

Chapter 3

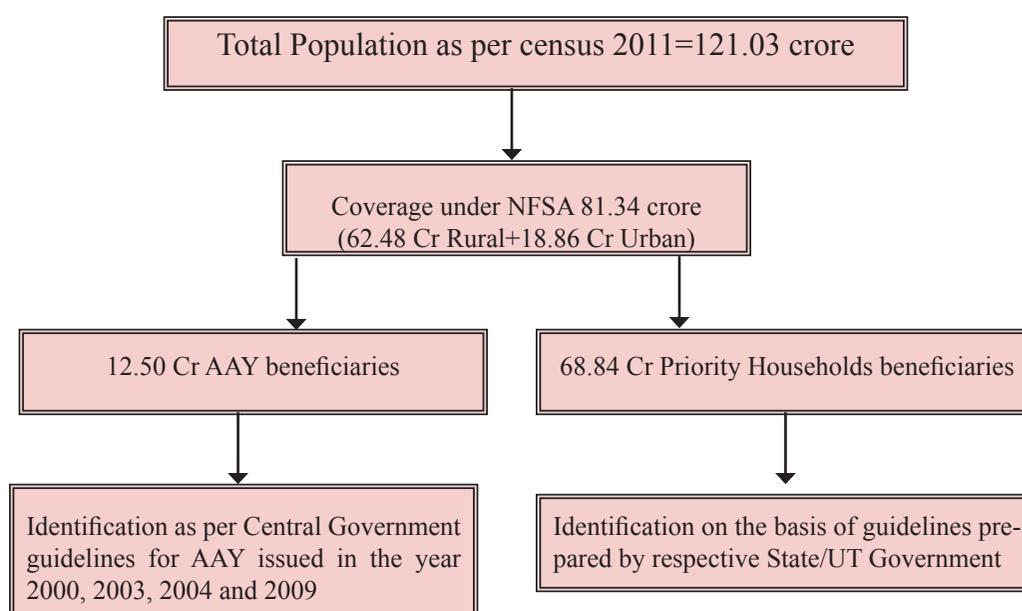
Identification of beneficiaries and issuance of ration cards

3.1 State-wise coverage of population

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

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

Chart 2-Coverage of population and its identification under NFSA



3.2 Status of identification

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

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

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

Source: Information furnished by Ministry

Audit noted the following:

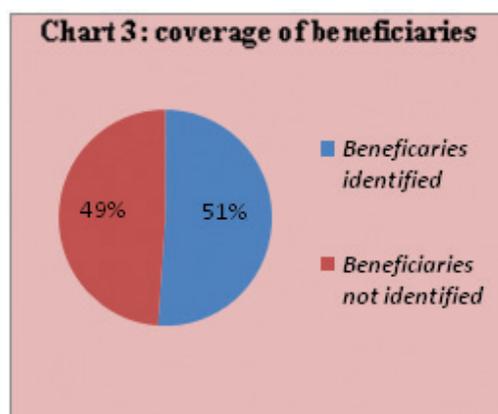
As per the NFSA, the States/UTs were required to identify the eligible households within 365 days. NFSA further stipulated that the State Government would continue to receive the allocation of foodgrains from the Central Government under the TPDS, till the completion of identification of such households.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

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

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

NFSA during September 2013 - March 2014;

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.4 Irregular extension of time for identification of beneficiaries

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



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

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

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

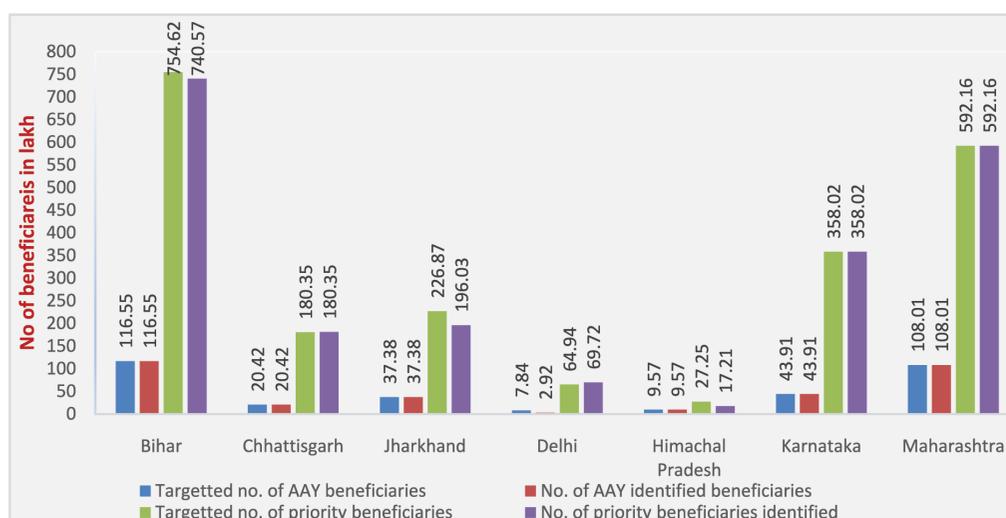
NFSA had no provision for extension of time. However, Section 42 (1) of the NFSA, stipulated that if any difficulty arises in giving effect to the provisions of the NFSA, the Central Government may, by order, published in the Official Gazette, make such provisions, for removing the difficulty, within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

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

3.5 Coverage in the selected States

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

Chart 4: Coverage of population in implementing States



Source: Ministry's records

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

¹¹ Sonitpur, Nagaon.

¹² Baksa, Sonitpur.

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

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

3.6 Issue of Ration Cards to identified households

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.7 Implementation of provisions relating to Maternity benefits and Supplementary Nutrition

3.7.1 Maternity benefits provided under NFSA not extended across the country

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

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

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

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

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

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

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

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

Conclusion

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

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

Recommendations

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