

Chapter 5

Reforms in Targeted Public Distribution System

5.1 Introduction

As per Section 12 of NFSA, the Central and State Governments shall endeavour progressively to undertake necessary reforms in the TPDS. The areas of reforms identified included doorstep delivery of foodgrains to the TPDS outlets for ensuring supply to entitled persons, application of information and communication technology tools including end-to-end computerization in order to ensure transparent recording of transactions at all levels and to prevent diversion and ensuring full transparency. While NFSA provides for other reforms too such as leveraging ‘Aadhaar’ for unique identification, preference to public institutions/bodies in licensing of FPS etc., Ministry, to begin with, concentrated more on the critical reforms.

5.2 Doorstep Delivery of foodgrains

As per Section 24 (2) of NFSA, it shall be the duty of the State Government to

- Take delivery of foodgrains from the designated depots of the Central Government in the State, at the prices specified in Schedule I of NFSA;
- Organise intra-state allocations for delivery of the allocated foodgrains through their authorised agencies at the doorstep of each fair price shop; and
- Ensure actual delivery or supply of the foodgrains to the entitled persons.

Further, as per Clause 7(12) of TPDS (Control) Order 2015, the State Government shall furnish a report regarding doorstep delivery on quarterly basis to the Central Government. The Ministry based on the information obtained prior to the notification of TPDS (C) Order 2015 informed that it had received reports from 27 states/UTs only. Further, an online system for getting information has been introduced since September 2015.

5.2.1 State specific cases

The level of preparedness as noted from the test check of records in the selected States is detailed below:

Assam: Doorstep delivery was not implemented in the State. Only bidding process for selection of transporters was completed (October 2015).

Bihar: Bihar Government started the doorstep delivery of food-grains to the FPSs under e-PDS. Under this scheme, foodgrains were to be electronically weighed and lifted from the godowns and delivered to FPSs through pre- selected transporters using GPS-enabled vehicles.

Audit noted that there were inconsistencies in the reports generated through e-PDS. In the reports obtained from the offices of the District Managers¹⁴, Bihar State Food Corporation (DMs, BSFC) about the quantity of foodgrains issued to different FPSs, it was seen that against one Store Issue Order (SIO) same quantity of foodgrains was shown as issued twice. During test check of eight blocks¹⁵, audit noted that against SIO of 37931.31 MT foodgrains, though the same quantity of food grains was issued for FPSs but in the report of DMs, BSFC 75862.62 MT (double the quantity) foodgrains was shown as issued. In another case, scrutiny revealed that 756.092 MT foodgrains supplied were not received by FPS dealers. In reply DMs BSFC stated that when SIO quantity was more than the capacity of one vehicle, it was sent by more than one vehicle but due to software problem of the system integrator, dual entry of quantity was shown against one SIO. Thus, the doorstep delivery model was not followed properly.

Physical verification of FPSs in Chewara, Minapur, Kharik, Sabour and Sheikhpura blocks revealed that in 88 cases involving supply of 481.59 MT foodgrains there was difference between date of supply as per records of Bihar State Food Corporation and actual date of supply to FPSs. This was due to inability of system integrator to do simultaneous entry of outgoing foodgrains because of poor connectivity or less charging of battery, as replied by the Corporation.

Delhi: Scrutiny of records revealed that doorstep delivery of foodgrains was being done in all 2300 FPSs. However, due to absence of monitoring of real-time movement of foodgrains with the help of GPS-enabled devices and load sensors fixed to vehicles, audit could not ascertain the effectiveness of the doorstep delivery.

Karnataka & Himachal Pradesh: It was noted that the FPS dealers were transporting foodgrains from the godowns to their shops and expenditure incurred

¹⁴ Bhagalpur, Saran, Muzaffarpur, Sheikhpura

¹⁵ Amnour, Minapur, Moosahri, Marhowrai, Naugachia, Sheikhpura, Sabour

by the dealers were being reimbursed by the State Government. However as the transportation of foodgrains to FPSs was to be done by the State as per the NFSA, the practice of transportation by FPS dealers themselves was inappropriate.

Maharashtra: Only in the tribal and drought prone areas, foodgrains were distributed to the FPSs through Government owned/hired vehicles and in rest of the State, foodgrains were transported to FPSs by the FPSs' dealers themselves.

Uttar Pradesh: Only in 15 out of 75 districts in the State, door-step-delivery was being implemented by engaging contractors.

5.3 End-to-End Computerization of TPDS

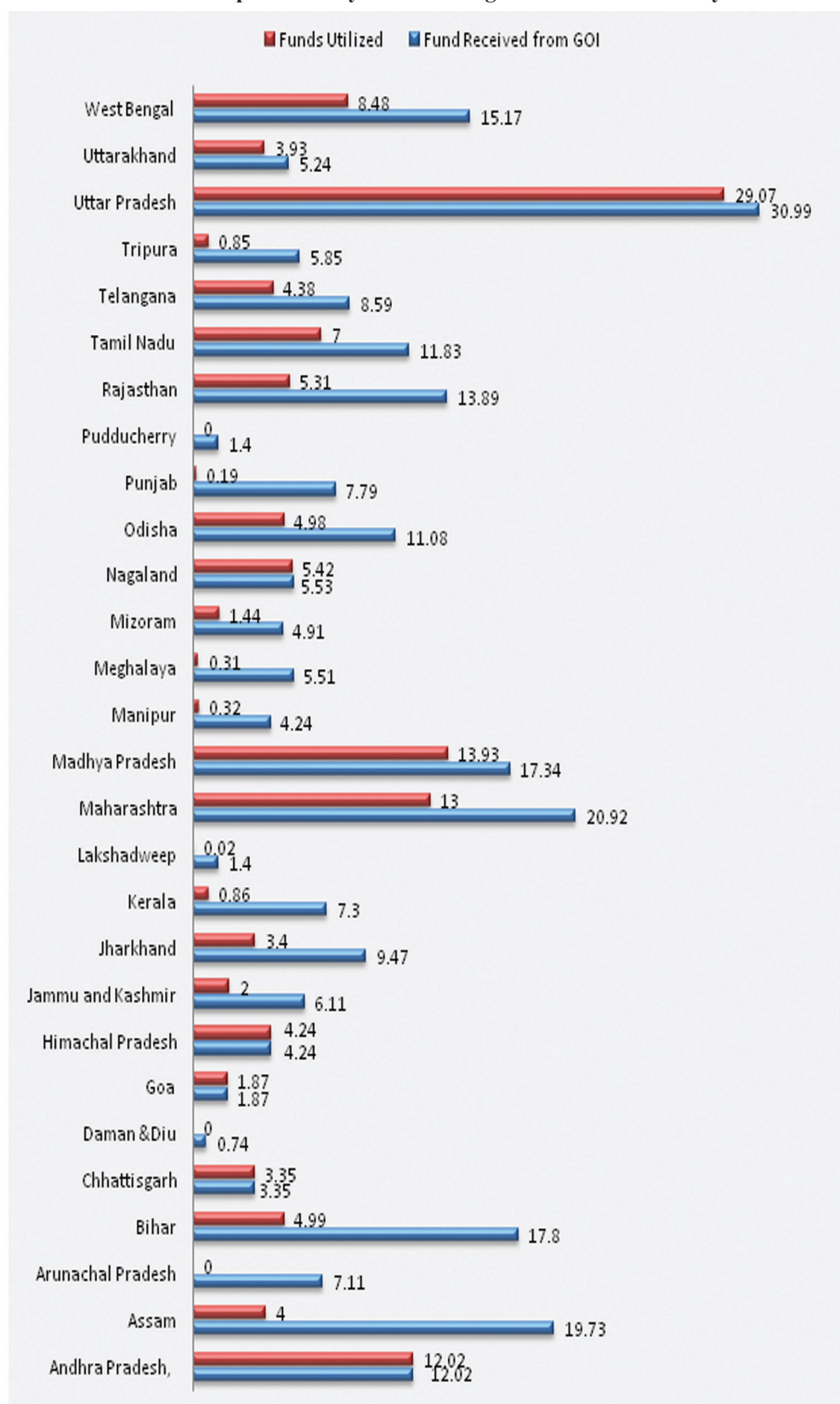
The Ministry launched in December, 2012 a plan scheme on 'end-to-end Computerization of TPDS' for implementation during 12th five year plan period. The Scheme had two components; Component I comprised digitization of ration cards/beneficiaries and other database, computerization of supply chain management, setting up of transparency portal and grievance redressal mechanism and Component II included FPS automation which involved installation of Point of Sale (PoS) devices at FPS for authentication of beneficiaries, recording of sales to beneficiaries at the FPS and uploading of transaction data in central server.

Central Government issued directions in July 2014 that States/UTs intending to implement NFSA will be required to certify completion of component I of the end to end Computerisation. Central Government approved ₹ 884.07 crore out of which Government of India share was ₹ 489.37 crore and States/UTs share was ₹ 394.70 crore. The timelines stipulated for implementation of digitization of beneficiaries and other database and computerization of supply chain management were March 2013 and October 2013 respectively.

5.3.1 Utilization of funds by States/UTs

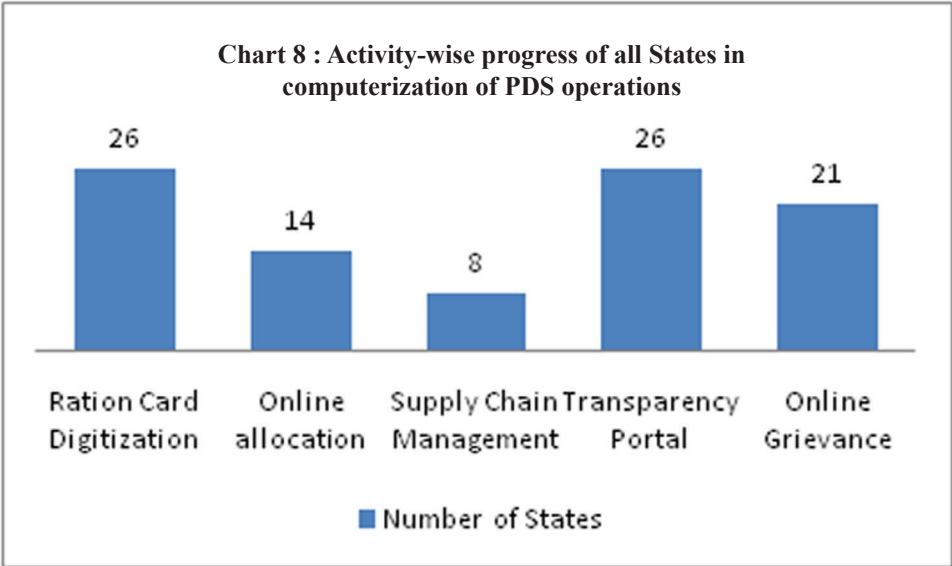
The Ministry released funds amounting to ₹ 261.51 crore to 28 States/UTs during the years 2012-13 to 2015-16 (June, 2015). Status of utilization of funds by the States/UTs as per Ministry's records is given below:

Chart 7 : Expenditure by States/UTs against Funds released by GOI



5.3.2 Slow progress of Scheme by States

After a lapse of 2 years from the stipulated date of completion, most of the States were yet to computerize their TPDS operations. Chart 8 illustrates the status of computerization in all the States/UTs in five different activities. It could be seen that only 72 per cent of the States/UTs completed the ration card digitization, 38 per cent States completed online allocation, 22 per cent supply chain management, 72 per cent completed transparency portal and 58 per cent of the States completed online grievance.



5.3.3 State specific cases

Assam: Test check in the state revealed that GoI released ₹ 19.72 crore as first instalment during January- May 2014. The State Government released the amount to executing agency in February 2015 after a lapse of nine months. Procurement of computer hardware was under process as of October, 2015. However, as per Ministry records only Rs.4.00 crore had been utilised.

It was noted that against the targeted 56.21 lakh ration cards, the department could digitise 45.73 lakh (81.36 per cent) as of March 2015. Digitised records of the three test checked districts¹⁶ showed that data of 1563 households were digitized without ration card number indicating that the digitization was without allotment of ration card. In 1619 cases, ration card of selected households were digitized five to ten times against a single household without cancelling duplicate entries with incorrect details of the members of the households.

Implementation of online supply chain management was also incomplete as of October, 2015. Further the transparency portal was though developed, the

¹⁶ Karimganj, Baksa, Sonitpur.

digitized data was not fully uploaded and grievance redressal module was not made functional.

Bihar: Computerization of supply chain management of foodgrains was implemented. It was noted that Store Issue Orders (SIOs) were generated after online entry of district/ block/FPS-wise allocation, deposit of money by FPS dealer and final reconciliation of payment. However, online entry of SIOs could not be checked at all godowns due to non-availability of system/laptop, internet and electricity connection at godown level which shows lack of preparedness in so far as implementation of end to end computerization is concerned.

Delhi: Scrutiny of household-wise allocation of foodgrains of three selected FPSs showed that data of 170 households was not completely digitized as names, addresses and contact numbers of the beneficiaries were found blank in the allocation sheet. Delhi Government did not however provide the requisite information for detailed analysis by audit.

Himachal Pradesh: GoI released (November 2013) ₹ 4.24 crore as first installment to the State Government. The State Government also released (February 2014) ₹ 4.01 crore out of its share of ₹ 7.07 crore. However, of total available funds of Rs 8.25 crore (including State share) the State spent only ₹ 1.51 crore and ₹ 6.74 crore was lying unspent in the savings bank account (March 2015). The digitization of ration cards/beneficiaries was not done in the State and the software for real time reporting of movement of foodgrains at different levels and stock of foodgrains at the storage facility centres had not been prepared due to delay in development of modules. The Director, Food Civil Supplies and Consumer Affairs stated (April 2015) that two modules were still at the development stage by the National Informatics Centre (NIC).

Good Practice: Chhattisgarh

Computerization of supply chain management was successfully implemented in Chhattisgarh in 2007-08. The system has been fully operational in the State since January 2008 and stocking of TPDS commodities in 10883 FPSs was being closely and effectively monitored since then.

Jharkhand: Digitization of beneficiaries was reported as done in the State. It was noted that online allocation of foodgrains from state to districts and further to blocks/FPS started from December 2014.

Good Practice: Karnataka

The state had already completed computerization of supply chain management from State level up to TPDS whole sale points during 2011-12 before GoI initiated the scheme. Digitization of beneficiaries was completed and transparency portal was also in place.

Uttar Pradesh: Ministry released first installment of ₹ 28.33 crore in June 2013. The State Government sanctioned its share and released a budget of ₹ 56.66 crore. However, only ₹ 29.07 crore (51.31 per cent) was utilized upto March, 2015. In test checked districts Bulandshahr, Gorakhpur and Jhansi, computers worth ₹ 47.40 lakh, ₹ 43.15 lakh and ₹ 25.40 lakh respectively were purchased during 2014-15. However, computers had not been installed in the office/block godowns. Further, no software was installed to provide real time reports pertaining to movement of food grains at different levels, including stock contained in the storage facilities and food grains delivered to FPSs. In Lucknow district, the computers were not purchased during 2013-15.

It was noted that in case of AAY, 42.46 lakh cards (103.70 *per cent*) were digitized against 40.94 lakh existing cards. Other activities of computerization of TPDS operation were not implemented.

Maharashtra: State Government digitized 2.71 crore ration cards but computerization of supply chain was done only in two pilot districts¹⁷. Transparency portal and online facility for grievance redressal were found in place.

In reply, Ministry stated (November 2015) that as a result of efforts made by it, some improvement in the status of computerization in different activities has taken place.

Conclusion

Computerization of TPDS operations was at different stages of implementation in the States/UTs. Cases of unavailability of required computer application and hardware were found to be the limiting factors in some of the selected States/UTs. Digitized data of beneficiaries was not uploaded on the States/UTs portal. Doorstep delivery of foodgrains was found to be implemented in Uttar Pradesh on only pilot basis. In Himachal Pradesh and Karnataka, doorstep delivery was being done by FPS dealers themselves and not by the State Governments. With regard to the status on doorstep delivery, the Ministry instituted an online system of monitoring only in September 2015.

Recommendation

Ministry may take steps to address the bottlenecks in computerisation of TPDS operations in all States/UTs for efficient implementation of NFSA.

¹⁷ Sindhudurg and Raigarh.