

Chapter 4

Preparedness in Logistics: Allocation, Movement and Storage of Foodgrains

4.1 Allocation of foodgrains

As per Section 22(1) of NFSA, the Central Government shall, for ensuring the regular supply of foodgrains to persons belonging to eligible households, allocate from the central pool the required quantity of foodgrains to the State Governments under the TPDS.

For allocation of foodgrains, States/UTs were required to certify their preparedness for implementation of NFSA through a proforma devised by the Ministry, as referred to in Para 1.5.

After examining the proforma furnished by the States/UTs, Ministry started allocating wheat and rice at ₹ 2 per kg and ₹ 3 per kg respectively to them. The Ministry allocated wheat and rice to the rest of the non-implementing States at the central issue prices under the normal TPDS.

4.2 Movement of foodgrains

As per Section 22(4) (e) of NFSA, the Central Government shall provide for transportation of foodgrains, as per allocation, to the depots by the Central Government in each State/UT. Distribution of foodgrains under TPDS and Other Welfare Schemes (OWS) is carried out on the basis of monthly allocation made by the GOI and off-take of foodgrains from the Central Pool by various states. Stock of foodgrains is also to be moved to consuming states irrespective of consumption requirement to create buffer stocks as a measure of food security. The position of inter-state movement of foodgrains by rail and road during the period 2011-12 to 2014-15 was as under:

Table 4: Movement of foodgrains by the rail and road by FCI

| Particulars | | (Quantity in lakh MT) | | | |
|------------------|--------------|-----------------------|---------------|---------------|---------------|
| | | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
| Overall Movement | Rail | 303.23 | 321.33 | 369.35 | 389.32 |
| | Road | 24.54 | 27.85 | 25.37 | 19.12 |
| | Total | 327.27 | 349.18 | 394.72 | 408.44 |

Source: FCI Website

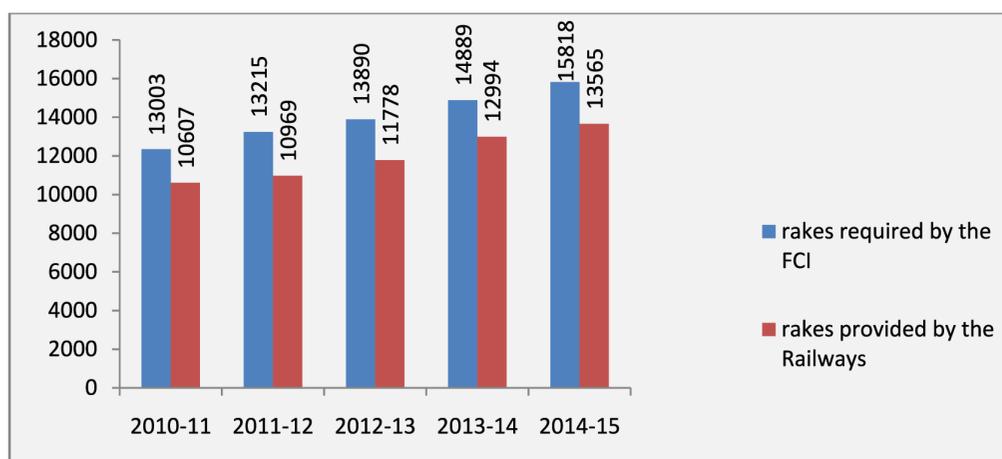
On full implementation of NFSA, the quantity of foodgrains required to be moved from procuring States to consuming States would increase considerably

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and requirement of rakes would also increase by about 20 *per cent* as noted by the Standing Committee.

The information relating to requirement of rakes by FCI for transportation of foodgrains and making available of the same by the Railways during the years 2010-11 to 2014-15 is given in Chart 5:

Chart 5: Availability of rakes against requirement



Source: Data furnished by Ministry

The above chart shows that there was shortfall in the range of 13 *per cent* to 18 *per cent* in arranging the rakes by the Railways. On this being pointed out, Ministry stated in October, 2015 that variation in rakes planned vis-à-vis actual dispatch is mainly due to inadequate availability of rakes by the railways and heavy traffic and sometimes also due to operational constraints of FCI like non-availability of vacant space at recipient depots, less lifting by State Governments and increase in procurement in consuming regions etc.

Ministry stated that there is no shortage of supply of food grains for TDPS/OWS (other welfare schemes) due to movement of foodgrains in the states. However, the fact remains that the availability of rakes were short of requirement.

4.2.1 Non-preparation of National Foodgrains Movement Plan

The Ministry (in October, 2012) while submitting information to Standing Committee on National Food Security Bill, had informed that a National Foodgrains Movement Plan to address the road movement related problem in the North Eastern States, mechanization of FCI godowns to reduce rake handling time, priority good sheds for development of basic facilities by railways, etc. supply of rakes, levying of demurrage charges movement by the Railways, upgradation of infrastructure at unloading railway stations was under preparation and a study was entrusted to M/s Pricewaterhouse Coopers Pvt. Ltd. by FCI for this purpose.

The Ministry stated (November, 2015) that study report of M/s Pricewaterhouse Coopers Pvt. Ltd. on Supply Chain Management has been received. Report has been taken into account by FCI for improving the movement of foodgrains. Ministry further stated that there was no major bottleneck in the movement of food grains, as sufficient food grains are available in different states for distribution in TDPS/OWS/NFSA.

However, the Ministry neither indicated the specific steps taken by FCI to address the above issues nor provided any evidence of consideration of the Report by FCI/Ministry and action taken

4.3 Storage capacity for foodgrains

As per Section 22(4) (e), the Central Government shall create and maintain required modern and scientific storage facilities at various locations. Further, in terms of obligation of state government for Food Security, Section 24(5) (a) of NFSA provides that every State Government shall create and maintain required number of modern and scientific storage facilities at various levels, being sufficient to accommodate foodgrains required under the TPDS, For ensuring uninterrupted supply of foodgrains to the entitled beneficiaries, the state would require storage of sufficient foodgrains. However, NFSA did not fix any timeline for upgradation of storage facilities nor were any instructions issued by the Ministry in this regard.

4.3.1 Shortfall in storage capacity with FCI for the Central Pool stock

Audit observed that with the increasing foodgrains stock in the central pool held by FCI and State Government Agencies {excluding foodgrains procured by Decentralized procurement (DCP) states}, the storage gap with FCI during the period 2010-2015 was as given in Table 5:

Table 5: Gap in storage capacity with FCI

(Quantity in lakh MT)

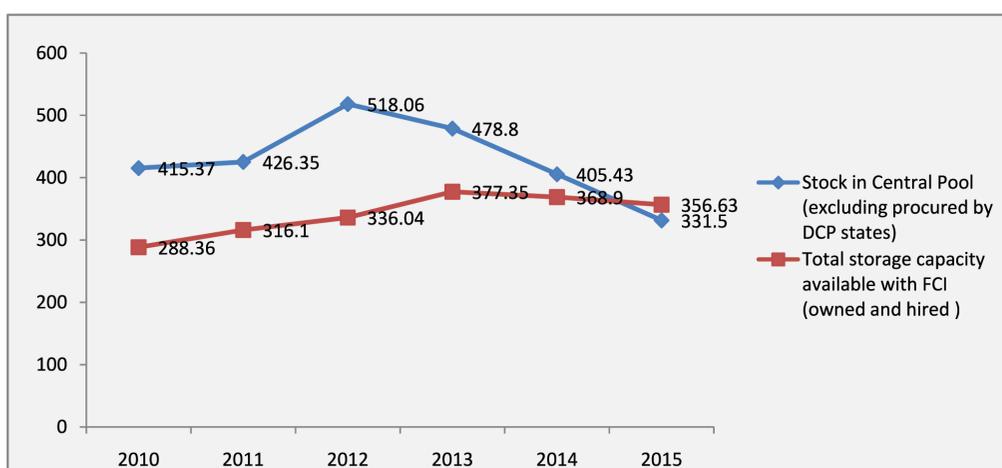
| Sl. No. | Stock of food grain in the Central Pool as on 1 st June | Foodgrains procurement by DCP states | Net stock of Foodgrains with FCI (Central Pool stock minus stock procured by DCP state) | Total storage capacity available (owned and hired) with FCI as on 31 st march | Gap in storage capacity with FCI | Percentage shortfall in storage capacity |
|---------|--|--------------------------------------|---|--|----------------------------------|--|
| 1 | 2 | 3 | 4 (2-3) | 5 | 6 (4-5) | 7 |
| 2010 | 544.82 | 129.45 | 415.37 | 288.36 | 127.01 | 30.57 |
| 2011 | 581.94 | 155.59 | 426.35 | 316.10 | 110.25 | 25.85 |
| 2012 | 729.59 | 211.53 | 518.06 | 336.04 | 182.02 | 35.13 |
| 2013 | 676.59 | 197.79 | 478.80 | 377.35 | 101.45 | 21.18 |
| 2014 | 622.31 | 216.88 | 405.43 | 368.90 | 36.53 | 9.01 |
| 2015 | 568.34 | 236.84 | 331.50 | 356.63 | -25.13 | -7.58 |

Source: Data furnished by the Ministry

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As could be seen from the above, there was shortfall in the storage capacity with the FCI in the range of 9 to 35 per cent during the years 2010-2014 except in the year 2015, in which the stock of foodgrains in the central pool was less due to increase in procurement by DCP states and less foodgrains in the central pool.

Chart 6: Gap in storage capacity with FCI



4.3.2 State specific cases

A test check of records at the field level revealed deficiencies in storage capacities in the selected States as detailed below:

Assam: Considering the monthly allocation of foodgrains of 1.33 lakh MT for the State under NFSA, the state was to have storage capacity of 3.99 lakh MT for three months. Audit noted that the state had storage capacity of 2.84 lakh MT, out of which 1.16 lakh MT was not fit for storage of food grains. Physical verification of FPS and godowns of the selected districts revealed that the seven out of 40 selected FPSs stored foodgrains in living cum bed rooms. The condition of the rooms was found damp.

Bihar: The State Government sent information (January 2014) to the Director (NFSA) of the Ministry that sufficient and scientific storage capacity had been created at various levels in the State for storage of foodgrains under NFSA. As per allotment, monthly



Figure 3: Foodgrains stored in bed cum living room at Amrit Ali FPS, Bilashipara, Dhubri, Assam

required capacity was 4.095 lakh MT whereas available capacity was only 3.302 lakh MT (80.63 *per cent*) as on March 2015 leaving a shortfall of 19.37 *per cent*.

Himachal Pradesh: Against the average monthly allocation of 0.59 lakh MT of foodgrains under TPDS and OWS, the total capacity in the State was only 0.54 lakh MT.

Jharkhand: The State decided that storage capacity of foodgrains in districts should be two times of monthly requirements of foodgrains, as against the standard requirement of three months. It was observed that State had storage capacity for 0.66 lakh MT of foodgrains whereas requirement for storage for two months was 3.10 lakh MT. It was also noted that to meet the storage requirements, State Government decided to create 1.71 lakh MT storage capacities during 2010-11 to 2014-15. During the test check in sampled four districts¹³ it was noted that State Government sanctioned 71 godowns of varied capacity. Out of 53 constructed godowns, six godowns having 0.03 lakh MT capacity were found unfit for use either due to remote location without any approach road or damaged condition.



Figure 4: Spoiled rice in Chaibasa Sadar Block Campus



Figure 5: Wet foodgrains in Pakur Block godown

Maharashtra: During the period 2011-15 the State Government approved construction of 233 godowns with storage capacity of 3.24 lakh MT. It was informed that tendering/estimation process was in progress in respect of 18 godowns, work in respect of 105 godowns was in progress while construction of only 93 godowns was completed. (October 2015).

Uttar Pradesh: It was noted that the storage facility for foodgrains allocated under existing TPDS was inadequate in 406 blocks out of 817 blocks in the State

¹³ Giridih, Gumla, Pakur & West Singhbhum.

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resulting in storage of foodgrains in open area. As the allocation of foodgrains to State would increase by 46 *per cent* on implementation of NFSA, it will put further pressure on the storage facility in the already deficient blocks, and the State was not prepared to receive enhanced allocation.

Ministry stated that on the overall, there was sufficient capacity for stocking the Central Pool foodgrains.

However the contention of the Ministry that 792.48 lakh MT of storage capacity was available in the country was not correct as the shortfall in the total storage capacity of FCI for the central pool stock was 9 to 35 *per cent* during the years 2010-2014. Mere availability of storage capacity in the country as stated by the Ministry was not a correct assessment of the preparedness unless additional storage capacity was identified and arranged by FCI state-wise.

Ministry further stated that storage capacities are less than the ideal situation of three months requirement in some states. In these states, plan scheme to augment the capacities are under implementation.

The reply is non-specific as Audit noted inadequate and inappropriate storages in many states

Conclusion

The States were largely unprepared for handling the logistics of allocation, movement and storage of foodgrains which was necessary for efficient and successful implementation of the NFSA. The Ministry did not make any preparation with regard to removal of bottlenecks in the movement of foodgrains as it could not ensure preparation and finalisation of the National Foodgrains Movement Plan. Further, the storage capacity with the FCI was insufficient considering the increased allocation for several States/UTs. The storage capacity was not adequate even for three months requirement of foodgrains in the test checked States. The condition of existing storage capacities with the States also needed up gradation and improvement.

Thus, there were no substantial improvement post notifications of NFSA. There were no concerted efforts to formulate a nationwide plan for creating scientific and modern storage facilities. The problem may get compounded in future, as the requirement for movement become increasingly heavy.

Recommendations

- i) *National foodgrains Movement Plan should be finalized by the Ministry and implemented for ensuring timely delivery of foodgrains as contemplated in the NFSA.*
- ii) *Ministry may expedite action to augment the storage capacity for foodgrains and upgrade the existing storage facilities*