

PREFACE

The Food Corporation of India (FCI) a Statutory Corporation under the Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution was established to fulfil the objectives of effective price support operations, distribution of food grains throughout the country for public distribution system and maintaining satisfactory level of operational/buffer stocks of food grains.

This Report contains results of three areas covered in audit *viz.* Debt Management, Labour Management and Incentive Payments and Implementation of Private Entrepreneurs Guarantee (PEG) Scheme in Punjab. These areas were selected due to high cost of working capital in FCI; high handling cost of departmental labour and delay in augmentation of storage capacity through private participation respectively.

The audit of debt management revealed that FCI had to pay huge amount of interest on funds raised from external sources, as it did not get the food subsidy reimbursement in time from the Government of India (GoI). FCI also could not recover huge receivables from various Ministries, Departments and State Governments, outstanding for a long period of time. The labour management in FCI suffered from deficiencies like non-rationalisation of departmental labour and non-elimination of proxy labour. FCI also paid huge inadmissible incentive to its labour in violation of applicable rules and judicial judgments/directives. The PEG Scheme was found to be badly delayed and suffered from lapses in the implementation, resulting in excess expenditure.

This Report also contains, five individual paragraphs (two of which relate to fraudulent payments) emerging out of compliance audit.

This Audit Report on the accounts of FCI for the year ending March 2016 has been prepared for submission to the Government under Section 19-A of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended in 1984.

The Audit was conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

