

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.