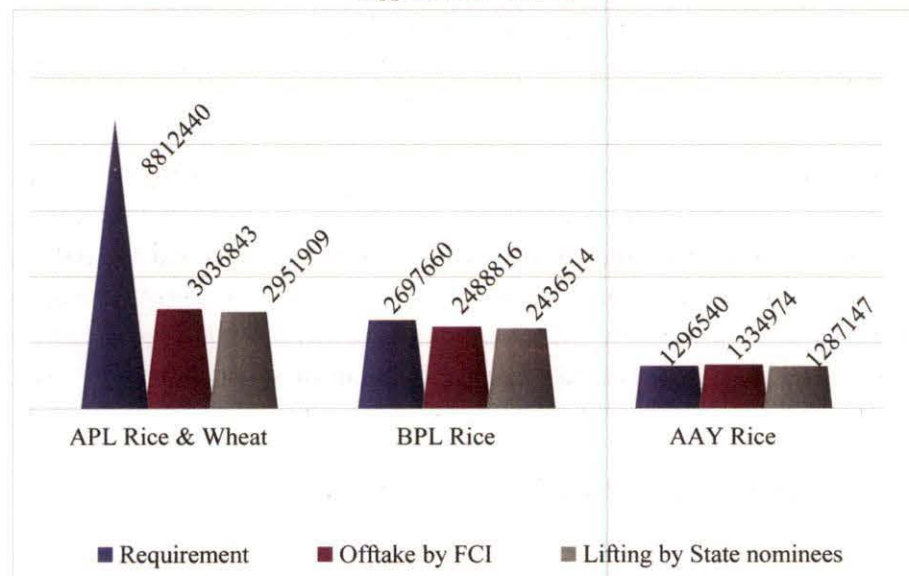
shortfall in off-take largely in respect of APL category and excess off-take of AAY rice during 2005-06 and 2006-07 only.

The shortfall in off-take of foodgrain ranged between 55.76 to 73.49 per cent for APL rice and wheat, 4.27 to 14.38 per cent for BPL rice, 0.27 to 1.81 per cent for AAY rice. The excess off-take of AAY rice were 5,956 MT and 40,679 MT valued at ₹1.79 crore and ₹12.20 crore (@₹3000 per MT) for the years 2005-06 and 2006-07 respectively. The whereabouts of the excess off-take by FCI was not available on record. Details of numbers of households, requirements of foodgrain for the State and off-take by FCI there against are furnished in *Appendix-IV*. Thus, the shortfall in off-take by FCI from central pool ultimately affected the scale of distribution to the beneficiaries.

6.1.3 Lifting by notified lifters

Audit scrutiny of the records furnished by the Director showing the position of lifting of PDS commodities by the notified lifters i.e., co-operatives and GPSSs of the State, during the period from 2005-10, revealed that the shortfall in initial lifting of PDS foodgrain, against the requirement of the State with respect to number of households and the scale of foodgrain, ranged between 57.54 to 75.48 per cent for APL rice & wheat; 6.74 to 16.16 per cent for BPL rice and 0.54 to 6.41 per cent for AAY rice, as detailed in *Appendix-V* which resulted ultimately in short distribution of foodgrain to the beneficiaries to that extent except in the case of lifting of AAY rice in 2006-07 where there was excess lifting of 22,942.00 MT of AAY rice valued at ₹14.91 crore (@ ₹3,000 per MT) over the requirement. The whereabouts of the excess lifting by the State over the requirement was not available on record. This needs to be investigated.

Chart-1
Position of off-take by FCI and lifting by State agencies against requirement during 2005-10
(*Appendix-IV and V*)



Source: Records of Director, FCS & CA, Assam.

Further, records of FCI disclosed that during the years 2005-10 against the off-take of PDS foodgrain from central pool by FCI, shortfall in lifting by the notified lifters of State Government were 2.80 per cent of APL rice and wheat; 2.10 per cent of BPL rice; 3.58 per cent of AAY rice, and 5.46 per cent of sugar, which ultimately affected the scale of distribution to the actual beneficiaries.

The details of short lifting for 2005-10 with respect to off-take by FCI are given in the table below:

Table-1
Short lifting of PDS items by State nominees for the period from 2005-10

(in MT)

Item	Off-take by FCI	Lifting by State	Short lifting (per cent)
1	2	3	4
APL rice & Wheat	30,36,843	29,51,909	84,934 (2.80)
BPL rice	24,88,816	24,36,514	52,302 (2.10)
AAY rice	13,34,974	12,87,147	47,827 (3.58)
Sugar	4,05,767	3,83,622	22,145 (5.46)

Source: FCI statement and data furnished by Director, FCS&CA, Assam

In reply the Director stated that the poor lifting of APL rice was due to availability of rice in open market at cheaper rate during 2005-06, which could not be substantiated with evidence.

6.1.4 Short allocation by the State

Audit scrutiny of the records revealed that against the Central allotments for the State, there was a remarkable shortfall in allocations made by the Director to all the civil sub-divisions of the State, for the years 2005-10. The shortfalls noticed were 20.04 to 27.53 per cent of APL rice with excess State allocation of 0.84 per cent in 2007-08; 5.72 per cent in 2008-09 with excess allocations ranging from 0.01 (2007-08) to 3.13 per cent (2006-07) of BPL rice and 3.29 to 5.36 per cent of AAY rice. The reasons for such shortfall as well as excess allocations of foodgrain, were not on record. The details of allotments by the Centre for the State and by the Director to all the sub-divisions are furnished in *Appendix-VI*.

Chart - 2
Shortfall of Directorate allotment against Central allotment for the years 2005-10



Source: Records of Director, FCS & CA, Assam

6.1.5 Re-allotment of lapsed rice

The Department had no system of reallotment of lapsed rice, which remained unlifted from FCI. Test check of the records revealed that:

In Kokrajhar sub-division, monthly allotment of PDS (APL) rice in respect of certain GPSSs lapsed as a result of non-lifting by them. The district authorities re-allotted the lapsed quantities amongst the GPSSs, sometime even to GPSSs whose normal allotment had lapsed. In August 2006, 1,469.50 quintals out of 3,409.10 quintals of lapsed PDS (APL) rice, was re-allotted to Charan Sing Basumatary, stated to be a whole-sale licensee of Kokrajhar. The re-allotted quantity was not lifted by Shri Basumatary and the entire quantity was further re-allotted amongst Balajan GPSS (291.20 qtls.), Salakati GPSS (573.60 qtls.), Titaguri GPSS (306.50 qtls.) and Kokrajhar WSCCS (298.20 qtls.) by the district authorities. However, FCI records revealed that Sri Basumatary had lifted 1,469.50 quintals whereas the four other GPSSs to whom 1,469.50 qtls. of lapsed rice was further re-allotted as per district records, did not lift the quantity from FCI. It, thus, cannot be ruled out that the entire quantity of 1,469.50 qtls. of rice valued at ₹12.20 lakh³ meant for APL beneficiaries under PDS, had found its way to the open market through the whole-sale licensee.

³ at CIP (APL) of ₹ 830 per qtl.

6.2.1 Allotment and lifting of wheat

Audit scrutiny of the records revealed that during 2005-10, 11,84,092 MT of wheat was lifted against total GOI allocation of 12,92,611 MT and thereby there was total short lifting of 1,08,519 MT of wheat resulting in consequential short distribution of converted atta to the beneficiaries. The details are shown in the table below:

Table - 2

Position of allotment and lifting of wheat during 2005-10

Year	Allotment by GOI	Quantity lifted	(in MT)
			Shortfall in lifting
2005-06	3,37,024	2,54,342	82,682
2006-07	2,31,226	2,42,801	(-) 11,575
2007-08	2,49,062	2,49,373	(-) 311
2008-09	2,24,364	2,16,266	8,098
2009-10	2,50,935	2,21,310	29,625
Total	12,92,611	11,84,092	1,08,519

Source: Directorate Records

6.2.2 Re-allotment of wholemeal atta

Audit scrutiny of the records of seven selected districts (15 sub-divisions) revealed that huge quantity of wholemeal atta meant for APL beneficiaries were re-allotted (2006-10) mainly to other districts as detailed in the table below:

Table - 3

Position of Original allotment and Re-allotment of Wheat

Year	Kamrup		Nagaon		Cachar	
	Original allotment	Re-allotted to other DC/SDO out of un-lifted qty.	Original allotment	Re-allotted to other DC/SDO out of un-lifted qty.	Original allotment	Re-allotted to other DC/SDO out of un-lifted qty.
2005-06	28,380.00	NA	14,563.50	NA	16,185.15	NA
2006-07	24,711.40	2,463.30	16,074.95	694.80	15,668.35	1,076.60
2007-08	23,836.45	6,507.30	15,716.80	1,949.90	16,813.10	1,359.70
2008-09	19,852.15	4,513.20	17,047.75	627.40	13,271.50	834.50
2009-10	18,586.75	2,818.90	16,818.80	226.20	13,015.95	998.10
Total	115366.75	16302.70	80,221.80	3,498.30	74,954.05	4,268.90

Source: Data furnished by Directorate & RFM.

Such large-scale re-allotments are indicative of the fact that the original allotments were made without ascertaining the actual requirements as the reasons for non-lifting of original allotment of atta was mainly attributed to less demand by the beneficiaries due to their existing food habit, delay in supply of atta etc. Further, re-allotments to other districts were made in addition to original allotments on a regular basis, which indicated that the re-allotted atta was not actually reaching the targeted beneficiaries.

Audit scrutiny of the records of Kamrup (Metro) district having only one sub-division further revealed that unlifted atta from flour mills of 4774.60 MT and bran of 419.10 MT were re-allotted to DC, Goalpara and Barpeta during 2006-10. Year-wise details of re-allotment to Goalpara district only are given in the table – 4.

Table - 4
Year-wise position of re-allotted atta to Goalpara district
(in MT)

Year	Atta	Bran
2006-07	1,431.80	149.10
2007-08	1,822.80	162.40
2008-09	802.30	27.90
2009-10	717.70	79.70
Total	4,774.60	419.10

Source: Directorate Records.

Cross-check of the records of DC, Goalpara, however revealed that DC, Goalpara sub-allocated the atta 88 FPSs in the district in addition to their original allotments. No records or returns showing actual distribution of the re-allotted atta were made available to audit. Audit scrutiny of the records of only seven FPSs in the town area, however, disclosed that three FPSs had received excess quantity of wheat product against both original and subsequent allotments to the extent of two to seven times of their actual requirements in various months and distribution of atta to beneficiaries ranged between 3.78 kg to 266.14 kg per FIC per month during 2006-10 in addition to normal allotment of rice whereas approved limit of maximum monthly distribution for rice and atta together was 35 kg per FIC per month. These indicated that certain households received PDS commodities far in excess of their allotment. In the absence of records of actual distribution by FPSs these excess commodities finding its way to open market can also not be ruled out.

Besides, allotments of excess quantity of wheat or wheat products beyond requirement were made to certain districts⁴ on regular basis without going for re-adjustment in subsequent original allotments as per norms. The wheat products were also found to be re-allotted and diverted after gaps ranging from two to seven months from original allotment and thereby raising doubt about their quality for human consumption after distribution.

Wheat from FCI was allotted to various nominated Roller Flour Mills (RFM) and Chakki Mills (CM) for conversion to wholemeal atta and then sub-allotted to GPSSs and FPSs for distribution to beneficiaries. Anomalies in allocation, lifting and distribution were noticed during test-check. Three instances are cited below.

⁴ Barpeta, N.C. Hills, Karbi Anglong, Hailakandi and Karimganj.

6.2.3 Allocation and lifting of wheat and wholemeal atta

Audit scrutiny revealed that 6,142.66 MT of sub-allotted atta in Kokrajhar district remained unlifted, stated (June 2010) by the Joint Director to be due low demand. The sub-divisional authority sub-allocated the same to three GPSSs (lifters) and 45 FPSs in the town area as shown in the table-5.

Table - 5
Re-allotment of unlifted atta

		(In MT)
Name of Nominees/GPSS	Period of re-allotment	Re-allotted Qty.
1	2	3
Nominees (4) for town FPSs	5/06 to 2/10	3,497.01
Serfanguri GPSS	9/06 to 2/10	2,191.85
Ramfalbill GPSS	5/07 to 1/10	298.30
Patgaon GPSS	8/07 to 1/08	155.50
Total		6,142.66

Source: Re-allotment orders of Jt. Director, Kokrajhar.

As regards lifting and distribution of re-allotted atta, scrutiny of stock registers and sale registers of three GPSSs and four FPSs revealed that the re-allotted atta of 6,142.66 MT valued at ₹ 4.30 crore⁵ was not accounted for in their records and thus the whereabouts of the re-allotted quantity of atta could not be ascertained in audit. The individual lifters, representing the town area FPSs, also failed to produce any records showing actual lifting of re-allotted atta and details of issue to FPSs.



(in Kokrajhar)



(in Nagaon; 4 February 2010)

Stock of un-lifted atta

Due to absence of accounting-receipt and their subsequent issue, the entire quantity of aforesaid re-allotted atta finding its way to open market cannot be ruled out.

➤ Audit scrutiny of the records of Lakhipur sub-division in Cachar district revealed that 1,169.9 MT of wheat, with 100 per cent lifting, was allotted during 2007-10⁶ for conversion to wholemeal atta of 1,111.40 MT (95 per cent) which was sub-allotted to 12 Co-operative Societies and 362 FPSs for distribution to APL beneficiaries. Test-check of the records of two Co-operative Societies (Lifters) and

⁵ At CIP (atta) of ₹ 699.96 per qtl.

⁶ Position not available for the year 2005-06 and 2006-07.

eight FPSs revealed that not a single kilogram of atta was lifted by them. The sub-divisional authority also stated (June 2010) that atta was not at all lifted by the nominated lifters during the period covered by audit and thereby distribution to beneficiaries was not done at all. Thus, the likelihood of converted 1,111.40 MT of atta valued at ₹77.79 lakh⁷ finding its way to open market cannot be ruled out. The authority in their reply stated (June 2010) that the FPSs were reluctant to lift the allotted atta due to low demand.

➤ Audit scrutiny of monthly returns of six⁸ nominated RF Mills of Silchar Sadar sub-division revealed that, in every month during 2007-10, there were closing balances of unlifted atta ranging from 218.45 qtls. to 1,585 qtl. The unlifted atta with three⁹ mills was re-allotted by the sub-divisional authorities in subsequent months while unlifted atta of balance three¹⁰ mills was stated (June 2010) to be re-allotted by district authorities, although no supporting documents could be shown to audit. Although, there was closing balance of unlifted atta in every month, no efforts were taken to rearrange the allotment according to demand by the district authorities.

The Department had not reviewed the demand for atta from FPSs at any stage and records showing basis of reallotment were also not available.

6.2.4 Un-milled wheat

Audit scrutiny of data furnished by 37 out of 47 Roller Flour Mills (RFM) in seven test-checked districts for the years 2005-10 revealed that 28 RFMs of four districts were having significant stock balance of un-milled wheat in every month varying from 20 qtls. to 12,615 qtls. as closing balances in the returns furnished by them. The district-wise position of un-milled wheat in these 28 RFMs are shown in *Appendix-VII* and in the Table below:

Table - 6
Position of un-milled wheat

Name of the district	Total no. of RFM	Data furnished by	Closing Balance (qtls.)		Remarks
			Min.	Max.	
Kamrup (M)	16	8	146	12,615	Min.146 qtls. (12/06) at Birjhora RF Mill and Max.12,615 qtls.(6 & 7/05) at Guwahati RF Mill.
Sonitpur	4	4	576	10,984	Min.576qtls. (1/06) at Tezpur RF Mill and Max.10,984 qtls. at Lahkar Udyog Pvt. Ltd.
Dibrugarh	10	10	20	3,990	Min. 20 qtls. (12/08) at Swastik Food Products and Max. 3990qtls. (5/06) at Jeevan Modern Grinding Mill.
Silchar	6	6	63	3,190	Min. 63qtls. (9/08) and Max.3190 qtls. at 10/07 at Riya's Flour Mill.
Total	36	28			

Source: Data furnished by RFMs.

⁷ At CIP (atta) of ₹ 699.96.

⁸ (1) Cachar R.F. Mill, (2) Jai Commercial, (3) Lalit Flour Mill, (4) Navin Food Industries, (5) Riyas Flour Mill and (6) U.F.M. Industries.

⁹ Jai, Riyas and Cachar (RF) Mills.

¹⁰ (1) UMR Industries, (2) Nabin and (3) Lalit (RF) Mills.

These un-milled quantities of wheat and/or atta in the event of conversion were not carried over for adjustment in the wheat allocations of subsequent month, whereas the conditions laid down by the GOI (November 2005) clearly stipulated that the un-milled wheat and unlifted atta, if any, during the month would not exceed the actual utilisation of wheat for the scheme based on last six months' average and would not be disposed of in the open market.



Un-milled wheat lying with the millers in Nagaon (4 February 2010)

This indicated that the proper inspection and monitoring of milling of wheat was not carried out as envisaged and thereby kept the avenue open for undue financial benefit to the millers for years by selling the un-milled wheat/atta to open market.

6.3 Superior Kerosene Oil (SKO)

6.3.1 Allocation and lifting of SKO under PDS

The Director, FCS&CA on receipt of allocation of SKO on quarterly/monthly basis from Ministry of Petroleum and Natural Gas, Government of India, allocates the same to the sub-divisions on the basis of population against which the sub-divisional authorities are to submit monthly lifting and distribution position to the Directorate for both urban and rural areas. The district authorities were also instructed (September 1993) to allocate 70 per cent under PDS and balance 30 per cent to hawkers out of the total allocation made.

Audit scrutiny of the records revealed that after allocation of SKO to the sub-divisions, the directorate failed to maintain sub-division wise position of lifting and distribution stated to be due to irregular submission of monthly returns for the same.

The detailed position of allocation and lifting of SKO for the State during 2005-10 as furnished by the Director, FCS&CA are shown in the Table below:

Table-7
Allocation and lifting of SKO for the State during 2005-10

Year	Allocation	Lifting
2005-06	2,57,982	2,57,669
2006-07	2,58,005	2,57,631
2007-08	2,57,998	2,57,854
2008-09	2,57,998	2,58,052
2009-10	2,57,869	2,57,869

Source: Director, FCS&CA, Assam

In the absence of accurate and regular data regarding actual lifting and distribution of SKO at sub-division level the position of actual intake of SKO at the end level under

PDS could not be ascertained and thereby diversion of SKO to open market for adulteration of petrol /diesel and for any other unauthorized usage could not be ruled out.

6.3.2 Allocation and distribution of SKO through Hawkers and Retailers

SKO, being a major component of PDS, is allocated monthly to all the sub-divisions by the Director on the basis of quarterly allocation and release by the Ministry of Petroleum & Natural Gas, GOI.



Lifting of SKO under PDS by Hawkers in Goalpara (19 July 2010)

Audit scrutiny revealed that out of the monthly allocation made, the sub divisional authorities have been reallocating SKO to the hawkers and retailers as well as through PDS outlets. The order of the State Government for distribution of SKO to the hawkers and retailers was however, in contravention of GOI's guidelines for implementation of PDS wherein it was stated that essential commodities are to be distributed to the card holders through Fair Price Shops only. The position of allocation, lifting and distribution of SKO in 15 test-checked sub-divisions are shown in the table and chart below:

Table - 8
Allocation, Lifting and Distribution of SKO to sub-divisions

Year	Allocation	Lifting	Distribution (percentage)
2005-06	1,06,056.52	91,525.12	78,554.87 (86)
2006-07	1,02,039.23	87,435.81	80,165.77 (92)
2007-08	1,05,457.18	1,05,282.98	92,647.88 (88)
2008-09	1,05,069.51	1,04,674.24	95,586.28 (91)
2009-10	1,00,352.58	99,179.73	93,546.84 (94)
Total	5,18,975.02	4,88,097.88	4,40,501.64 (90)

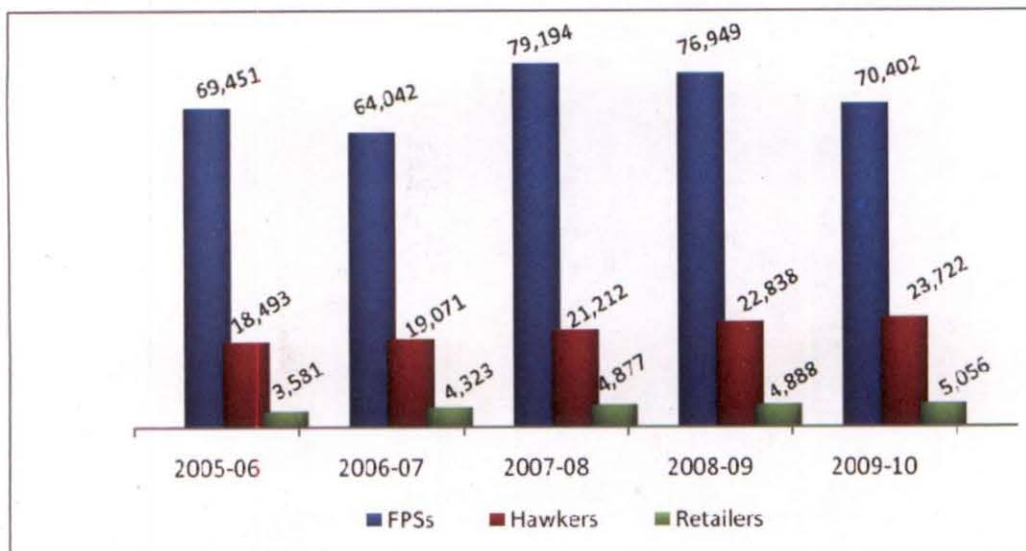
Source: Sub-divisional data.

➤ On scrutiny of records of 15 sub-divisions¹¹, it was noticed that sub allocations of SKO were made to hawkers, retailers and FPS agents for distribution to the PDS beneficiaries only. FICs were not tagged with the hawkers and retailers and no records of actual distribution of SKO to card holders were available at any level which raised doubts of selling SKO to card holders by hawkers and retailers.

The details of lifting by hawkers, retailers and FPSs during 2005-10 are shown in Chart below:

Chart -4

Lifting of SKO by the Hawkers, Retailers and FPSs during 2005-10 (In Kilolitre)



Source: Sub-divisional data.

It would be evident from the chart above that 1,28,060.13 KL of SKO, valued at ₹128.10 crore, lifted by hawkers and retailers, the distribution of which to the PDS card holders was doubtful due to non-maintenance of any records by them to disclose the distribution to FIC holders.

Thus, in the absence of data regarding actual distribution to the card holders, as well as in the absence of effective checks to ensure proper distribution



Blue dyed SKO meant for distribution under PDS is being sold in open market at Guwahati (15 April 2010)

¹¹ 1. Kamrup (Metro) under Kamrup district; 2. Nagaon (Sadar), 3. Kaliabor & 4. Hojai under Nagaon district; 5. Tezpur, 6. Biswanath & 7. Gohpur under Sonitpur district; 8. Sadar sub-division of Dibrugarh district; 9. Bongaigaon & 10. North Salmara under Bongaigaon district; 11. Kokrajhar (Sadar), 12. Gossaigaon & 13. Parbotjhora under Kokrajhar district 14. Lakhipur & 15. Silchar under Cachar district.

the fulfillment of objective of distribution of SKO to targeted people remained doubtful. Besides, no mechanism was put in place to ensure selling of allotted 30 per cent of kerosene through hawkers and retailers at the Government fixed rate to the card holders.

6.3.3 Lifting of SKO by Hawkers & Retailers with invalid license

In Tezpur sub-division of Sonitpur district, licenses for distribution of SKO were issued by the sub-divisional authorities to the hawkers and retailers by segregating them in four geographical areas of Tezpur, Dhekiajuli, Rangapara and Jamuguri with Sootea.

Audit scrutiny of license registers revealed that as of March 2010, 281 out of 760 licenses were invalid due to non-renewal, death, surrender, resignation etc. Details are shown in the table below:

Table - 9

Position of invalid Licenses as of March 2010

Area	Total no. of licenses issued	Total no. of licenses became invalid	Total no. of valid license
Tezpur	287	99	188
Dhekiajuli	172	56	116
Rangapara	149	44	105
Jamuguri with Sootea	152	82	70
Total	760	281	479

Source: Sub divisional records.

As regards distribution of SKO by hawkers and retailers, the same has been done on lifting the allotted quantity from the depots and sub-depots as per the allocations made by the authorities. Test-check of the records of sub-division for the month of March 2010 disclosed that against 479 authorised hawkers and retailers, SKO was issued to 535 persons which included 56 hawkers and retailers without valid licenses @400 litres¹² per month per person totaling 22,400 litres in that month alone. Thus, there were serious flaws in the system of allocating SKO to hawkers and retailers.

➤ In Nagaon (Sadar) sub-division of Nagaon district, audit scrutiny revealed that monthly allocation of SKO to retailers ranging from 167 to 180 was made during 2005-10. On verification of the lists of licensed retailers it was noticed that allocation was made to retailers without considering their renewal of licenses and without official endorsement in their permit/ lifting book. The position of year-wise number of retailers, renewal of license, official endorsement is shown in the table below:

¹² Hawker @ 550 lit.
 Hawker @ 500 lit.
 Hawker @ 300 lit.
 Hawker @ 250 lit.
 Total 1600 lit.
 Taking average @ 400 lit.

Table: - 10
Year-wise number of Retailers having valid licenses and endorsements with regard to SKO

Year	No. of retailers to whom allocation made in Nagaon (Sadar).	No. of retailers with valid licenses (as per register) in Nagaon (Sadar).	Total endorsements made for lifting (no. of retailer X 12 months) on the lifting book as per register
2005-06	177 to 180	List Not maintained	Records not maintained
2006-07	170 to 177	List Not maintained	Records not maintained
2007-08	167 to 170	139	Records not maintained
2008-09	167	134	Records not maintained
2009-10	167	131	798 (since June 2009 to January 2010 i.e. average 100 in a year)

Source: Records of Nagaon Sadar Sub-division.

➤ In Hojai sub-division of Nagaon district, scrutiny of the records revealed that more than 1000 Hawkers were getting allocation of SKO till December 2006. But on physical verification by the Executive Magistrate during 20 and 21 June 2007 only 756 hawkers could be located and verified. This indicated that allocations were made in favour of invalid/ non-existent/ unauthorized hawkers without ascertaining their actual existence and were also allowed to lift SKO from the depot without any endorsement. Thus, the selling out of SKO to open market in a big way could not be ruled out.

➤ In sum, distribution of SKO to the FIC holders through both licensed and unlicensed retailers and hawkers at Government approved rate remained doubtful.

6.4 Distribution of Iodized Salt

Until August 2009, the allocation of iodised salt for lifting by the nominees was made by the Government. Subsequently, from September 2009, the allocations were made by the Director FCS&CA. However this violated the notification of August 2001 of FCS&CA Department, GOA, wherein the district and sub-division-wise allocation of iodised salt was to be made by the Director. Thus, due to the violation of its own notification by the Government, the Director was kept outside the entire process of allocation, lifting and distribution of iodised salt and failed to provide any information regarding movement of the same by the importers to the units of distribution.

Consequently, audit could not ascertain the distribution of iodised salt to the targeted beneficiaries. The Director accepted (October 2010) the audit observation.

6.5 Storage loss

Proper storage of foodgrain at all levels of procurement and distribution through FPSs plays an important role in successful implementation of PDS in addition to food security in the country as a whole.

Out of 31 WSCCs/GPSSs test-checked, adequate provision for storage of foodgrain were not there in six GPSSs and four WSCCs/GPSSs did not have their own godown and were functioning in rented godowns.



Unscientific storage and handling caused loss of PDS foodgrain in gambaribill GPSS (22 May 2010)



Easy accessibility of animals to Mancotta GPSS godown contributes to storage loss.

Test-check of the records of 31 GPSSs/WSCCs revealed storage loss of food commodities and SKO during 2005-10 to the extent of 826.42 quintals of rice worth ₹4.67 lakh¹³, 26.91 quintals of wheat worth about ₹0.16 lakh¹⁴, 90.94 quintals of sugar worth about ₹1.22 lakh¹⁵ and 120.83 litres of SKO worth around ₹0.10 lakh before being issued to FPSs. The highest storage loss of commodities, more than 100 quintals, during 2005-10 was noticed in the following GPSSs/WSCCs.

- i) Dibrugarh WSS Ltd.– 234.91 Qtls of APL rice for ₹1.95 lakh.
- ii) Sakti Ashram GPSS– 110.67 Qtls of APL rice for ₹0.92 lakh.
- iii) Kokrajhar sub-divisional WSCCs – 164.39 Qtls of APL rice for ₹1.36 lakh.

The aforesaid storage loss tantamounted to short issue of PDS commodities to the FPS owners with consequential short distribution to the beneficiaries. No action for replenishment of such losses was found to be taken by the FCS&CA authorities.

GPSS wise details of storage losses are furnished in *Appendix-VIII*.

¹³ At CIP (BPL) of ₹ 565.00 per quintal.

¹⁴ ₹ 610 .00 per quintal for wheat.

¹⁵ At CIP (₹ 1345.57 per qtl. of sugar and ₹ 8.66 per litre of SKO).

6.6 Convergence

In addition to the PDS, different Ministries of Government of India launched various food based welfare scheme as under from time to time to the same group of beneficiaries.

Sl. No.	Name of scheme	Launched by
1	Annapurna scheme for senior citizen of 65 years of age or above.	M/o Rural Development
2	Scheme for supply of foodgrain to hostels/welfare institutions (5 per cent of BPL allocation)	M/o Consumer Affairs, Food and Public Distribution.

Source: Annual Report 2008-09 of Food & Public Distribution, GOI.

Audit scrutiny of the records of the Director, FCS&CA and seven districts selected for audit, revealed that while making allocation of foodgrain under TPDS, the benefits to families/ persons eligible under the aforesaid food based schemes were not taken into consideration for fixing the scale of foodgrain to be provided and thereby these beneficiaries getting food articles under both PDS and other foodgrain based schemes could not be ruled out.

Summarily, the intended benefits were not reaching to the beneficiaries on account of persistent short allocation and short lifting of foodgrain at different levels. The existing practice of selling SKO through hawkers to non card holders was also adversely affecting PDS. Adequate storage provisions were not there in some of the societies that caused storage loss.

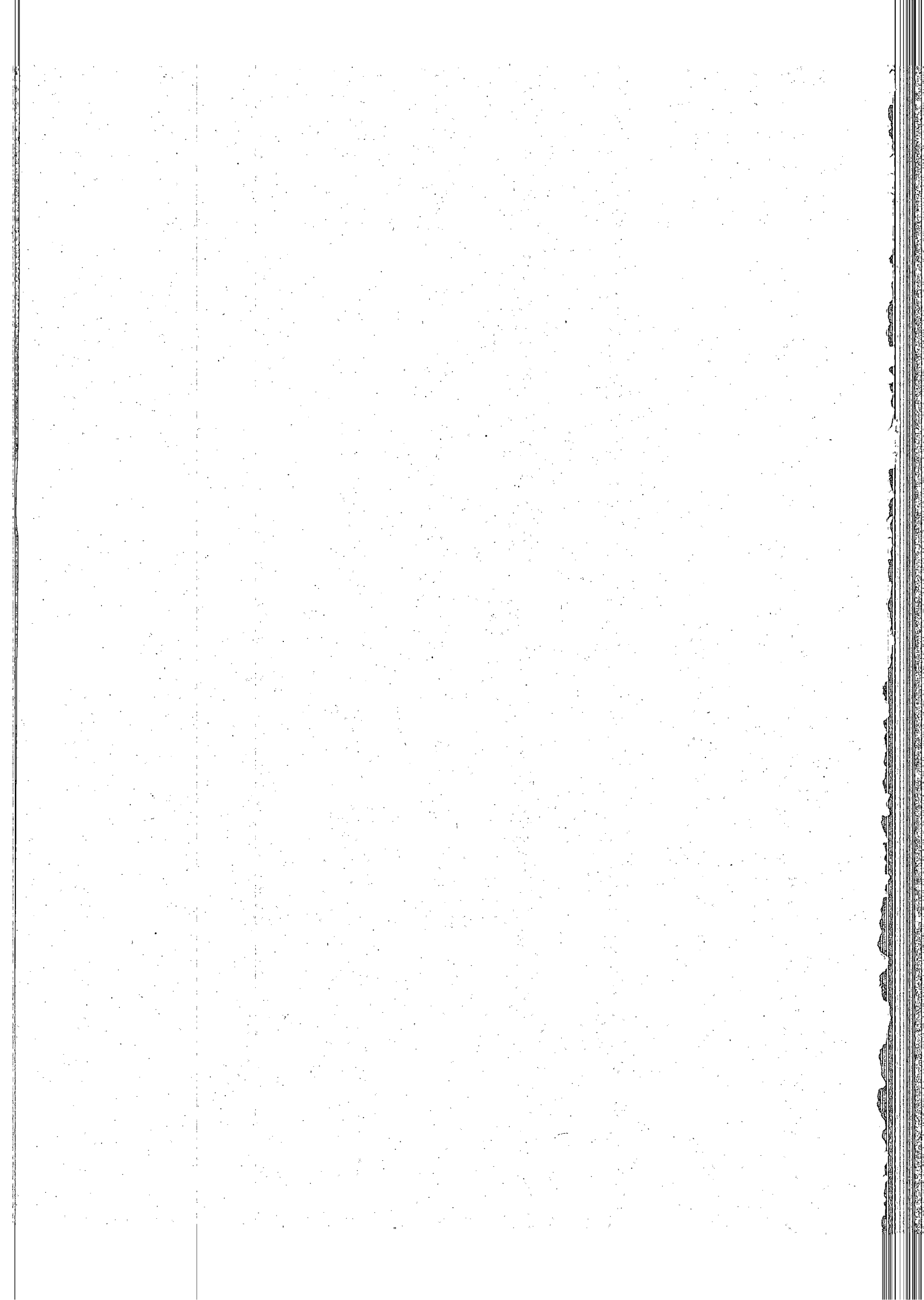
Recommendations

Allotment of wheat to millers needs to be reviewed and restricted to the extent of need of the beneficiaries.

The State Government should ensure adequate allotments by the Centre, full lifting of the allotted foodgrain and timely distribution of PDS items as per scale.

The system of distribution of SKO should be reviewed to ensure that there is effective control over its distribution to the designated price, time and quality.

CHAPTER-7



Chapter 7 Scale and Price of Foodgrain

7.1 Approved Scale

The main objective of the PDS is to ensure distribution of foodgrain to beneficiaries at a scale and price in a timely manner, as envisaged in the guidelines.

Initially in 1997, the scale of issue of foodgrain was 10 kg per family per month. Subsequently, the scale of issue under APL, BPL and AAY has been revised to 35 kg per family per month with effect from January 2002 with a view to enhancing the food security and liquidating surplus stocks of foodgrain in the Central Pool.

7.2 End retail price

7.2.1 Approved price

As per the guidelines of Government of India, the State Government was requested to keep the end retail price at FPS level with not more than 50 paise per kg towards margins for whole sellers /retailers, transportation charges, levies, local taxes etc. over the CIP (₹5.65 per kg) for BPL rice. However, the State Government fixed the end retail price ranging from ₹6.27 per kg to ₹6.56 per kg for plain areas and from ₹6.38 per kg to ₹6.67 per kg for hill areas depending upon the distance of FPSs from the notified lifter's (Co-operative Societies/GPSS) godowns. Thus, the end retail prices fixed by the State, were higher by ₹0.12 to ₹0.41 per kg for plain areas and by ₹0.23 to ₹0.52 per kg for hill areas than the price actually to be fixed as per GOI's guidelines. Thus, the beneficiaries were charged higher rates and the objective of allowing subsidy by GOI, particularly in respect of the poorest of the poor segment of beneficiaries, was diluted.

The images show four different stock boards:

- Top Left:** A board from 'मानकटा अमवाय समिति लि.' (Manakota Amvay Samiti Ltd.) with a table listing items like 'आटा/घेहूँ', 'केवाचिन', and 'अनाज'.
- Top Right:** A printed 'STOCK BOARD' for 'GAIGAN WHOLESALE CONSUMERS COOPT. SOCIETY LTD.' with a table listing 'RICE (BPL)', 'RICE (APL)', 'RICE (AAY)', 'K OIL', 'WHEAT BRAN', 'RICE (Mdm)', and 'LEVY SUGAR'.
- Bottom Left:** A board for 'M/S GAMBARIBIL S.S. LTD.' with a table listing 'U. SUGAR', 'RICE BPL', 'RICE A.A.Y.S.', 'WHEAT', 'ATTA', 'K.O. OIL', and 'RICE APL'.
- Bottom Right:** A handwritten 'STOCK BOARD' for 'M.K.C.S. 07-13/10' listing 'BPL RICE', 'AAY RICE', 'APL RICE', 'SUGAR', 'ATTA', 'S.K.OIL', and 'M.D.M.'.

Stock Boards with quantity and rate displayed by WCCSs/GPSSs

7.2.2 Selling price

Out of 120 test-checked FPSs, data in respect of selling price at FPS level could be obtained from 66 FPSs. Twenty seven to sixty three (41 to 95 per cent) FPSs were selling one or more PDS items at prices higher than the price approved by the State Government, as detailed in the table below:

Table - 1
Position of Higher Sale Price at FPS level

Commodity	Government approved rate (Maximum) (₹)	Sale Price of FPS (Maximum) (₹)	Percentage of higher selling price at FPS level	No. of test-checked FPSs selling at higher rate
1	2	3	4	5
APL Rice	9.43	11.00	17	48
BPL Rice	6.67	7.00	5	24
AAY Rice	3.00	4.00	33	41
Levy sugar	13.50	17.00	26	63
SKO	10.00	12.00	20	42
Atta	8.00	10.00	25	27

Source: FPS formats and records of the Director, FCS&CA, Assam.

Thus, the Department failed to ensure availability of PDS commodities even at the State Government approved rates, which is higher than the rate approved by GOI.

7.3 Scale of allocations

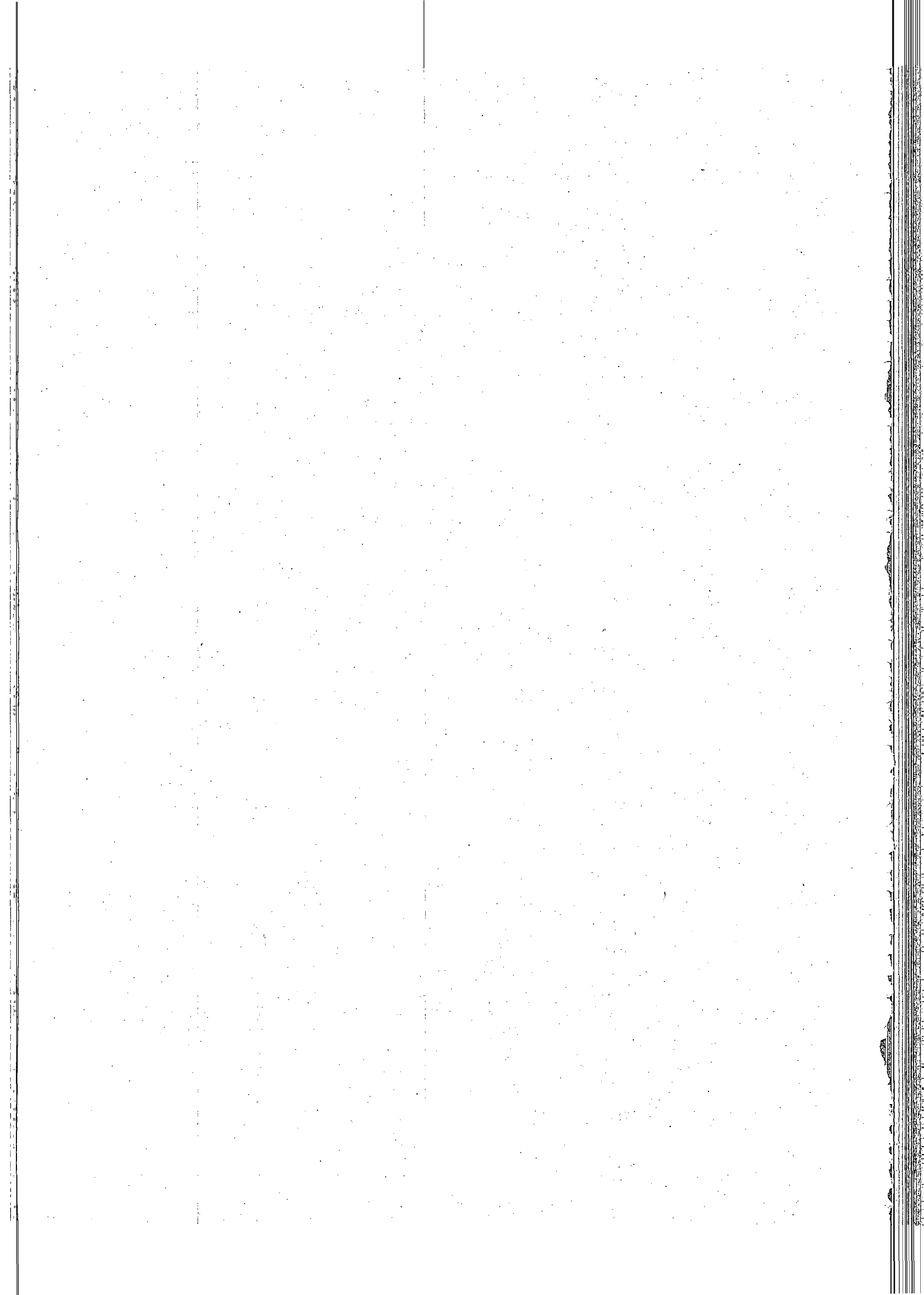
In Dibrugarh district, having a single sub-division, audit scrutiny of the records revealed that allotments at the rate of 11,050 quintals of APL rice per month were made by the Director to the district during the period from April 2008 to March 2010. The sub-divisional authorities, in turn, sub-allotted the quantity to the GPSSs/ WSCCs and to FPSs for rural and urban beneficiaries respectively. A detailed scrutiny of the above sub-allocations revealed that against the approved scale of allotment of 35 kg per family, the quantity allotted in urban and rural areas was 10.17 to 3.61 kg per family respectively. Thus, there was a large discrepancy not only with respect to approved scale but also in the scale of allocations amongst the rural and urban families. This resulted in a skewed distribution whereby the concerns relating to approved scale and equity in distribution were not addressed by the district/sub-divisional authorities.

In sum the rural populace was denied of the intended benefits of having PDS items at a correct scale and price in a timely manner.

Recommendation

The Government should ensure distribution of foodgrain to the beneficiaries at the prescribed scale and in a timely manner.

CHAPTER-8



Chapter 8 Infrastructure Development

8.1. Consumer Courts

Infrastructure developments play an important role in efficient implementation and functioning of any scheme. The successful implementation of PDS depends upon infrastructure development like consumer courts, godowns, Village Grain Banks (VGBs) etc.

Government of India, Ministry of Consumer Affairs sanctioned and released (1995-97) a sum of ₹2.80 crore for creation of infrastructure of consumer courts in the State, @ ₹50 lakh for the State Commission and ₹10 lakh each for 23 district fora.

Out of the total amount of ₹2.69 crore released by GOA, the Director, FCS & CA, had drawn and disbursed ₹2.44 crore for the State Commission and four district fora as detailed in the table below:

Table - 1
Release and expenditure incurred towards construction of Consumer Courts

(₹ in lakh)

Particulars	Released by GOA	Drawal & disbursement by Director, FCS&CA	Expenditure incurred	Remarks
State Commission	110.10 (3/06)	110.10 (3/06)	107.04	3.06 Kept in DCR
District Fora (6)	71.37 (3/96 to 5/09)	45.97 (3/07 & 3/09)	10.00	Released for 4 district fora UC for 10.00 received.
Joint Director, FCS&CA	87.93 (3/96 & 3/03)	87.93 Drawn in AC bill & kept in Revenue Deposit.	17.93	70.10 lying unutilized as Revenue Deposit.
Total	269.40	244.00	134.97	

Source: Information collected from the Director, FCS & CA, Assam.

Audit scrutiny of the records of the Director and the position shown in the table above revealed the following irregularities:

- Central assistance of ₹10.60 lakh (₹280 lakh – 269.40 lakh) was not released by the State even after lapse of 12 years.
- Out of the total release, ₹25.40 lakh (₹269.40 lakh – 244 lakh) could not be drawn by the Director for want of FOC¹.

¹ Fixation of Ceiling.

- Disbursed amount of ₹1.09 crore (₹244 lakh – 134.97 lakh) remained unutilized (February 2010).
- Excess expenditure of ₹74.87 lakh² over the sanctioned amount of ₹50 lakh on State Commission was unauthorisedly met from the fund meant for the district fora.
- GOA released funds for only six district fora against 23 sanctioned by the GOI. Four district fora were actually provided with funds by the Director, out of which only one district fora (Silchar) utilised the fund and completed construction of Consumer Court Building.
- Seven out of 23 district fora and the State Commission were functioning from rented buildings and a total expenditure of ₹27.42 lakh was incurred towards payment of rent during March 2004 to January 2010 with a committed liability of ₹13.96 lakh.

Thus, non-utilization of ₹145.03 lakh (52 per cent) of Central Assistance even after lapse of 13 years failed to yield the desired result.

8.2 Construction of Storage Godowns

Government of India sanctioned and released financial assistance of ₹5.23 crore and ₹3.43 crore during February 1997 to March 1999 and in March 2007 respectively for construction of 23 storage godowns (first phase: 19; second phase: 4).

Audit scrutiny revealed that in the first phase, where financial assistance was given on loan and subsidy basis (50:50), only 12 godowns could be completed, out of which two were constructed below approved capacity. Rest remained incomplete (under construction: 3 and yet to be taken up: 4).

In the second phase, where funds were released as Grants-in-aid, ₹3.42 crore was paid to Assam State Warehousing Corporation (ASWC) in February 2009 for construction of four godowns in Kamrup district for a total capacity of 18,000 MT and 24,000 Tea chests within 18 months from the date of sanction.

Audit scrutiny, however, revealed that only one godown at Amingaon could be taken up and expenditure of ₹45.10 lakh was incurred with physical progress of only 12.81 per cent (February 2010). Construction of other godowns was not taken up due to declaration of the sites as Green Belt, Water Body and unsuitable location.

² (₹107.04 lakh – ₹50 lakh) + ₹17.83 lakh = ₹74.87.

Thus, out of the total 23 godowns sanctioned, Government could construct only 12 godowns in a span of nearly 13 years from the date of sanctions. Hence, the very purpose of financial assistance for construction of godowns was frustrated and there was an adverse impact on availability of buffer stock required on account of topographical constraints and natural calamity.

The position of storage loss of various commodities is detailed in Paragraph 6.5.

8.3 Purchase of Mobile Van/ Truck

The scheme was intended to provide financial assistance to the State for purchase of mobile vans/trucks for distributing essential commodities in such areas where regular fair price shops are not feasible due to topographical constraints and floods during monsoon. Financial assistance under the scheme is released on subsidy and loan (50:50) basis and operation and maintenance cost etc., are to be borne by the State Government.

Audit scrutiny revealed that the disadvantaged and chronically food scarce areas, required to be identified for supply of food items under PDS through mobile vans / trucks, were not done by the Government (March 2010). It also revealed that GOI released ₹1.41 crore in 1998-99 for purchase of altogether 26 mobile vans/trucks of different capacities. Out of the said GOI release, GOA, however, sanctioned (March 2009) ₹1.39 crore for purchase of seven trucks of six MT capacity and 11 trucks of eight MT capacity without any release order (March 2010). During the exit conference (October 2010), the department accepted the fact.

Thus, failure of the State Government to utilize the Central Assistance frustrated the intended objective of providing door to door delivery of foodgrain in far flung and inaccessible areas. During exit conference the Department accepted the facts.

8.4 Village Grain Bank Scheme

Village Grain Bank (VGB) Scheme, which was also mandated by the National Common Minimum Programme, was launched (1996-97) with the objective to enhance accessibility to foodgrain of marginalized communities in chronically food scarce areas. Subsequently, it was expanded (October 2010) to include all willing and eligible BPL families as envisaged in the scheme.

Audit scrutiny of the records revealed that 100 VGBs were approved by GOA (September 2006) for setting up in various districts of Assam for which a total amount of ₹14.00 lakh (@ ₹14,000/- per bank) as cash component was released (March 2007) by the Director, FCS&CA. Out of 100 banks, only 67 banks were established in 21 districts incurring expenditure of ₹12.04 lakh and ₹0.94 lakh was kept in Deposit at Call Receipt

since March 2007. Balance ₹1.02 lakh was surrendered. UCs for only ₹6.20 lakh were received.

Thus, due to failure on the part of the State Government to set up and operationalise initially approved 100 banks, the State not only lost the opportunity of setting up another 300 banks proposed subsequently by GOI (2007-08), but also failed to enhance accessibility to foodgrain in chronically food scarce and vulnerable areas.

Further, scrutiny of records at field level i.e., 15 civil sub-divisions of seven test-checked districts revealed the following:

- 120 Qtls of rice lifted by Dibrugarh Co-operative Societies Ltd. in April 2009 was lying in stock unutilised as of May 2010 due to non-establishment of banks with required infrastructure.
- In Cachar district, rice @ 40 qtls per grain bank was released to only nine VGBs against the target of 27, while only a part of cash component @ ₹3,600 out of total amount of ₹14,000 per bank was released to these banks. The balance amount of cash component @ ₹10,400 per bank was lying in the form of DCR, thereby rendering the grain banks ineffective.
- As per Government approval, 280 Qtls of rice was lifted by PD, DRDA Sonitpur for distribution to seven VGBs in Sonitpur district. Details of distribution to the banks were however not on record. Moreover, reasons for surrendering (March 2008) cash component of ₹0.98 lakh meant for VGBs, received in March 2007, were also not on record.
- In Nagaon district, two VGBs were established (March 2008) on receipt of cash component of ₹14,000 per bank against four VGBs approved by the Department out of targeted nine VGBs. As regards lifting, issue and recoupment of rice in respect of approved four VGBs, no records could be shown to audit. The functioning of both the established banks was doubtful.

Thus, in the matter of infrastructure development e.g., construction of storage godowns, setting up of VGBs etc., required emphasis has not been given by the Government.

Recommendation

The Government should ensure implementation of infrastructure development schemes without delay.

CHAPTER-9

Chapter 9 Information and Public Awareness

For increasing the awareness of all stakeholders including consumers, the State Government needs to undertake related activities as well as to deal with the requests/complaints of general public under Right to Information Act, 2005.

9.1 Creating Consumer Awareness

GOI, Ministry of Consumer Affairs, Food and Public Distribution sanctioned and released (30 September 2006) ₹28.75 lakh for the State of Assam along with other 25 States/UTs for undertaking consumer awareness activities like display and dissemination of relevant publicity material during local festivals, involvement of Information and Public Relation Department and PDS outlets in the State; identification of village sign boards, wall paintings, hoardings in local language for displaying consumer awareness messages; organizing exhibitions, publishing and distribution of hand bills/pamphlets in local languages; imparting training to teachers etc.

Audit scrutiny of the records revealed that the GOA after keeping the fund unutilised for more than two years, released the amount (₹28.75 lakh) in February 2009 for 23 districts @ ₹1.25 lakh for consumer awareness activities. The Director, however, had drawn the said amount on 27 March 2009 and disbursed to 23 districts @ ₹1.25 lakh during July 2009 to September 2010.

As of September 2010, only 15 districts furnished utilisation certificates for the implementation of the awareness creation programme. Thus, abnormal delay in undertaking the consumer awareness activities even after availability of financial resources and partial implementation thereof was indicative of casual approach of the Government towards creating/increasing awareness about PDS amongst the stakeholders i.e., beneficiaries as well as the functionaries of the State Government.

9.2 Implementation of Right to Information Act (RTI), 2005

In order to promote transparency and accountability in the working of every public authority and also to ensure consumer's right to information regarding FPSs, entitlement, price, number of cards attached to shop etc. the Right to Information Act, 2005 came in force w.e.f. 12 October 2005. To deal with requests for information, one Joint Director, FCS&CA was designated as Central Public Information Officer (CPIO) in the State of Assam.

Audit scrutiny of the records of the Director, revealed that during the period 2006-09 (calendar year), 14 applications were received under the Act in connection with PDS, out of which information were furnished directly in six cases and seven cases were forwarded to appropriate authority for furnishing information and only one case

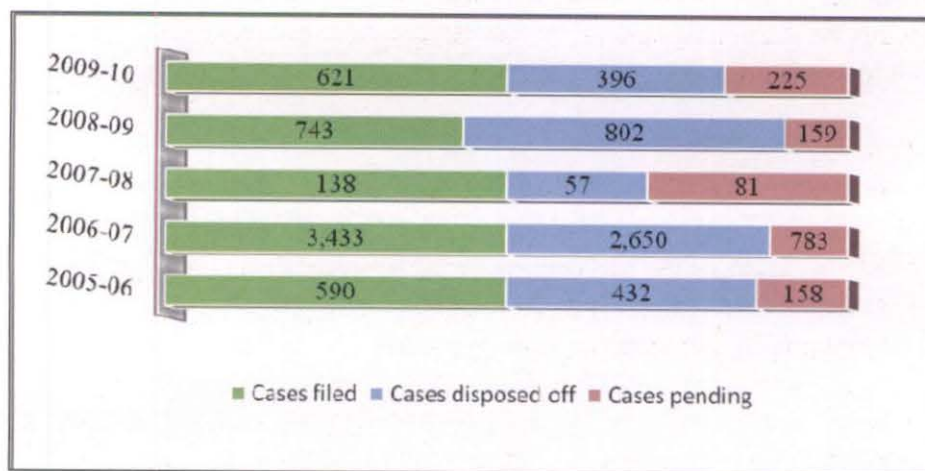
remained pending. The status thus indicated the failure in the campaign to make people aware of consumers' right to information.

9.3 Redressal of Public Grievances

In order to provide the latest information to the public on matters of the functioning of the Department of Food and Public Distribution, eight district fora were set up on permanent basis and 15 set up on part time basis in 27 districts (earlier 23) of the State.

The details of cases filed and disposed off in respect of PDS under the Act during 2005-10 are shown in the chart below:

Chart- 1



Source: Data collected from the Director, FCS & CA, Assam.

The reasons for delay/non-disposal of filed cases were attributed by the authority to be due to:

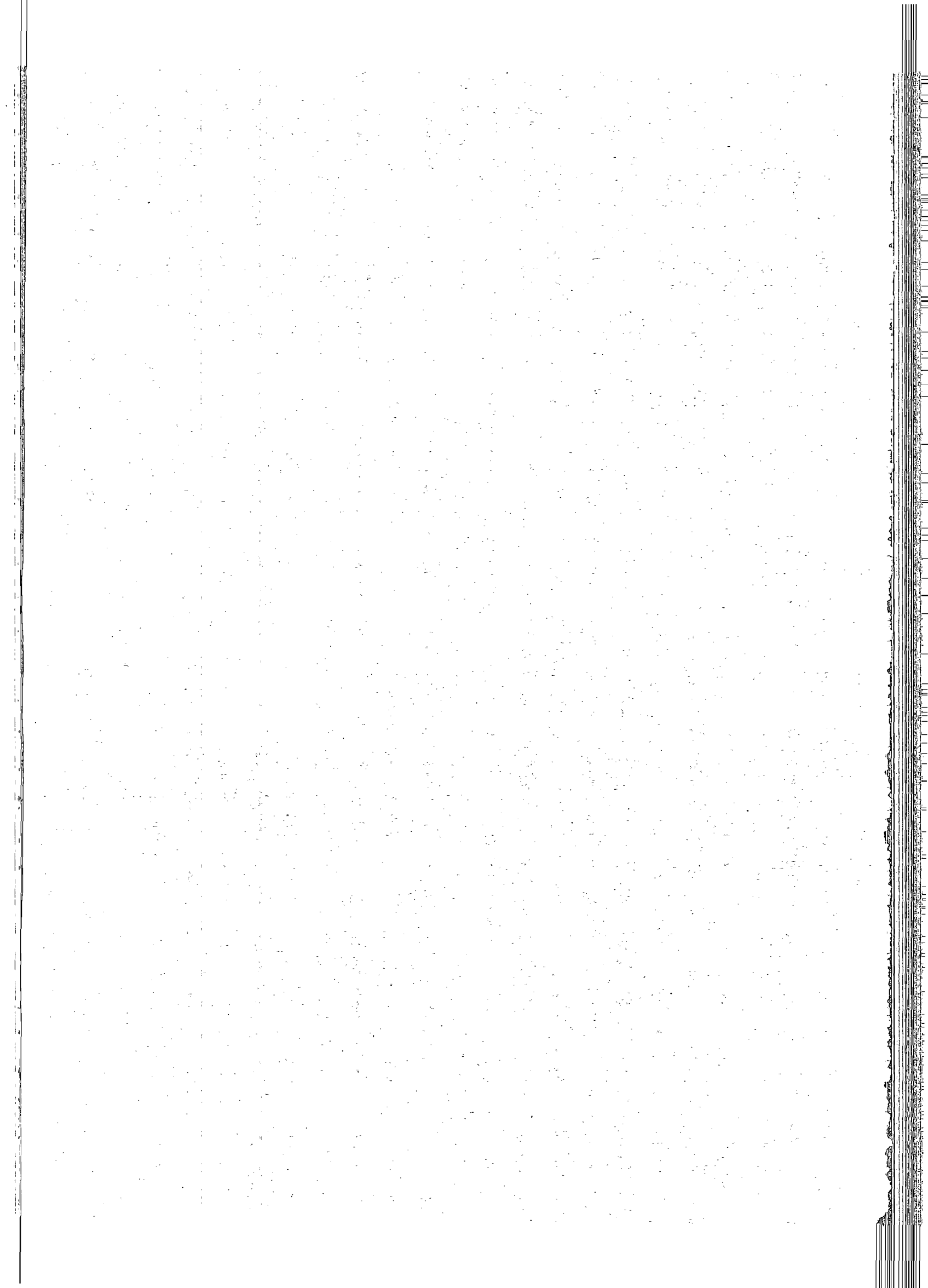
- (i) vacancy in the post of Judges;
- (ii) inadequate staff in district fora, and
- (iii) lack of persuasion by the Government Advocate.

In sum, the information and public awareness programme has not been given the importance as envisaged.

Recommendation

State Government needs to address the issue of public grievances effectively and ensure implementation of Consumer Awareness programmes.

CHAPTER-10



Chapter 10 Other Points

In course of performance audit on PDS various shortcomings, as noticed, are brought out in succeeding paragraphs.

10.1 Issue of controlled commodities to ineligible persons

As per the Public Distribution System (Control) Order, 2001, PDS commodities are to be distributed to the ration card holder through notified fair price shop only.

Audit scrutiny of the records for the years from 2005 to 2010 revealed that rice (APL) and Wheat (APL) were being issued to Tea Gardens, other Industries and to the State Police personnel for distribution amongst the employees of these industries against specific allotment made by the Director. The allotment of these commodities was made from the PDS (APL) quota of the State, with no separate allocation being made by the Centre for these categories of consumers. On the other hand, both the FCI (Hqrs), New Delhi and MoCAF&PD have clarified (July 2010) that no scheme to allocate rice and wheat to any business houses, groups of industries, religious organizations, trusts etc. was in existence and any such diversion of TPDS foodgrain (Rice/wheat) to any industry or groups of organizations (Tea Association) is contrary to the TPDS guidelines. As per records made available to audit 4,65,326 MT of APL rice, 59,217 MT of atta and 3,667 MT of sugar were allotted to these organizations. Year-wise position of allotment of various PDS commodities to Industries and Police Department are given in the tables below:

Table - 1
Position of allotment to Tea gardens and others¹

(In MT)

Commodities	2005-06	2006-07	2007-08	2008-09	2009-10	Total
APL Rice	94,661	1,04,328	65,312	91,200	91,200	4,46,701
Atta	2,217	NA	NA	NA	57,000	59,217

Source: Data furnished by the Director, FCS & CA, Assam.

Table - 2
Position of allotment to State Police Personnel

(In MT)

Commodities	2005-06	2006-07	2007-08	2008-09	2009-10	Total
APL Rice	5,501	5,880	2,444	2,400	2,400	18,625
Sugar	1,075	648	648	648	648	3,667

Source: Data furnished by the Director, FCS & CA, Assam.

¹ Private Industries.

As regards actual distribution at the end level by these Tea gardens and Police authorities, no record in support of distribution to the ration card holders was made available to audit. Thus the controlled commodities out of PDS quota were being issued to persons not having Ration Cards which was unauthorized, thereby depriving the genuine PDS (APL) beneficiaries of their entitlement.

In reply, the Director, FCS&CA accepted the fact and stated (July 2010) that the system of providing foodgrain to tea gardens was in existence since the decade of 1950 although the garden labourers were to be supplied ration by the managements at very concessional rates. In this connection it may be mentioned that the decision of State Government (June 2007) to bring the labourers under the ambit of PDS remained unimplemented (March 2010).

During exit conference, the Director stated (October 2010) that food items were allotted to tea gardens as per directives of the H'ble High Court. Scrutiny of the judgment dated 15 March 2010, however, revealed that the H'ble Court directed the GOA to file a further affidavit stating the reasons as to why the system of distribution invoke in the tea estates have been sought to be replaced through normal PDS scheme. No action in this regard was taken by the Government. As regards foodgrain issued to police personnel, the Director accepted the fact and stated (October 2010) that it would be verified.

10.2 Distribution through Special Permits

Audit scrutiny of the records of Kokrajhar sub-divisions revealed that during 2005-10, a total quantity of 38,607.41 qtls. and 4,988.35 qtls of APL rice valued at ₹ 3.52 crore and ₹ 0.41 crore² respectively were allowed to be lifted through special permits issued by the FCS & CA to welfare organisations and for police personnel, which suggests that distribution was made without ration cards in violation of PDS guidelines.

10.3 Engagement of Handling Agent for PDS (APL) rice

10.3.1 Appointment and operation of Handling Agent

i) Prior to 2005, the lifting responsibility of PDS items was entrusted with State Federation 'STATEFED'. Subsequently, the responsibility was withdrawn due to failure on the part of the federation on many fronts and GPSSs/WSCCSs were given the responsibility of lifting of PDS items from FCI godowns in general.

In Silchar sub-division of Cachar district, a private firm, M/s Jai Commercial Pvt. Ltd., Ramnagar, Silchar was appointed as the handling agent of STATFED, Silchar, in respect of 32 GPSSs, unlike that of other districts in Assam. The engagement of the firm was made on the recommendation of the Chairman, STAFED and Minister of

² At CIP of ₹ 830 per qtl.

State (Independent Charge), Co-operation and Tourism, Assam. The agreement between the two parties was signed on 28 April 2003, three months prior to the date of appointment of the firm as a whole-sale licensee, and extended subsequently (28 March 2005) upto 31 March 2008. The firm, however, started lifting allotted PDS (APL) rice from FCI, Silchar w.e.f May 2003 (April 2003 quota).

As per the terms and conditions of the agreement entered into, the handling agent paid ₹five per quintal to STATFED as administrative charge on lifting of PDS (APL) rice, over and above the approved CIP of ₹830 per qtl. Thus, the involvement of the handling agent in Cachar district, unlike in other districts of Assam, led to an increase in the cost of PDS (APL) rice (from ₹830 to ₹870 per quintal which included transportation cost and profit margin, at the GPSSs/WSCCs levels). This increased price was ultimately borne by the beneficiaries.

Although called (October 2010) for in audit, records in support of the approval of the Director, authorizing the appointment of the handling agent were not produced.

ii) Audit scrutiny further revealed that there was accumulated balance of 1,85,310.98 quintals of undelivered rice with the handling agent, as of May 2006, for which approval was sought for by the handling agent from the district authority for disposal of the same in the open market. The Deputy Commissioner, Cachar, permitted 1,80,226.84 quintals, valued at ₹14.96 crore³ of this undelivered rice to be disposed off in the open market through free sale without inviting any open tender as is the usual procedure followed by FCI. Out of this quantity, the firm disposed off 13,447.22 quintals, valued at ₹1.12 crore⁴ to private business enterprises and individuals through free sale during October 2006 to November 2007. The total sale proceeds of this quantity of rice was ₹1.15 crore (@ ₹855 per quintal). Whereabouts of the remaining 1,71,863.76 quintals⁵ of PDS (APL) rice valued at ₹14.26 crore (at CIP price) was not stated to audit.

Further, a number of GPSSs of Katigorah Circle of Silchar sub-division had intimated the Deputy Commissioner, Cachar (application no. NIL dated 9 May 2006) that introduction of handling agent forced the beneficiaries to procure rice from the open market due to a hike in price of PDS rice as well as receipt of poor quality of rice from the handling agent. Thus, apart from defeating the very purpose (avoiding lapse in lifting of bulk quantities of PDS - APL rice by the GPSSs) for which the firm was appointed as the handling agent, the APL beneficiaries of the 32 tagged GPSSs were deprived of their legitimate quota of rice, due to disposal of the undelivered quantity of lifted PDS (APL) rice by the handling agent in the open market through free sale.

In Silchar Whole Sale Co-operative Society Ltd. (SWCS), the Deputy Commissioner, Cachar allowed (during July 2005 to February 2009) 6,460 quintals of PDS (APL)

³ at CIP of ₹830 per qtl.

⁴ at CIP of ₹830 per qtl.

⁵ (1,80,226.84 - 13,447.22) + (1,85,310.98 - 1,80,226.84)

rice valued at ₹53.62 lakh for disposal through free sale in the open market out of a total quantity of 6,960 quintals of undelivered quantity valued at ₹57.77 lakh⁶, lying with it during April 2005 to February 2009. Of this quantity allowed for disposal, 1,160 quintals were re-allotted amongst the Fair Price Shops under SWCS. Whereabouts of the remaining 5,800 quintals⁷ valued at ₹48.14 lakh were not on record. During exit conference (October 2010), no comment in this regard was offered.

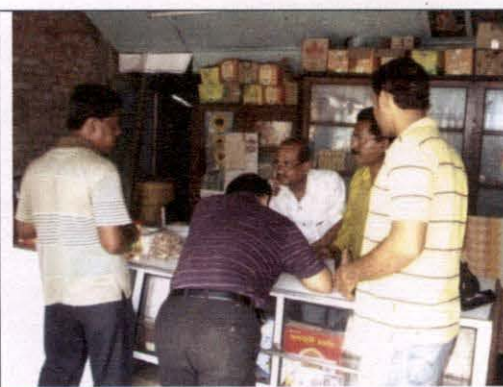
10.4 Implementing Tiers

10.4.1 FPS level

Six out of 120 selected FPSs could not produce the basic records. Audit scrutiny of available records however revealed as under:

➤ 33 FPSs (28 per cent) were not having the position of category-wise PDS beneficiaries (APL, BPL & AAY), whereas the lists of BPL and AAY beneficiaries particularly are to be displayed prominently as laid down in the “Responsibilities and Duties” set for the FPS owners.

➤ PDS commodities were not lifted by 64 FPSs (53 per cent) within the stipulated date of 20th of the month of allocation resulting in delay in distribution of foodgrain to the beneficiaries within the specified time.



FPS records checking in Nagaon (7 April 2010).

10.4.2 GPSS level

Audit scrutiny of the records of 31 WSCCs/GPSSs selected for test-check revealed that the records of allocation, lifting and issue/sale to FPSs were maintained (i) for the entire period of five years (2005-10) under review by nine GPSSs in respect of APL rice and by 15 GPSSs in respect of BPL and AAY rice, (ii) for four years during 2006-07 to 2009-10 by 10 GPSSs in respect of APL rice and by six GPSSs in respect of BPL



Inspection of GPSS (Saktia Ashram)

⁶ At CIP of ₹ .830 per qtl.

⁷ (6,960 – 6,460) + (6,460 – 1,160) = 5800 quintals.

and AAY rice. For the remaining number of GPSSs, records were maintained neither properly nor uniformly.

Scrutiny of the records in respect of the GPSSs mentioned above revealed that issue/sale of rice to FPSs with respect to allocations varied between 87.88 to 98.36 per cent for APL rice; 90.36 to 98.79 per cent in respect of BPL rice and 95.05 to 98.56 per cent in respect of AAY rice. The short issue was revealed to be due to short lifting and damage of foodgrain as detailed in the table below.

Out of 31 GPSSs test-checked, basic records showing position of allocation, lifting and distribution of PDS commodities, list of FP shops tagged with them were not made available to audit for scrutiny in five⁸ GPSSs/WSCCs, pertaining to different periods between 2005-10, which included Joypur GPSS in Cachar district whose records were found to be seized by Bureau of Investigation of Economic Offences, Assam.

Table - 3
Status of Allocation, lifting and issue of foodgrain in respect of 31 GPSSs test-checked

Period	No. of GPSSs	Category	Allocation	Lifting	Issue/sale to FPSs
2005-10 (5 years)	9	APL	35,173.82	31,200.94 (88.71)	30,909.01 (87.88)
	15	BPL	55,169.82	54,773.48 (99.28)	54,501.28 (98.79)
	15	AAY	30,950.56	30,542.67 (98.68)	30,505.15 (98.56)
2006-10 (4 years)	10	APL	18,911.31	18,738.99 (99.09)	18,601.94 (98.36)
	6	BPL	31,039.20	28,202.82 (90.86)	28,047.77 (90.36)
	6	AAY	17,743.19	16,829.28 (94.85)	16,865.25 (95.05)

Note: Data /information furnished in incomplete form and /or for less than 4 years' by the GPSSs were not taken in the above table.

Thus, short lifting and short issue of food commodities to FPSs ultimately resulted in short distribution by the FPS owners to actual beneficiaries.

10.4.3 Sub-division level

Scrutiny of records of 15 sub-divisions of seven selected districts revealed the following weaknesses in implementation of PDS:

- 25 (23 per cent) out of 111 sanctioned posts of Inspector and Sub-Inspector for carrying out monthly inspection of each and every FPS and GPSS remained vacant.

⁸ (1) Meherpur Krishnapur Co-operative Society, Cachar; (2) Sepon GPSS, Dibrugarh; (3) Chalchali GPSS, Nagaon; (4) Batadraba GPSS, Nagaon and (5) Guwahati WSCCs.

- 468 and 59 licenses were suspended and cancelled respectively by routine inspections of sub-divisional authorities carried out intermittently in FPSs and GPSSs.
- Payment of transportation cost of AAY rice to the tune of ₹2.27 crore pertaining to 2006-10 remained outstanding in eight of the 15 test-checked sub-divisions. Position of balance seven sub-divisions was not available.
- Monthly certification by Gaon Panchayats/Local Bodies on the functioning of FPSs was done in only five⁹ of the 15 test-checked sub-divisions.
- Action on display of 'Model Citizen Charter' was taken in only three¹⁰ sub-divisions.
- Against the norms of formation of a vigilance committee in each sub-division and holding quarterly meetings, only twelve sub-divisions formed Vigilance Committees and only 45 meetings (19 *per cent*) were held during 2005-10.
- There were shortfalls in lifting of PDS food items by the notified lifters at sub-division level which ranged from 0.46 to 96.26 *per cent* and thereby adversely affected the scale of distribution to the beneficiaries.

10.5 Maintenance of basic records and Computerization

Basic records/registers showing position of allotments, lifting and distribution of PDS commodities, FICs, UCs, various reports/returns etc., were not maintained properly at all levels of FPS, GPSS/WSCCS and sub-divisional level. Computerization of TPDS operation by the National Institute of Smart Government (NISG) under 11th Plan, with approved allocation of Planning Commission, was yet to be done (October 2010). In some cases, basic records were found to be maintained without any authentication by competent authority. Due to improper maintenance/non-availability of records, audit could not collect/collate some of required data/ information and subject it to scrutiny for its observations with certitude.

Improper maintenance of basic records is indicative of lack of effective monitoring, which adversely affected adoption of necessary remedial measures.

10.6 Sensitivity to Error Signals

Reviews on "Functioning of PDS in Assam" and on "Food Security and Management of Food Grain in Assam" had featured in the Reports of the Comptroller and Auditor

⁹ 1.Biswanath, 2.Gohpur, 3.Hojai, 4.Kamrup metro and 5.Tezipur.

¹⁰ 1.Bongaigaon sadar, 2.Hojai and 3. Kaliabor.

General of India (Civil) for the years ended 31 March 1999 and 31 March 2006. The reviews, among other deficiencies, had pointed out the following:

- Irregularities in identification of beneficiaries.
- Irregularities in issue of ration cards.
- Shortfalls in lifting of foodgrain.
- Diversion of PDS commodities.
- Lack of quality control, monitoring and evaluation.

Despite these being pointed out, the Department did not initiate suitable action to rectify the deficiencies. Further, no concrete action was found to have been taken by the Department on the points raised by NCAER on the evaluation of PDS programmes conducted during 2006-07. This indicated lack of sensitivity to error signals.

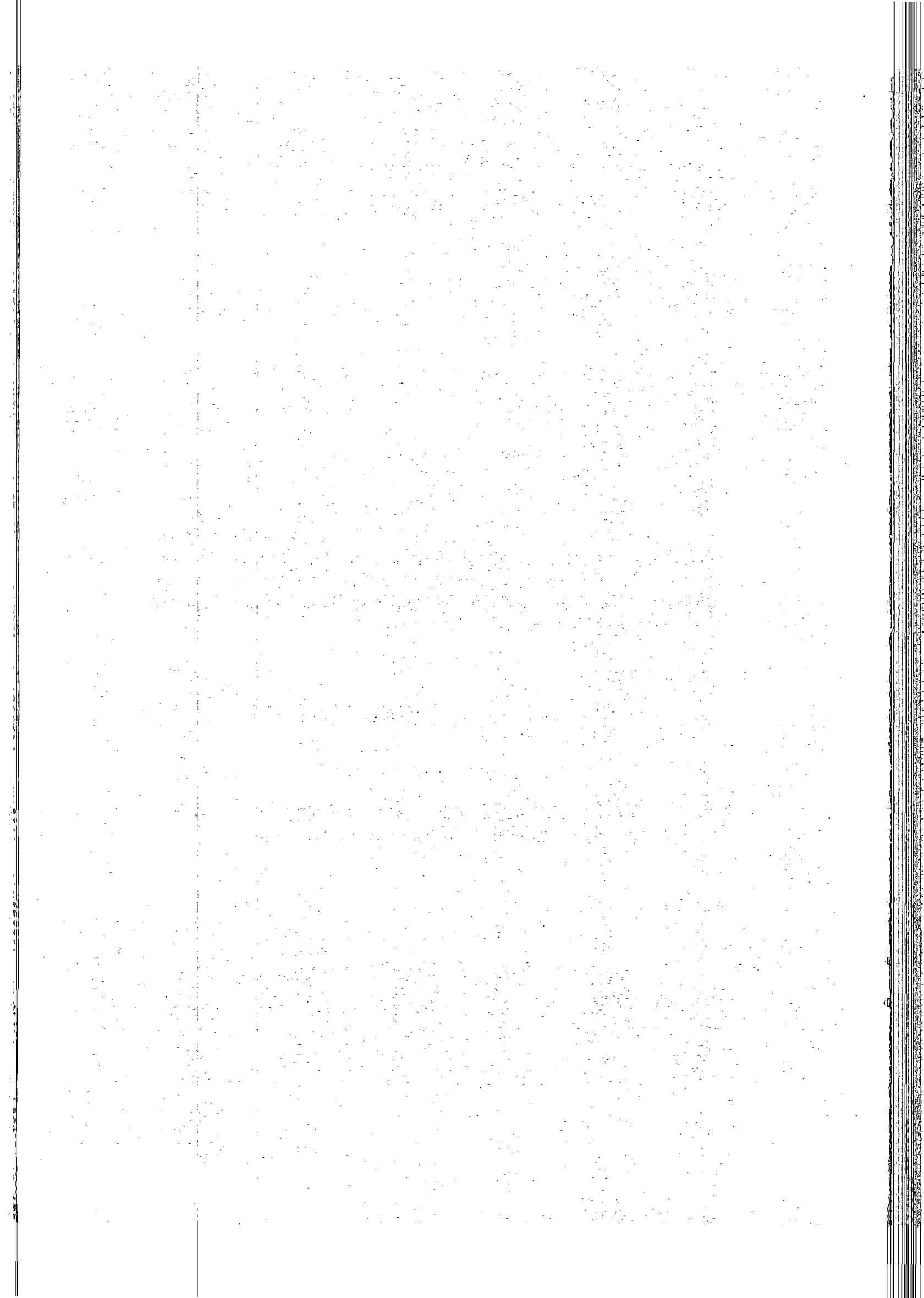
In essence, due to failure on the part of the Department to ensure effective monitoring mechanism, serious irregularities were committed at field levels. Non-payment of transportation cost of AAY rice to GPSSs/FPSs was one of the contributing factors of short-lifting of PDS commodities and resultant short distribution to the poorest section of beneficiaries

Recommendations

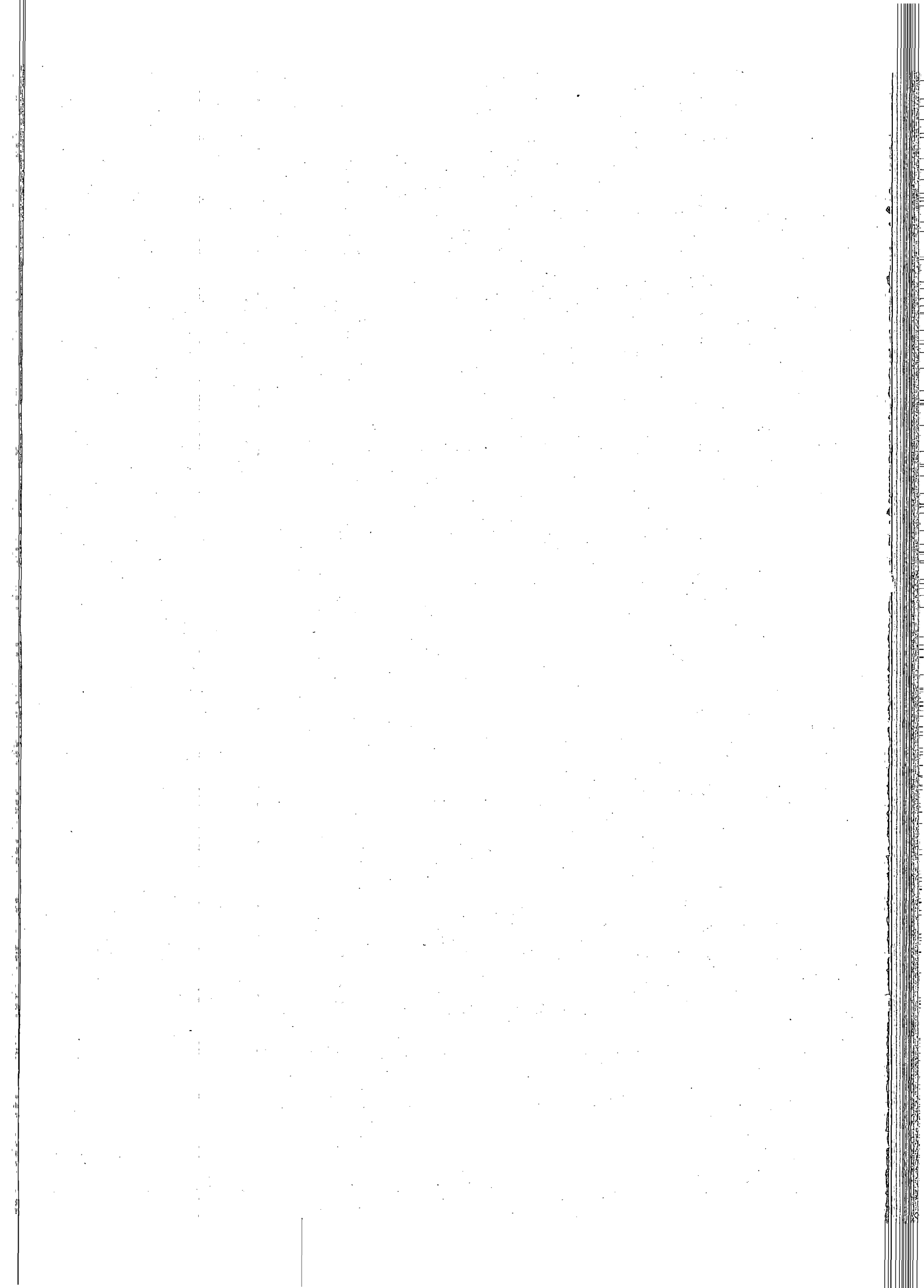
Government should ensure proper maintenance of key records at State, sub-divisions, GPSS and FPS levels.

Reimbursement of transportation cost of AAY rice should be made without delay.

The Government should ensure proper investigation in all cases of diversion including open market sale of foodgrain, excess/short off-take of foodgrain.



CHAPTER-11



Chapter 11 Monitoring Mechanism

As envisaged in the PDS Control Order, 2001, the State Government shall ensure periodic system of reporting and monitoring, regular inspection and meeting of vigilance committees at State, district, block and FPS levels. Audit scrutiny revealed that submission of reports and returns, functioning of vigilance committees, inspection of FPSs etc., were far from satisfactory as discussed in the following paragraphs.

11.1 Returns/Utilisation Certificates (UCs)

According to the PDS (Control) Order 2001, the State Government should furnish UCs as per prescribed proforma within two months from the date of allocation, failing which future allocation of foodgrain would be curtailed. For this purpose fixed time schedule and formats of returns were prescribed as under:

- FPS to district authorities – 7th of the following month of allocation in Form A.
- District authority to State Government – by 15th of the following month (Form B).
- State Government to the Central Government– at the end of the following month (Form C).

Instead of following the prescribed procedure, the State to arrive at the monthly position of lifting and distribution compiled the monthly returns from the FPSs and GPSSs/WSCCs, after compilation at sub-divisional levels, are sent to Director, FCS&CA for compilation to bring out the state level position and for intimation to State Government and onward transmission to the GOI. Test-check however, revealed that out of 120, only 30 FPSs (25 *per cent*) were submitting monthly returns and that too not on regular basis. None of the 31 test-checked WSCCs/GPSSs was submitting monthly returns regularly. At the sub-divisional level six out of 15 were not submitting returns.

Director, FCS&CA in his report (June 2009) to the Government stated that most of the district/sub-divisions were not submitting the mandatory monthly returns and Director after compilation of the few returns received, arrived at the monthly state figure by collecting information from the remaining districts.

- Audit scrutiny of utilization certificates submitted by the Director, FCS&CA for the period from April 2005 to November 2009 revealed the closing balance of September 2007 was not correctly carried forward to the opening balance of October 2007 resulting in a discrepancy of 7.81 lakh MT of PDS commodities as detailed in table – 1.

Table - 1
Position of discrepancy in closing and opening stock balances

(Quantity in MT)

Sl.No.	Commodity	Closing Balance of September 2007	Opening Balance of October 2007	Difference	Rate (₹ per MT) (CIP)	Amount (₹ in crore)
1	APL Rice	1,85,706.00	3,774.32	1,81,931.68	8,300	151.00
2	BPL Rice	3,34,715.30	4,867.06	3,29,848.24	5,650	186.36
3	AAV Rice	1,29,254.60	3,353.65	1,25,900.95	3,000	37.77
4	Wheat	1,45,009.00	1,702.02	1,43,306.99	6,100	87.42
Total				7,80,987.85		462.55

Source: Returns/UCs furnished to Government by the Director, FCS & CA, Assam.

In reply (July 2010) the Joint Director, FCS&CA submitted a revised statement wherein the earlier quantity of PDS commodities shown distributed (1.14 lakh MT) in October 2007 was enhanced to 8.95 lakh MT and thus adjusted the discrepancy. Audit analysis, however, revealed that the monthly quantity of PDS commodities distributed during the year in other months ranged between 0.87 lakh MT to 1.60 lakh MT. The reply is therefore, not tenable as the quantum of distribution during October 2007 was abnormally high and unrealistic too.

- Audit scrutiny further revealed that there were discrepancies in Opening/closing balances totaling 413.98 qtls of PDS rice valued at ₹ 3.44 lakh¹ during 2009-10 in a co-operative society².

Thus, the veracity of the State Government figures of lifting and distribution of PDS Commodities maintained by the State and intimated to the GOI was doubtful. Besides there were delays in submission of UCs to the Central Government ranging from 19 to 111 days in the months of April 2005, October 2006, October-December 2007, January 2008 and April 2008.

11.2 Inspection of GPSSs/FPSs

According to PDS (Control) Order, 2001, the inspecting officers of the district /sub-divisions were to inspect each FPS at six month's interval. Records of 15 test-checked sub-divisions showed that inspections were not carried out as per norms as detailed in *Appendix-IX*.

Against 1,09,390 inspections to be carried out in five years actual inspections were only 4,878 (4 per cent). The few inspection carried out resulted in suspension and cancellation of PDS licenses as commented in Paragraph 10.5.3.

¹ At CIP of ₹ 830 per qtl.

² Godown No.2 of Dibrugarh Co-operative Whole Sale Society Ltd.

11.3 Vigilance Committee

According to PDS (control) Order, 2001 and guidelines issued by the State Government, periodicity of meeting of the Vigilance Committee for Public Distribution System at the State, district/sub-division, GPSS and FPS levels (for a group of 10 to 20 FPSs) shall not be less than one meeting in a quarter during a year. Accordingly, four meetings each, at State, district/sub-divisions, GPSS and FPS level were to be held in each year.

The periodicity of meetings to be held was subsequently changed (w.e.f. 2007-08) from quarterly to monthly in respect of FPSs and once in two months in respect of GPSSs and sub-divisional levels. No records in respect of quarterly reviews conducted by State level Vigilance Committee were furnished to audit. The position of setting up of VCs and number of meetings held at various levels in 15 selected sub-divisions for the years 2005-10 was as under:

Table - 2

Position of Vigilance Committees set up and Meetings held for the years 2005-10

Year	No. of VCs		No. of Meetings	
	Required	Existed	Required	Held
A) Sub-Divisional level (14/15 nos.)				
2005-06	14	4	56	4
2006-07	15	9	60	10
2007-08	15	8	90	17
2008-09	15	7	90	7
2009-10	15	7	90	6
B) GPSS level (248 nos.)				
2005-06	248	42	992	7
2006-07	248	98	992	91
2007-08	248	154	1,488	150
2008-09	248	136	1,488	205
2009-10	248	108	1,488	133
C) FPS level (10939 nos.)				
2005-06	1,094	334	4,376	81
2006-07	1,094	362	4,376	112
2007-08	1,094	808	13,128	245
2008-09	1,094	621	13,128	262
2009-10	1,094	719	13,128	412

Source: Compiled data from Sub-Divisional level formats.

The above table shows that there was a huge shortfall in respect of number of VCs formed and periodical meetings held at all levels against the norms. Thus, the system to monitor information relating to lifting, distribution of food grain under TPDS, for reviewing the overall functioning of the scheme to rectify lapses and other deficiencies, if any, was largely non-functional.

In reply, the Director stated (July 2010) that necessary guidelines were issued to constitute vigilance committees at all levels and that no State level vigilance and monitoring committee existed.

11.4 FPS Committee

GOI envisaged formation of FPS Committee by Gaon Panchayat for inspecting the FPS records to watch functioning of FPS and the FPS's Committee report was to be placed before a larger body for onward transmission to State Government for taking necessary action.

Audit scrutiny revealed that out of 15 test-checked sub-divisions, FPS committees were formed in 13 sub-divisions. Against 8,385 committees to be formed during 2005-10 there were only 797 committees in existence.

As for reports to be furnished by the committees, no records were shown to audit which indicated that the PRIs were not involved in the functioning of TPDS to bring in transparency in PDS.

11.5 Area Officers' Scheme

For regular and effective review and monitoring of the TPDS in the States, Officers of the rank of Deputy Secretary, Director or equivalent rank are to be nominated as Area Officers for the states by GOI to provide a mechanism to co-ordinate with the State Governments, under the Area Officers' Scheme, launched by the GOI in February 2000 with broad features as under:

The Area Officers were required to visit two districts of their allotted territories once in a quarter and review the functioning of the TPDS and to submit report within 10 days bringing out issues, findings alongwith recommendations on actionable points and sent to the Secretary of State Government for taking remedial action towards smooth functioning of the TPDS.

No records pertaining to Area Officers' Scheme for the State of Assam, however, was produced to audit by the Director as the scheme remained unimplemented in the State.

11.6 Concurrent Evaluation of TPDS

Concurrent evaluation of TPDS by the D/O Food and Public Distribution, M/O CA, F&PD, GOI was taken up in Assam alongwith 25 other States and UTs and the study was awarded to National Council of Applied Economic Research (NCAER) in January 2006 to ascertain the functioning of PDS. The evaluation was done in 2006-07 and various points raised by NCAER, on Performance of PDS. No other evaluation was taken up by GOA during 2005-10.

In view of the observations made in the report of NCAER, all the Deputy Commissioners/Sub-Divisional Officers and Food, Civil Supplies & Consumer Affairs Branch Officers were directed to look into the shortcomings pointed out and

take corrective measures. However, no records were made available to audit in regard to action taken. No comment was also made in the exit conference (October 2010).

11.7 Quality control

One of the primary objectives of PDS is that the foodgrain distributed to consumers are of Fair Average Quality (FAQ) and are fit for human consumption.

As per PDS (Control) Order, 2001, the representatives of the State or their nominees and FCI should conduct joint inspection of the stock intended for PDS to ensure that the quality of foodgrain conformed to the prescribed quality specification. To address the issue of sub standard foodgrain, GOA also decided (July 1998) that sample foodgrain would be drawn jointly by the officials of FCS&CA department and FCI local authority at the time of delivery for quality checks/analysis.

However, none of the 15 test checked sub-divisions could furnish any evidence of availability of laboratory testing facilities and quality checks therein to safeguard against bad quality of foodgrain being delivered to beneficiaries.

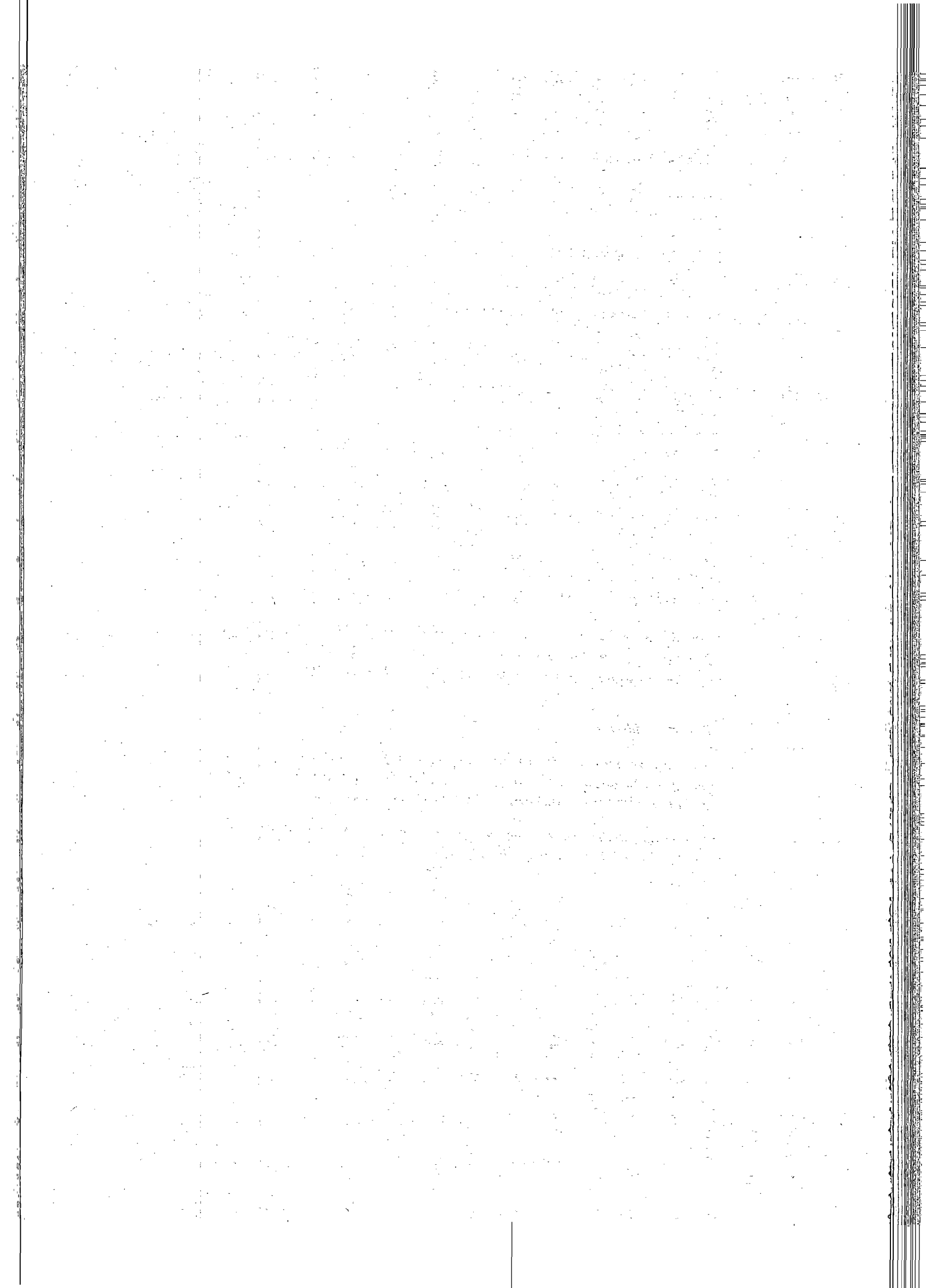
Thus, there was no assurance about issue of good quality of foodgrain conforming to the standard as laid down under the Prevention of the Food Adulteration Act, 1954.

There was no system of evaluation of the implementation of the programme through regular internal control mechanism and meaningful monitoring including implementation of Area Officers' Scheme of GOI.

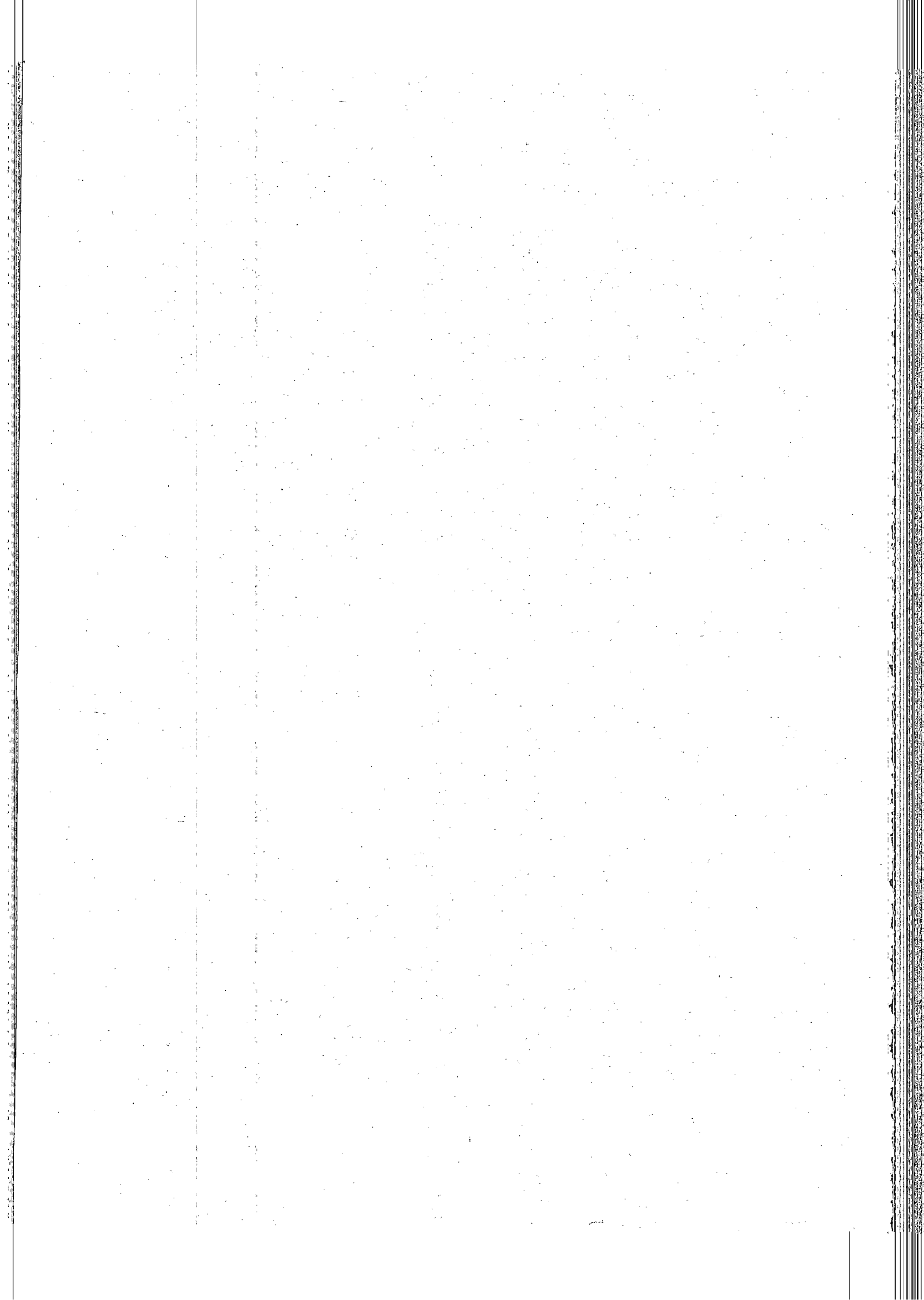
Recommendations

The Government should ensure strengthening the monitoring of the distribution of foodgrain through regular inspection including inspection by district level officers, vigilance committees and Government of India's Area Officers.

Necessary quality control checks need to be exercised to ensure distribution of foodgrain of fair average quality.



CHAPTER-12



Chapter 12 Conclusion

The Department neither conducted any survey for identification of beneficiaries nor the survey conducted by P&RD (1998-99) or the status as of September 2007 as per BPL census of 2002 was taken into consideration while selecting the beneficiaries. The eligible families were denied and ineligible families received benefits under the scheme due to old and inaccurate data of identified beneficiaries. Distribution of Ration Cards (FICs) to APL families did not take place as envisaged resulting in distribution of foodgrain to non-targeted beneficiaries without ration card. There was consistent short lifting under the scheme with regular diversion of foodgrain to open markets, affecting the programme implementation. Monitoring was deficient and no evaluation took place. In the absence of proper documentation at FPS level i.e., due to lack of evidencing, position of distribution at the end level could not be ascertained. On account of deficient checks by Vigilance Committees and designated officers of the department and also due to lack of quality control, audit could not ascertain the quantity and quality of foodgrain distributed. There were inadequate storage provisions in some of the societies causing storage loss of foodgrain, affecting the chain and timeliness of distribution and quality of foodgrain. Thus, the basic objective of ensuring food security amongst the targeted population remained largely unfulfilled in Assam.



(Mukesh P. Singh)

Principal Accountant General (Audit), Assam

Guwahati

The 24 JAN 2011

Countersigned

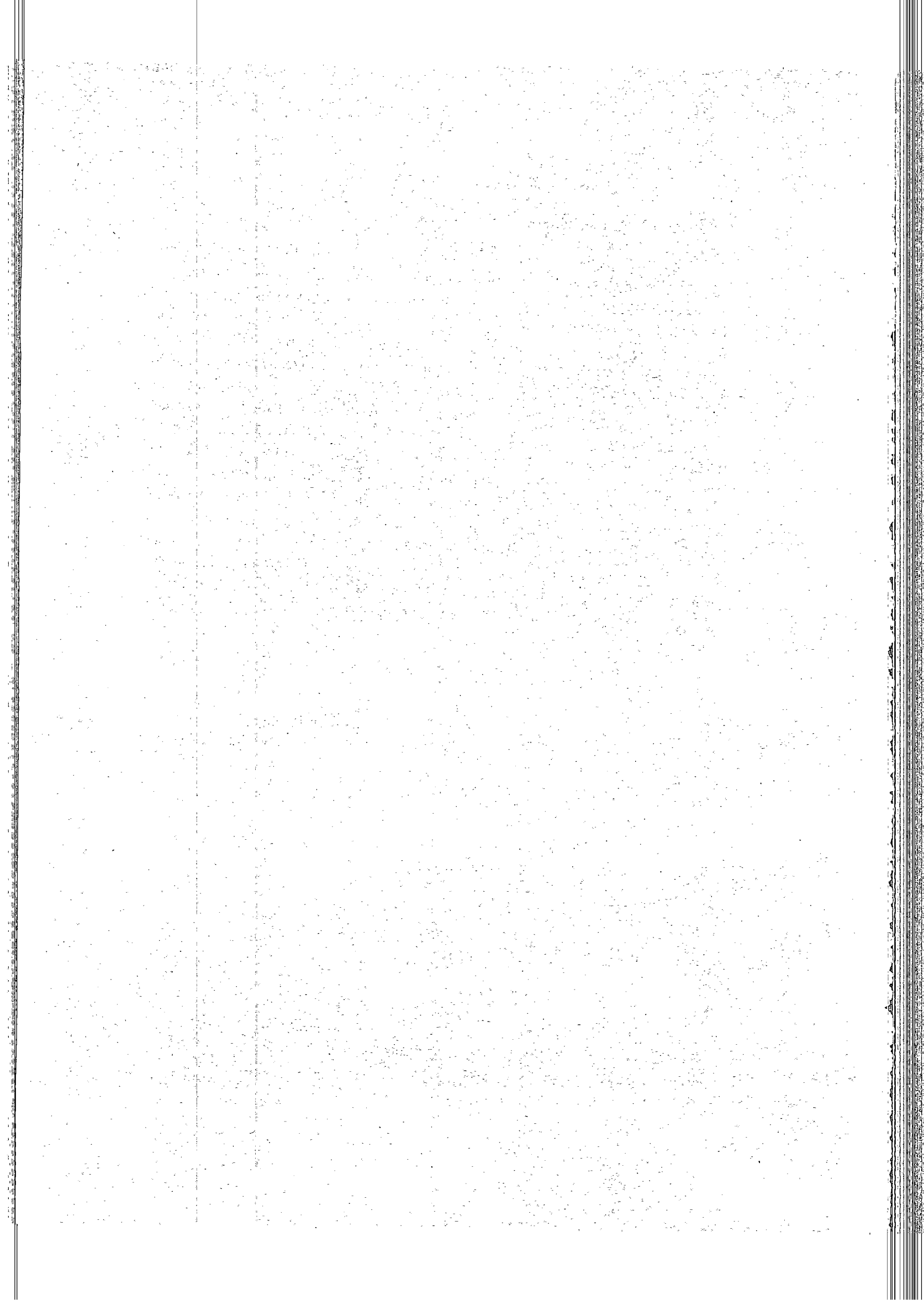


(Vinod Rai)

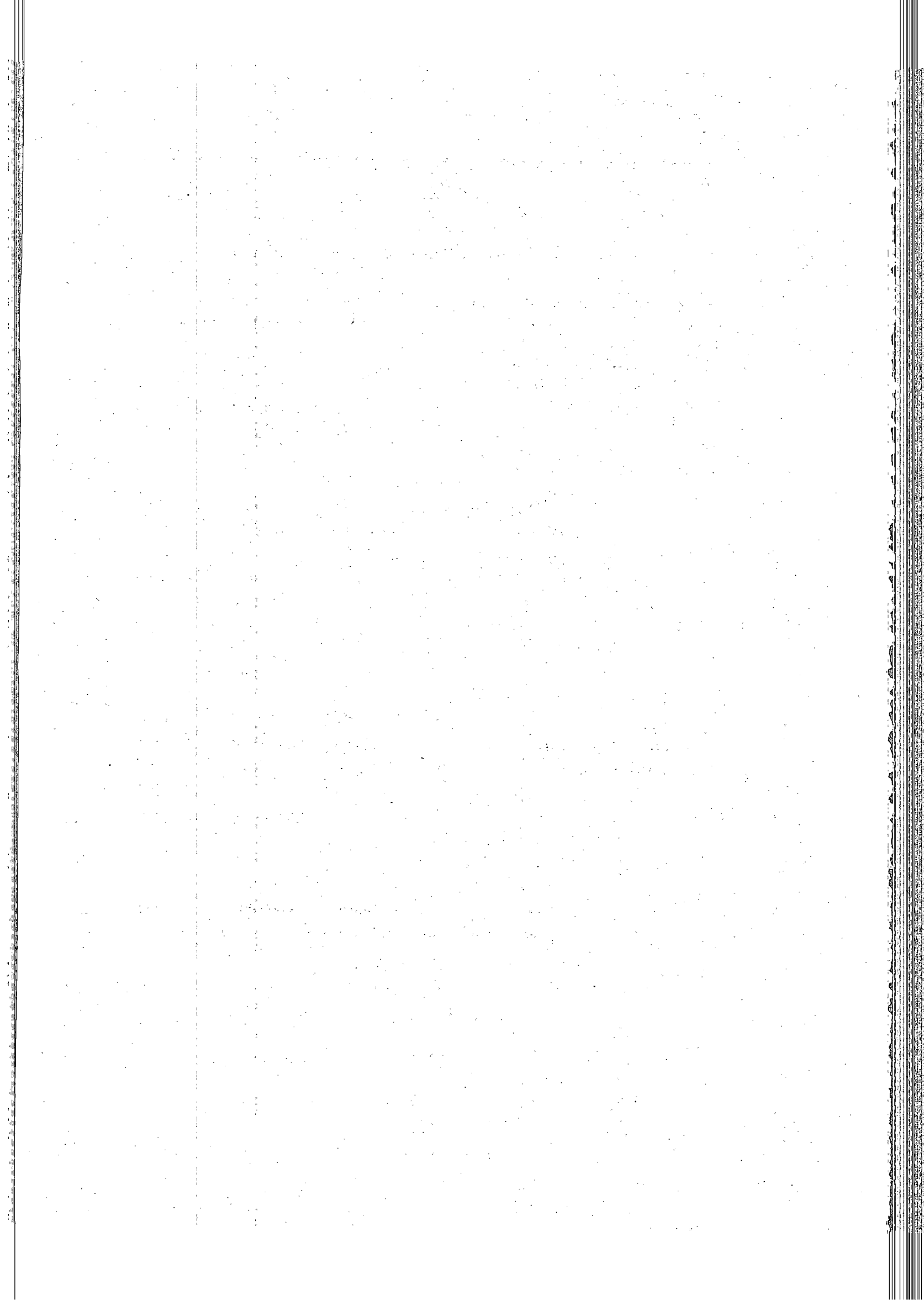
Comptroller and Auditor General of India

New Delhi

The 27 JAN 2011



APPENDICES



APPENDIX-I

(Ref: Paragraph -5.5)

Position of different types of family identity cards/ration cards

Ration Cards & Colour		Period of receipts/ issues	Quantity (in numbers)		
Type	Colour		Receipts	Issues	Balance
APL	Khaki	March 1991	4,00,000	0	4,00,000
		1992-93 to 2004-05	0	3,27,009	72,991
		2005-06	0	33,000	39,991
		2006-07	0	32,000	7,991
		2007-08	0	0	7,991
		2008-09	0	0	7,991
		2009-10 (up to 01/10)	0	3,000	4,991
		TOTAL	4,00,000	3,95,009	4,991
	Yellow	Period not available	20,25,000	0	20,25,000
		06/03 to 05/05	0	11,000	20,14,000
		06/05 to 03/06	0	2,76,500	17,37,500
		04/06 to 03/07	0	2,61,500	14,76,000
		4/07 to 3/08	0	6,22,442	8,53,558
		04/08 to 03/09	0	6,02,500	2,51,058
		04/09 to 02/10	0	98,000	1,53,058
TOTAL		20,25,000	18,71,942	1,53,058	
Gross total of APL Cards			24,25,000	22,66,951	1,58,049
BPL	Red	up to 1997	17,94,000		17,94,000
		1998-2000	92,000		18,86,000
		up to 03/03	0	18,34,042	51,958
		04/03 to 12/05	0	38,416	13,542
		01/06 to ...	0	3,299	10,243
		Damaged	0	10,243	0
		TOTAL	18,86,000	18,86,000	NIL

Source: Stock Registers of FIC/Ration Cards of Director, FCS & CA, Assam.

Appendix-II
(Ref: Paragraph-5.5)
Position of AAY Ration Cards (Green Colour)

AAY CARDS PRINTED	2001	3,00,000
	2004 1st Phase	1,40,800
	2nd Phase	2,87,000
	TOTAL	7,27,800

Name of district/sub division	Issue of AAY Ration Card			
	1 st Phase	2nd Phase	3rd Phase	TOTAL
Dhubri	8,840	3,469	3,760	16,069
Hatsingimari	7,158	2,143	2,321	11,622
Bilasipara	2,849	2,551	2,763	8,163
Kokrajhar	3,484	2,964	3,201	9,649
Gossaigaon	6,022	1,942	2,105	10,069
Bongaigaon	2,034	1,446	1,564	5,044
Bijni	2,195	1,741	1,885	5,821
North Salmara	2,196	1,929	2,090	6,215
Goalpara	10,343	4,070	4,410	18,823
Barpeta	19,738	6,435	6,975	33,148
Bajali	2,903	1,979	2,143	7,025
Nalbari	7,220	6,858	6,686	20,764
Kamrup (Metro)	9,171	8,317	7,105	24,593
Kamrup (Rural)	20,263	0	1,057	21,320
Rangia	3,259	2,685	2,910	8,854
Mangaldoi	15,510	4,944	5,360	25,814
Udalguri	9,388	2,971	3,220	15,579
Tezpur	13,637	5,302	5,746	24,685
Biswanath Chariali	4,876	1,579	1,710	8,165
Gohpur	4,957	1,604	1,737	8,298
North Lakhimpur	11,546	3,698	4,008	19,252
Dhakuakhana	3,223	1,056	1,089	5,368
Dhemaji	8,440	2,232	2,420	13,092
Jonai	2,423	803	870	4,096
Tinsukia	11,342	3,497	3,790	18,629
Margherita	6,320	1,476	600	9,396
Sadiya	3,652	717	777	5,146
Dibrugarh (District)	19,353	5,691	6,168	31,212
Sibsagar	10,207	2,547	2,958	15,712
Charaideo	6,842	1,985	2,384	11,211
Nazira	2,921	957	1,035	4,913
Jorhat	13,645	2,887	3,127	19,659
Titabor	1,840	1,579	1,710	5,129
Majuli	1,780	973	1,054	3,807
Golaghat	9,926	3,028	3,282	16,236
Dhansiri	4,871	1,103	1,193	7,167

Appendix-II (Continued)

Name of district/sub division	Issue of AAY Ration Card			
	1 st Phase	2nd Phase	3rd Phase	TOTAL
Bokakhat	2,957	972	1,052	4,981
Nagaon	17,485	6,549	7,100	31,134
Hojai	3,841	3,596	3,897	11,334
Kaliabor	5,137	1,626	1,760	8,523
Morigaon	10,059	6,350	5,173	21,582
Silchar	17,382	6,272	6,800	30,454
Lakhipur	4,073	1,291	1,398	6,762
Hailakandi	8,876	2,863	3,267	15,006
Karimganj	12,227	4,817	5,772	22,816
Diphu	6,182	1,782	1,932	9,896
Hamren	3,721	1,177	1,275	6,173
Bokajan	2,189	693	750	3,632
Haflong	2,422	760	823	4,005
Maibong	1,120	355	384	1,859
TOTAL	3,72,045	1,38,261	1,46,596	6,56,902

Source: Stock Registers of FIC/Ration Cards of Director, FCS & CA, Assam.

APPENDIX-III

(Ref: Paragraph – 6.1.1)

Position of short allotment of PDS foodgrain by the Centre against Requirement in the State APL (Rice and Wheat)

Year	No. of households (in lakh)	Requirement (MT)	Central allotment (MT)	Short (+)/ Excess (-) allocation (MT)	Shortfall per family/month (kg) (per cent)
2005-06	39.78	16,70,760	9,55,140	7,15,620	14.99 (42.83)
2006-07	41.18	17,29,560	9,20,830	8,08,730	16.37 (46.76)
2007-08	41.98	17,63,160	4,93,462	12,69,698	25.20 (72.01)
2008-09	42.94	18,03,480	6,35,340	11,68,140	22.67 (64.77)
2009-10	43.94	18,45,480	6,75,195	11,70,285	22.19 (63.41)
Total		88,12,440	36,79,967	51,32,473	58.24
The Central allotment is of Rice and /or Wheat (@35 kg) combined					
BPL Rice					
Year	No. of households (in lakh)	Requirement (MT)	Central allotment (MT)	Short (+)/ Excess (-) allocation (MT)	Shortfall per family/month (kg) (per cent)
2005-06	14.76	6,19,920	6,06,488	13,432	0.76 (2.17)
2006-07	13.45	5,64,900	4,81,705	83,195	5.15 (14.73)
2007-08	11.98	5,03,160	4,75,470	27,690	1.93 (5.50)
2008-09	12.02	5,04,840	4,75,224	29,616	2.05 (5.87)
2009-10	12.02	5,04,840	4,75,224	29,616	2.05 (5.87)
Total		26,97,660	25,14,111	1,83,549	6.80
AAY Rice					
Year	No. of households (in lakh)	Requirement (MT)	Central allotment (MT)	Short (+)/ Excess (-) allocation (MT)	Shortfall per family/month (kg) (per cent)
2005-06	4.17	1,75,140	1,94,032	-18,892	-3.78 (-10.79)
2006-07	5.58	2,34,360	2,89,211	-54,851	-8.19 (-23.40)
2007-08	7.04	2,95,680	2,95,446	234	0.03 (0.08)
2008-09	7.04	2,95,680	2,95,692	-12	0.00 (0.00)
2009-10	7.04	2,95,680	2,95,692	-12	0.00 (0.00)
Total		12,96,540	13,70,073	-73,533	5.67

Source: Sanction orders of GOI regarding Central allotment and position of households furnished by Director, FCS&CA, Assam.

APPENDIX-IV

(Ref: Paragraph – 6.1.2)

Position of off-take by FCI of PDS (APL, BPL and AAY) foodgrain against requirement in the State**APL (Rice and Wheat)**

Year	No. of households (in lakh)	Requirement (MT)	Off-take by FCI	Shortfall w.r.t. requirement (MT)	Shortfall (per cent)
2005-06	39.78	16,70,760	4,43,001	12,27,759	73.49
2006-07	41.18	17,29,560	7,65,086	9,64,474	55.76
2007-08	41.98	17,63,160	5,75,220	11,87,940	67.38
2008-09	42.94	18,03,480	6,25,477	11,78,003	65.32
2009-10	43.94	18,45,480	6,28,059	12,17,421	65.97
Total		88,12,440	30,36,843	57,75,597	

The Central allotment is of Rice and /or Wheat (@35 kg)combined

BPL (Rice)

Year	No. of households (in lakh)	Requirement (MT)	Off-take by FCI	Shortfall w.r.t. requirement (MT)	Shortfall (per cent)
2005-06	14.76	6,19,920	5,93,472	26,448	4.27
2006-07	13.45	5,64,900	4,83,671	81,229	14.38
2007-08	11.98	5,03,160	4,66,264	36,896	7.33
2008-09	12.02	5,04,840	4,73,573	31,267	6.19
2009-10	12.02	5,04,840	4,71,836	33,004	6.54
Total		26,97,660	24,88,816	2,08,844	

AAY (Rice)

Year	No. of households (in lakh)	Requirement (MT)	Off-take by FCI	Shortfall w.r.t. requirement (MT)	Shortfall (per cent)
2005-06	4.17	1,75,140	1,81,096	-5,956	-3.40
2006-07	5.58	2,34,360	2,75,039	-40,679	-17.36
2007-08	7.04	2,95,680	2,90,340	5,340	1.81
2008-09	7.04	2,95,680	2,94,884	796	0.27
2009-10	7.04	2,95,680	2,93,615	2,065	0.70
Total		12,96,540	13,34,974		

Source: Records of the Director, FCS & CA, Assam of Households and records of FCI Regional Office.

APPENDIX-V

(Ref: Paragraph – 6.1.3)

Position of lifting by State nominees/ lifters of PDS foodgrain against requirement in the State

APL (Rice and Wheat)

Year	No. of households (in lakh)	Requirement (MT)	Lifting by State nominees (MT)	Shortfall w.r.t. requirement (MT)	Shortfall (per cent)
2005-06	39.78	16,70,760.00	4,09,662.00	12,61,098.00	75.48
2006-07	41.18	17,29,560.00	7,34,401.00	9,95,159.00	57.54
2007-08	41.98	17,63,160.00	5,70,094.01	11,93,065.99	67.67
2008-09	42.94	18,03,480.00	6,10,488.04	11,92,991.96	66.15
2009-10	43.94	18,45,480.00	6,27,264.25	12,18,215.75	66.01
Total		88,12,440.00	29,51,909.30	58,60,530.70	

The Central allotment is of Rice and /or Wheat (@35 kg)combined

BPL (Rice)

Year	No. of households (in lakh)	Requirement (MT)	Lifting by State nominees (MT)	Shortfall w.r.t. requirement (MT)	Shortfall (per cent)
2005-06	14.76	6,19,920.00	5,70,022.00	49,898.00	8.05
2006-07	13.45	5,64,900.00	4,73,585.00	91,315.00	16.16
2007-08	11.98	5,03,160.00	4,56,408.22	46,751.78	9.29
2008-09	12.02	5,04,840.00	4,65,681.49	39,158.51	7.76
2009-10	12.02	5,04,840.00	4,70,817.48	34,022.52	6.74
Total		26,97,660.00	24,36,514.19	2,61,145.81	

AAY (Rice)

Year	No. of households (in lakh)	Requirement (MT)	Lifting by State nominees (MT)	Shortfall w.r.t. requirement (MT)	Shortfall (per cent)
2005-06	4.17	1,75,140.00	1,68,052.00	7,088.00	4.05
2006-07	5.58	2,34,360.00	2,57,302.00	-22,942.00	-9.79
2007-08	7.04	2,95,680.00	2,76,719.53	18,960.47	6.41
2008-09	7.04	2,95,680.00	2,91,002.11	4,677.89	1.58
2009-10	7.04	2,95,680.00	2,94,070.99	1,609.01	0.54
Total		12,96,540.00	12,87,146.63	9,393.37	

Source: Figures of the Director, FCS & CA, Assam.

APPENDIX-VI

(Ref: Paragraph – 6.1.4)

Shortfall in allocation by the State (Directorate) against Central allotment in respect of PDS Rice

APL Rice (in MT)						
Years	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Central Allotment	6,18,116.00	6,89,604.00	2,44,400.00	4,10,976.00	4,24,260.00	23,87,356.00
Directorate Allotment	4,85,927.50	5,44,789.00	2,46,449.80	2,97,816.00	3,39,240.00	19,14,222.30
Shortfall	1,32,188.50	1,44,815.00	(-) 2,049.80	1,13,160.00	85,020.00	4,73,133.70
Shortfall (per cent)	21.39	21.00	(-) 0.84	27.53	20.04	
BPL Rice						
Years	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Central Allotment	6,06,488.00	4,81,705.00	4,75,470.00	475,224.00	4,75,224.00	25,14,111.00
Directorate Allotment	6,10,135.83	4,96,792.03	4,75,493.34	4,48,047.69	4,75,224.00	25,05,692.89
Shortfall	-3,647.83	(-) 15,087.08	(-) 23.34	27,176.31	Nil	8,418.11
Shortfall (per cent)	-0.60	(-) 3.13	(-) 0.01	5.72	--	
AAY Rice						
Years	2005-06	2006-07	2007-08	2008-09	2009-10	Total
Central Allotment	1,94,032.00	2,89,211.00	2,95,446.00	2,95,692.00	2,95,692.00	13,70,073.00
Directorate Allotment	1,84,222.65	2,79,697.84	2,83,996.04	2,79,852.11	2,95,682.00	13,23,450.64
Shortfall	9,809.35	9,513.16	11,449.96	15,839.89	10.00	46,622.36
Shortfall (per cent)	5.06	3.29	3.88	5.36	--	--

Source: Sanction orders of the GOI and records of the Director, FCS&CA, Assam.

Appendix-VII

(Ref: Paragraph 6.2.4)

Name of the RFMs having closing balance of un-milled wheat

Name of the district & total no of RFM	Data Furnished	Name of the RFM
1. KAMRUP (16)	8	1. Guwahati RF Mill
		2. Birjhora RF Mill
		3. Sri Gonesh Flour Mill
		4. Assam Flour Mill
		5. Wheat Products Company
		6. Brahmaputra Flour Mill
		7. Nowrongroy Metal
		8. Maa Kamakhya Industries
2. SONITPUR (4)	4	1. Tezpur RF Mill
		2. Nezone Food (P) Ltd.
		3. Indraprashtha RF Mill
		4. Lahkar Udyog
3. DIBRUGARH (10)	10	1. Pawanputra RF Mill
		2. Planters Supply & Co.
		3. Kamala Flour Mill**
		4. Jeewan Modern Grinding Mill
		5. Ganapati RF Mill
		6. Rajdhani Industries
		7. Swastik Food Products
		8. Vinayak Flour Mill
		9. Nava Manash Food Products
		10. Kokil Industries
4. SILCHAR (6)	6	1. UFM Industries
		2. Navin Food Industries
		3. Lalit Flour Mill
		4. Cachar RF Mill
		5. Jai Commercials
		6. Riya's Flour Mill

Source: RFM returns.

APPENDIX-VIII

(Ref: Paragraph – 6.5)

Statement showing the position of storage losses in 31 GPSSs test-checked

(Quantity in Quintal & Litre)

Sl. No.	Name of GPSS/ WSCCS	PDS Commodities						
		APL Rice	BPL Rice	AAY Rice	Atta	Wheat	Sugar	SK Oil
1	Meharpur Krishnapur, Co-op Society, Silchar, Cachar	0	0.50	0.36	0.14	0	6.07	60.83
2	Silchar whole sale Co-op Store, Silchar, Cachar	20.00						
3	Sepon GPSS, Khowang Block, Dibrugarh	10.04			1.00			
4	Dibrugarh Co-op Consumer wholesale society Ltd. Dibrugarh	234.91	0.10	1.48			12.30	
5	Bongaigaon GPSS, Dongtal, Bongaigaon						3.56	
6	Deohati Kakajana GPSS, N.Salmara, Bongaigaon	10.20					5.91	
7	Sakti Ashram GPSS, Dotma, Kokrajhar	110.67	26.81		0.52	0.50	14.52	60.00
8	Kokrajhar Sub-divisional Wholesale co-op society, Kokrajhar	164.39					22.38	
9	Mahamaya GPSS, Parbatjhora, Kokrajhar						3.08	
10	Bhairabpad GPSS, Gabharu Block, Tezpur, Sonitpur	30.97	3.60				6.06	
11	Tezpur Wholesale co-op store, Tezpur, Sonitpur	77.34					9.21	
12	Biswanath GPSS, Biswanath, Sonitpur	68.42			16.65		7.85	
13	Kalabari GPSS, Pub Chaiduar, Gohpur, Sonitpur	38.00						
14	Sonapur GPSS, Dimoria Block, Kamrup (M)	28.63			8.10			
Total		793.57	31.01	1.84	26.41	0.50	90.94	120.83
Rate		₹ 830/ quintal	₹ 565/ quintal	₹ 300/ quintal	₹ 699.96/ quintal	₹ 610/ quintal	₹ 1345.57 /quintal	₹ 8.66/ litre
Value (In ₹)		6,58,663	17,521	552	18,486	305	1,22,366	1,046
					8,18,939			

Total quantity of foodgrains lost: 944.27 quintals.
Source: Records furnished by test-checked GPSSs.

Appendix-IX

(Ref: Paragraph - 11.2)

Position of Inspection at FPS level during 2005-10

Name of sub-division/district	No. of FP shops	No. of Inspection to be carried out in 5 years	Inspection by designated PDS authorities (FPSs)
Kokrajhar Sadar / Kokrajhar	404	4,040	6
Parbatjhora/ Kokrajhar	137	1,370	90
Gossaigaon / Kokrajhar	433	4,330	NIL
Lakhipur/ Cachar	362	3,620	251
Dibrugarh	1,721	17,210	NIL
N.Salmara/ Bongaigaon	355	3,550	637
Bongaigaon Sadar/ Bongaigaon	318	3,180	176
Kamrup (M)	763	7,630	12
Tezpur / Sonitpur	1,128	11,280	78
Gohpur/ Sonitpur	403	4,030	78
B.Chariali / Sonitpur	405	4,050	173
Silchar / Cachar	1,626	16,260	150
Kaliabor/ Nagaon	333	3,330	2,143
Nagaon Sadar/Nagaon	1,593	15,930	129
Hojai/Nagaon	958	9,580	955
Total	10,939	1,09,390	4,878

Source: Sub-Divisional level formats.