

CHAPTER - III PRICING POLICIES AND QUALITY OF GOODS

Audit Objective: To assess whether items of good quality at a price cheaper than the market rates with maximum consumer demand satisfaction were being provided to the service personnel.

3 Pricing policy

The main objective of CSD is to provide consumer goods of high quality to the troops at a price cheaper than the prevailing market rates. As per the pricing policy issued by the Ministry in October 1977, the selling price is based on “Into Warehouse Cost” which should include the inward freight, transportation charges, insurance and other incidentals besides the profit of approximately one to 12 *per cent*. A pictorial price-list containing photographs and the prices of the items is published twice a year by CSD. A review of the price catalogue indicated that CSD was able to provide goods to the consumers at rates cheaper than market rates. However, several cases of incorrect application of pricing policies came to notice during the audit as discussed below:

3.1 Fixing the price of the goods/articles in an unfair manner

In C&AG’s Performance Audit report, several cases of incorrect application of pricing policies were noticed. Taking note of the shortcomings/deficiencies pointed out by Audit, PAC in its 48th report, recommended that the Ministry should impress upon CSD to fix the prices of goods/article in a fair and transparent manner taking into consideration the actual cost incurred and the existing taxation provisions so that the intended benefits accrued are passed on to the beneficiaries.

Accordingly, CSD in January 2013 proposed reduction of freight and packaging element in the pricing structure, which was concurred by CDA (CSD) in January 2014 as detailed in Table 5 below:

Table 5: Statement indicating details of pricing elements proposed for reduction

Sl. No.	Element	Existing	Recommended by CSD	Concurred by CDA (CSD)
1	Freight			
a)	GS	1%	0.50%	0.50%
b)	Liquor	₹ 25.10 per case	₹ 10.00 per case	₹ 11.00 per case
2	Packaging (Liquor item)	₹ 1.50 per case	Nil	Not mentioned

We, however, observed that the above proposal of reduction is yet (March 2016) to be approved by BOCCS, resulting in continued excess charging from the consumers. Besides, CSD was also including an element of insurance @ 0.10 *per cent* in the pricing

structure, without incurring any amount on the same. Details of such amounts charged in excess during 2010-11 to 2015-16 worked out to ₹ 419.00 crore as detailed in Table 6 below:

Table 6: Details of excess amount collected due to delay in approval of revised rates (2010-11 to 2015-16) (₹ in crore)

Sl. No.	Pricing element	Amount collected	Amount concurred by CDA to be charged	Excess amount collected
1	Insurance	54.28	0	54.28
2	Freight charges on G S	464.92	232.46	232.46
3	Freight charges on Liquor	214.01	93.79	120.22
4	Packaging charges on Beer	0.50	0	0.50
5	Packaging charges on other liquor	11.54	0	11.54
	Total			419.00

In reply (July 2016) Army HQ QMG's Br. stated that after getting the approval from BOCCS/MoD, the above additional elements will be removed from the pricing structure. The delay in approval has led to a continued overcharging from customers.

3.1.1 Clearing charges

The terms of supply of items to CSD are 'FOR destination' which indicates that the transportation and unloading charges will be borne by the supplier. It was, however, observed that despite the above terms of delivery, CSD incurred an amount of ₹ 8.64 crore on unloading of stores received from suppliers during 2010-11 to 2014-15. While such expenditure was actually the liability of the supplier, CSD offloaded a part of it by charging the consumer @ ₹ 0.30 per case thereby collecting an amount of ₹ 2.13 crore during the last five years ending 2014-15.

In reply, CSD stated (December 2015) that the labour contracts in depots had been discontinued with effect from 1 April 2015 and the cost of unloading at depots is borne by the suppliers. However, we observed that CSD continued with charging of ₹ 0.30 per case towards clearing charges and collected an amount of ₹ 42.51 lakh during 2015-16. This loading of clearing charges without incurring any expenditure as the same is borne by the supplier is unwarranted burden on the ultimate consumers.

DDGCS stated (July 2016) that case for abolition of clearing charges has been taken up and is awaiting the approval of BOCCS/MoD. The delay in approval has led to a continued overcharging from customers.

Conclusion 5:

Loading of insurance charges, freight charges, clearing charges in the pricing structure in excess of the amount incurred led to reduction in the benefit of cheaper rates to that extent.

3.1.2 Irregular fixation of prices for liquor in CSD

Several State Governments have allowed concessional rates of excise duty on liquor supplies to CSD. Excise duty is payable as per the notifications of State Government either by supplier, CSD or by URC. States in which excise duty is payable at different stages are detailed below:

- Excise duty by Suppliers - Uttar Pradesh
- Excise duty by URCS - Himachal Pradesh, Karnataka, Assam and Madhya Pradesh
- Excise duty by CSD Depots - Remaining States

As per the pricing policy issued by MoD in October 1977, the basic price of all items including liquor is to be same all over India and local taxes like excise, sales tax and Octroi duty would be charged in addition to the listed price. We observed wide disparity in the prices of liquor among various depots. Such variation in prices in respect of five selected items as of March 2016 ranged between 2.35 and 212.87 per cent as detailed in Table 7 below:

Table 7: Wholesale and retail prices of the liquor items fixed by CSD

Index No. & Nomenclature	State ¹¹	Whole Sale Rate per bottle					Retail rate per bottle				
		J&K	Mah	TN	UP	Kerala	J&K	Mah	TN	UP	Kerala
79194 Whisky Royal Challenge	Rate	262.53	335.25	205.06	393.60	167.85	288.80	368.80	225.60	433.00	184.60
	% variation	56.41	99.73	22.17	134.50	L	56.45	99.78	22.21	134.56	L
78172 Rum McDowell XXX	Rate	123.61	63.50	60.77	189.98	62.23	136.00	69.90	66.80	209.00	68.50
	% variation	103.41	4.49	L	212.62	2.35	103.59	4.64	L	212.87	2.54
79230 Whisky Blenders Pride	Rate	287.73	371.73	230.08	541.94	193.13	316.60	408.90	253.10	596.10	212.40
	% variation	49.03	92.48	19.13	180.61	L	49.06	92.51	19.16	180.65	L
76010 S/Whisky Teachers Highland	Rate	550.85	743.55	492.63	910.26	458.33	605.90	817.90	541.90	1001.30	504.20
	% variation	20.19	62.23	7.48	98.60	L	20.17	62.22	7.48	98.59	L
79061 Brandy Honey Bee	Rate	129.82	115.79	91.86	197.70	66.25	142.80	127.40	101.00	217.50	72.90
	% variation	74.78	49.54	38.66	198.42	L	95.88	74.76	38.55	198.35	L

L- Lowest rate with respect to which variations are calculated

While one of the reasons is attributed to the varied rates of excise duty by the State Governments, the variation is further compounded by the levy of CSD profit (12 per cent) and URC profit (effective profit of 11.2 per cent) on the excise duty paid. This loading of profit on the duties and taxes resulted in excess burden on the ultimate consumers. Had the excise element not been taken into account while arriving at the profit, the end consumer would have paid 0.55 to 14.46 per cent less as detailed in the Table 8 below:

¹¹ States wherein excise duty is paid by URCS have not been considered.

Table 8: Overcharging on liquor items due to charging profit on Excise duty

Index	Retail Rate* fixed by CSD	Retail rate worked out in Audit	Excess Amount charged	Over charging (per cent)	Destination State
79194 Whisky Royal Challenge	288.80	267.90	20.90	7.24	J&K
	368.80	329.94	38.86	10.54	Maharashtra
	225.60	214.47	11.13	4.93	Tamilnadu
	433.00	381.94	51.06	11.79	UP
	184.60	181.89	2.71	1.47	Kerala
78172 Rum McDowell XXX	136.00	121.61	14.39	10.58	J&K
	69.90	65.94	3.96	5.67	Maharashtra
	66.80	63.97	2.83	4.24	Tamilnadu
	209.00	178.77	30.23	14.46	UP
	68.50	65.71	2.79	4.07	Kerala
79230 Whisky Blenders Pride	316.60	295.74	20.86	6.59	J&K
	408.90	367.65	41.25	10.09	Maharashtra
	253.10	242.00	13.10	5.18	Tamilnadu
	596.10	519.62	76.48	12.83	UP
	212.40	209.70	2.70	1.27	Kerala
76010 S/Whisky Teachers Highland	605.90	585.06	20.84	3.44	J&K
	817.90	756.10	61.80	7.56	Maharashtra
	541.90	530.79	11.11	2.05	Tamilnadu
	1001.30	904.11	97.19	9.71	UP
	504.20	501.42	2.78	0.55	Kerala
79061 Brandy Honey Bee	142.80	128.44	14.36	10.06	J&K
	127.40	113.42	13.98	10.97	Maharashtra
	101.00	92.56	8.44	8.36	Tamilnadu
	217.50	186.45	31.05	14.28	UP
	72.90	70.13	2.77	3.80	Kerala

*per bottle

Such loading of profit element on local levy (excise duty) has resulted in extra burden of ₹ 680.31 crore during the period 2010-11 to 2015-16. Of this, an amount of ₹ 351.89 crore were accounted in the accounts of CSD as Trade Surplus and balance amount of ₹ 328.42 crore became the canteen profit of URC transferred to Regimental fund as detailed in Table 9 below:

Table 9: Showing details of profit charged by CSD and URC on Excise duty
(₹ in crore)

Year	Excise Duty paid	CSD profit @ 12 per cent profit charged on excise duty	Effective URC profit @ 11.2 per cent profit loaded on the duty amount
2010-11	347.87	41.74	38.96
2011-12	430.86	51.70	48.26
2012-13	462.54	55.50	51.80
2013-14	521.98	62.64	58.46
2014-15	548.97	65.88	61.48
2015-16	620.22	74.43	69.46
Total	2932.44	351.89	328.42

Incidentally, in those States wherein excise duty is being paid by the URCs, it was seen that selling price was fixed without adding profit on excise duty paid by URCs, leading to discriminatory pricing.

CSD in reply noted the audit contention on loading of profit on excise duty, however, stated that re-working of selling prices for all brands, compilation and issue of Price Revision Circulars would involve considerable time as pricing of liquor is calculated State wise for each brand. As the issue involves giving goods to the beneficiaries at cheaper price, CSD needs to expedite the change in pricing structure of liquor.

Conclusion 6:

Due to inclusion of excise duty which is a local levy and varies widely from State to State while working out the CSD profit, the uniformity of selling prices throughout the country excluding local levies as envisaged in the pricing policy is not being achieved. Hence in order to reduce the wide disparity in prices, the levy of profit on excise duty needs review.

3.2 Irregularities in price revisions resulting in extra burden on consumers

Cases of discrepancies in price revision noticed during the audit and its impact on the consumers is discussed below:

3.2.1 Absence of mechanism to monitor price variations

As per the pricing policy of CSD, if the price of a product is reduced in civil market, such reduction will automatically be applicable to supplies made to CSD with effect from the date of reduction in civil market and the difference amount will be debited to the supplier. In the case of price increase, the same will be granted only after one year of introduction of the item. Further, the Regional Managers and Depot Managers are responsible to keep watch on the civil market prices and report to Head Office any disparity of adverse nature for remedial action.

We, however, observed that no specific mechanism has been laid down or procedures evolved to monitor the price variation of the products held in CSD inventory. In the absence of any such defined procedure, we found that periodic verification of prevailing prices in civil market was not being carried out. As a result the reduction of prices was revealed only on receipt of complaints from customers or voluntarily offered by the suppliers.

Four cases where complaints were received and CSD failed to detect the price reduction in time are as discussed below:

- Price in respect of Scotch Whisky Teachers Highland Cream & Teachers 50 (Index No.76010 & 76012) was reduced in the civil market effective from March 2012. The firm, however, continued to charge higher rates from CSD and latter also could not notice the reduction in price. It was only on receipt of a complaint in November 2013 that the price was refixed and an amount of ₹ 4.50 crore, for the period March 2012 to June 2014, recovered from the supplier. During this period consumers continued to pay higher prices.

Further examination of the case revealed that even the previous revision in rates granted in 2005/2008 was incorrect as they were based on inflated trade rates furnished by the firm. As a result the supplier had been paid an excess amount

of ₹ 8.82 crore on the quantities supplied from January 2005 and July 2008 to February 2012 for Index No.76010 and 76012 respectively which is yet to be recovered.

- Price reduction of the items Gowardhan Premium Ghee (Pet jar 1 Ltr & Round Tin 1Ltr) and Gulab Jamun Mix 200 grams in civil market with effect from August 2011 and August 2009 respectively was revealed on the basis of complaint received from a CSD customer in November 2012. Subsequently, an amount of ₹ 76.72 lakh for the supplies made during the above period was recovered from the firm in March 2015.
- A complaint was received in September 2014 that M/s Dabur India Ltd were giving their product Dabur Chyawanprash 1Kg to CSD at rates higher than to the stockist. On examination of the complaint, it was found that the firm had applied for price revision on the basis of inflated trade invoices resulting in undue benefit of ₹ 1.15 crore on the quantity supplied up to 31/12/2014 which was recovered from the firm along with a penalty of ₹ 11.55 lakh.
- Price reduction of item Scotch Whisky Johnnie Walker Black label and Red label (Index Nos 76025 & 76026) with effect from April 2010 were observed by CSD during grant of subsequent revision in February 2011. An amount of ₹ 16.14 lakh for the supplies received from April 2010 to April 2011 was accordingly recovered in March 2014.

DDGCS (July 2016) stated that a revised system is also being explored to identify the market prices independently in addition to company's declaration.

Thus, due to the absence of a defined mechanism for monitoring of price variations, the Suppliers managed to evade the passage of benefit of reduced prices to CSD. While CSD could effect some recovery from suppliers, CSD consumers were ultimate sufferers.

3.2.2 Delay in finalization of price reduction offered by the suppliers

CSD (HO) reiterated its price revision procedure in May 2001, according to which all price revision cases should be completed within 45 days from the receipt of the price revision request. On reduction of prices by suppliers, a provisional price circular effecting the downward reduction is issued by CSD (HO) at the earliest which is ratified by the Price Revision Committee (PRC) after conduct of market survey.

We, however, observed (March 2016) that in 25 cases, CSD (HO) took nine to 177 days for reducing the prices provisionally and 45 to 3100 days for final ratification. Due to such delays, the benefit of price reduction amounting to ₹ 11.09 crore, of which ₹ 6.61 crore was recovered subsequently from the suppliers, could not be passed on to the consumers thereby defeating the motto of CSD.

3.2.3 Delay in approval of price reduction/ one to one replacement of items in CSD

In view of the frequent launch of new electronic and consumer durable items with improved features, CSD in 2009 approved the acceptance of one to one replacement of all AFD-I items with new/improved versions on the existing or improved rate of discount without conducting market survey. It was also stated that such cases of one to one replacement with change in price had to be put up to the PRC expeditiously and all such cases should be decided within 45 days to avoid inconvenience to the customer.

A test check of the cases relating to price reductions/one to one replacement of AFD-I and GS items revealed that out of the total 854 cases of price revisions granted during the period from 2010-11 to 2015-16, in 83 cases, there was considerable delay of 48 to 395 days in approval by CSD (HO). As a result, the benefit of the latest/improved versions with price reduction amounting to ₹ 2.63 crore was not available to the consumers.

CSD did not furnish reasons for the delay in implementing price reduction offered by the suppliers.

Conclusion 7:

As no specific mechanism was laid down or procedures evolved to monitor the price variation of the products held in CSD inventory, the Suppliers managed to evade the passage of benefit of reduction of prices to CSD. Further, due to delay in finalization/approval of price revision offered by suppliers, the benefit of price reduction amounting to ₹ 6.61 crore recovered could not be passed on to the consumers. Similarly, due to delay in acceptance of one to one replacement of AFD-I items, the benefit of the latest/improved versions with price reduction amounting to ₹ 2.63 crore was not available to the consumers.

3.3 Quality control

In order to have effective quality control of all the items in the inventory range, the food and liquor items are to be tested on a regular basis (once in six months) through six Composite Food Laboratories (CFLs) located in various parts of the country. GS items are to be subjected to visual checks by comparison with master samples through Regional Testing Centres (RTC), National Test House (NTH) etc. (all items are to be tested at least once in two years).

In response to the Audit recommendation during the last Performance Audit, to put in place an effective mechanism to oversee strict implementation of the quality control measures and ensure speedy testing and reporting of test results so as to avoid sale of substandard items to the customers, Ministry assured the PAC (December 2011) that all items of CSD inventory range were tested as per fixed periodicity in terms of the existing policy and that matter has been taken up to increase the number of Government recognized test centres to facilitate faster routine testing and action would be completed by December 2012.

Further, all food business operators in the country have to be registered or licensed in accordance with the procedures laid down under Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations 2011. However, MoD requested for exemption of URCs from purview of the FSSAI licensing on the plea that the CSD Depots, to which URCs are attached, are licensed by the Food Safety and Standards Authority of India (FSSAI) and follow all the requirements stipulated under Food Safety and Standards Act, 2006 (FSSA). Accordingly FSSAI has exempted the URCs but has made it mandatory for CSD Depots to ensure that all URCs under their respective control adhere to all the provisions of FSSA, Rules and Regulations. As CSD Depots took the responsibility of food safety in respect of the URCs attached to each of them, it is imperative on the part of CSD Management to enforce stringent protocols to ensure safety of food articles in all canteen depots.

However, our analysis at selected Area Depots revealed that CSD failed to get items tested within laid down cycle as discussed below:

3.3.1 Non testing of food & liquor items at the laid down cycle

We observed that despite the assurance given by the Ministry to the PAC to increase the number of centres for testing of food & liquor items, Composite Food Laboratories (CFLs) were on the other hand reduced from six to three (August, 2014), one each at Mumbai, Delhi & B D Bari.

Two of the three Depots co located with above CFLs were covered under the Performance Audit. Details of the food and liquor items referred to CFL along with their verdict in these two Area Depots at Delhi and B D Bari were as indicated in Table 10 below:

Table 10: No. of food and liquor items referred to CFL

Year	CSD Area Depot Delhi			CSD Area Depot B D Bari		
	No. of items received	No. of samples referred	No. of samples declared unfit	No. of items received	No. of samples referred	No. of samples declared unfit
2010-11	664	435 (66)	0	439	89(20)	0
2011-12	721	479 (66)	1	487	70(14)	0
2012-13	712	282 (40)	0	513	74(14)	0
2013-14	752	403 (54)	7	577	57(10)	0
2014-15	778	461 (59)	7	622	120(19)	0
2015-16	914	352 (39)	16	690	237 (34)	0

() Percentage of items referred to lab for testing against received in depot during a year.

It can be seen from Table 10 above that the lots of food and liquor items which are supposed to undergo 100 per cent sample testing, had been tested by the Delhi and B D Bari Depot to the extent of only 39-66 per cent and 10-34 per cent of lots respectively. Given the fact that some of the samples were found unfit during the tests, there is likelihood that some of the remaining food items issued and consumed without testing might not be of standard quality. This reflects that the Depots failed in assuring the quality of food products issued to the URCs and finally to the consumers.

Audit apprehension about issue of substandard items was established by an instance when a sample of King Fisher Beer referred to laboratory for testing in January 2014, by Area Depot Bagdogra (through Area Depot Delhi) was found unfit for consumption. However, in the meanwhile, stock worth ₹ 8.43 lakh of the affected batch was already sold to the customers.

In order to ensure 100 *per cent* check of all lots of food & liquor items and ensure proper monitoring, CSD (HO) in August 2014 decided that list of food and liquor items will be generated from HO and forwarded to CSD Area Depots co-located with CFL latest by 5th of every month so that testing of all the Food and Liquor items are covered in six months. We, however, observed that CSD (HO) failed to generate and forward monthly list of the food and liquor items to be tested. As against 956 food and liquor items procured, only 520 items were short listed for testing, out of which 448 were actually sent to the labs by various Depots during August 2014 to March 2015. We observed that the Labs did not render the verdict towards quality confirmation in respect of 281 food items and 91 liquor items (February 2016). Out of the 76 test reports received, the Labs had declared 35 samples (46 *per cent*) as sub-standard. Further during 2015-16, against 1781 shortlisted items only 589 items were referred by CSD Depot Delhi and B D Bari to laboratories for testing thereby leaving 67 *per cent* of items untested before sale.

In response, DDGCS (July 2016) stated that a proposal to enlist additional laboratories (State Government/Private) has been initiated, which will give out more detailed analysis.

Reply is not convincing as the same assurance was given to PAC based on last Performance Audit report but the number of labs has actually gone down from six to three, thereby limiting the testing facilities. The issue assumes serious significance in the light of the fact that 46 *per cent* of the food samples were found sub standard. These verdicts raise question marks about the credibility of the companies being introduced and the quality of food products supplied by them.

3.3.2 Consumption of GS items without confirmatory Test Reports

As per the policy of 2001, testing of general stores will be arranged and monitored by CSD (HO) to ensure that all items are tested at least once in two years. Ministry had informed PAC that the test centres as well as CFLs co-located with the depots had been requested to forward the quality check reports within the time schedule of two months. During 2010-11 to 2015-16, though 5941 GS items were referred for testing to the designated laboratories, no verdict in respect of 4366 (73 *per cent*) items was given by the laboratories at all as detailed in Table 11 below:

Table 11: Status of the verdict in respect of items referred for testing

Year	Total No. of samples referred to Lab	No. of items for which reports are still awaited	Reports awaited in percentage
2010-11	1046	703	67.21
2011-12	1009	804	79.68
2012-13	1060	814	76.79

2013-14	984	564	57.32
2014-15	1044	720	68.97
2015-16	798	761	95.36
Total	5941	4366	73.49

We observed that no record of the measures taken by CSD to expedite the test results were available, indicating lack of adequate monitoring by CSD thereby defeating the very purpose of getting all the stores/items checked for quality assurance. Further analysis of the reports revealed that of the 1575 test reports received (5941-4366), 100 items were declared sub-standard and these reports were received in depot after lapse of 5-12 months. There was strong possibility that the stock in respect of those substandard samples might have been issued to the URCs and consumed.

CSD replied (January 2016) that being Government run Laboratories, no time limit could be fixed for giving test reports and further stated (July 2016) that due to less number of Central Government Labs, the test reports were being unduly delayed and hence case to enlist more labs have been taken up.

The reply about absence of time limit is not in conformity to the time limit of two months fixed by the Ministry. Further, the assurance about increase in number of labs given to PAC in response to Audit Report No.14 of 2010-11 did not come true.

3.3.3 Acceptance of GS items without comparative testing

In order to avoid ingress of substandard items in CSD's inventory range, several quality control measures had been stipulated by the CSD. Accordingly, guidelines were issued in October 1999 for testing of General Store items wherein it was stated that for testing, one sample from the depot and another ex-civil market will be sent.

We, however, observed that the comparative quality testing of products being supplied to CSD *vis-à-vis* those available in the market were not being followed.

CSD (July 2016) stated that a proposal to test the quality of all items listed in CSD *vis-à-vis* similar items available in the civil market is under process and efforts have been made to enlist more labs to streamline and expedite testing.

Reply that the proposal is still under process is suggestive of the likelihood that GS items are being procured and consumed by CSD without comparative testing despite the guidelines on the same having been introduced in 1999.

3.3.4 Issue of items to URCs without verification of shelf life

As per the policy on dealing with perishable items in force, CSD directed that under no circumstances stock of perishable items having less than 85 *per cent* residual life will be accepted by the Depot Manager. Further, no stock of perishable items having less than 50 *per cent* shelf life shall be issued to URCs and the manufacturing date of the stock issued to the URCs will be invariably indicated in the indent-cum-invoice against the respective item before the same is priced and handed over to URC.

In response to PAC's queries on the measures taken to ensure that stock cards were displayed in respect of perishable goods, Ministry had also confirmed that the existing instructions had been reiterated from time to time to ensure that consumption at the consumer's end remained well within the residual shelf life period. We, however, observed that manufacturing date of the stock was not being indicated in the remarks column of indent cum invoice issued to the URCs. Even stack cards at depots were either not maintained or the same were incomplete in respect of information relating to date of manufacturing, date of expiry, batch number etc.

While few depots accepted the lapses towards non-maintenance of stack cards and non-indication of date of manufacturing in the indent-cum-invoice of URCs, some of the depots indicated shortage of manpower and excessive work load as one of the reasons. It was further stated that depots never accepted items with less than 85 *per cent* shelf life and also batch number, manufacturing date, expiry date and shelf life etc. was checked judiciously from the details mentioned on cartons.

The reply furnished by the Area Depots is not convincing as managing the shelf life from the dates on the labels/cartons is not practical. Further, as no records were maintained about the shelf life of the stores, issue of items to URCs within the 50 *per cent* remaining shelf life period was not being ensured. The point assumes serious significance as items being issued without verification of shelf life also included consumable and food items including baby food.

Conclusion 8:

Failure on the part of CSD to carry out quality tests to the extent required as per laid down policy on account of limiting the tests to the co-located CFLs and non-identification of additional accredited labs for quality testing of goods, despite assurance to the PAC resulted in non-testing of items supplied to CSD at the laid down cycle. Further, CSD also failed to monitor and ensure the timely receipt of test reports thereby defeating the purpose of testing. CSD's assurance on the commitment to the FSSAI for ensuring that all URCs under their respective control adhere to all the provisions of FSSA, Rules and Regulations lacks credibility as the Depots themselves have not been able to maintain the stipulated quality checks.

RECOMMENDATIONS:

5. *Ministry may put in place an effective mechanism to ensure effective implementation of the quality control measures at all levels of supply chain in CSD and URCs so as to meet its commitment to the FSSAI and ultimately to the Consumers.*