

Chapter 4 - Consumer Affairs, Food and Civil Supplies Department

4.1 Department profile

The Civil Supplies Department was originally, only a regulatory Department. Subsequently, its activities have been diversified to include the following functions:

- ⇒ Procurement of paddy, coarse grains like maize, jowar, bajra, pulses at Minimum Support Price (MSP) through the State agencies and FCI;
- ⇒ Procurement of rice under mill levy for central pool by FCI;
- ⇒ Public distribution of essential commodities through fair price shops;
- ⇒ Implementation of LPG connections for BPL families (Deepam Scheme);
- ⇒ Monitoring of prices of essential commodities and market intervention operations for controlling the open market prices (if need arises), etc.

During the year 2010-11 we have reviewed the allotment of kerosene to the beneficiaries under '**Deepam Scheme**' in Ranga Reddy district. Our audit of this scheme revealed that the District Supply Officer, Ranga Reddy allotted (April 2008 to January 2010) excess kerosene to BPL card holders who have been provided LPG connections under 'Deepam scheme', resulting in extra financial burden of ₹ 23.93 crore on the State exchequer. The detailed audit findings are discussed below.

4.2 Extra financial burden due to excess allotment of kerosene

State Government issues kerosene to families Below Poverty Line (BPL) at subsidised prices through fair price shops (FPSs). In July 1999, Deepam scheme was launched in the State to provide LPG connections to BPL families. As per the Government orders (February 2005), beneficiaries under Deepam scheme are entitled to only two litres of kerosene per month, whereas BPL card holders who are not covered under Deepam scheme are entitled to three litres of kerosene in rural areas and six litres in urban areas.

In Ranga Reddy district, as of April 2008, the total number of BPL card holders¹ was 8.68 lakh. Of these, 1.92 lakh (urban: 91,686; rural: 1,00,069) were availing benefit of LPG connections issued under Deepam scheme. Audit scrutiny (March 2011) of the records of the District Supply Officer (DSO), Ranga Reddy revealed that, while allotting kerosene to Mandals during the period April 2008 to January 2010, the DSO understated the number of 'Deepam' connections by 1.10 lakh (urban: 91,240; rural: 19,196). Thus, computing the requirement of kerosene for each of these beneficiaries at the scale of three and six litres of kerosene, respectively, in rural and urban areas as against their entitlement of two litres. This resulted in excessive projection of kerosene requirement for the district to the extent of

¹ White, Anthyodaya Anna Yojana (AAY) and Annapoorna cards

84.51 lakh litres (rural: 4.22 lakh litres²; urban: 80.29 lakh litres³) and its further allotment to FPS dealers in the district as a whole. Considering that the open market price⁴ of kerosene ranged from ₹ 28.53 to ₹ 56 per litre during this period, the extra subsidy burden on the State exchequer amounted to ₹ 23.93 crore.

We also analysed the process of allotment of kerosene to all the DSOs in the State by the Commissioner, Civil Supplies (Commissioner) and the periodical reports relating to distribution of kerosene to Mandals/FPSs prescribed by the Commissioner. The Commissioner allots kerosene to DSOs for further allocation to the Mandals. The Mandal Revenue Officers (MROs)/Tahsildars in turn allot the kerosene among FPSs in Mandals, based on key registers available with the MROs concerned. The mandal-wise allotments made by DSOs are sent monthly to the Commissioner. Therefore, the understatement of ‘Deepam’ connections and consequential excess allotment of kerosene by the DSO, Ranga Reddy district could have been easily detected by the Commissioner by linking these with the total number of ‘Deepam’ connections in the district, as the Commissioner already had the data regarding the number of BPL families in each district who are provided with ‘Deepam’ connections.

DSO, Ranga Reddy district confirmed the excess allotment of kerosene to mandals and stated (March 2011) that the fact of having LPG connection under Deepam scheme was not disclosed by the beneficiaries at the time of obtaining Iris⁵ based ration cards. He also stated that there was no mechanism to cross check the details, as a majority of the ration cards were issued in the name of the head of the family, whereas ‘Deepam’ connections were issued in the names of women. The reply of the DSO is not acceptable, as the data relating to both BPL card holders, as well as ‘Deepam’ beneficiaries, is available with the DSO himself and he could have correlated it. Further, Government had already instructed in February 2005 district authorities that the declarations made by the members of the BPL family should be verified with the list of LPG connection holders supplied by the LPG dealers to the District administration/MROs/ Assistant Supply Officers.

Thus, non-compliance of instructions by DSO coupled with lack of due care within the Commissionerate of Civil Supplies had resulted in extra financial burden of ₹ 23.93 crore on the State exchequer in Ranga Reddy district alone over a period less than two years. Possibility of excess allotment of kerosene in similar fashion in other districts can not be ruled out and in that eventuality the total loss to public exchequer over a prolonged period could work out to be enormous. Additionally, possibility of excess allotments being diverted to open market can not also be ruled out.

It is recommended that,

- Government investigate into the matter and fix responsibility on the officials concerned for excess allotment of kerosene in Ranga Reddy district.

² (1,00,069 – 80,873) = 19,196 X 1 litre per month X 22 months

³ (91,686 – 446) = 91,240 X 4 litres per month X 22 months

⁴ As ascertained from the District Manager, AP State Civil Supplies Corporation, Ranga Reddy

⁵ Iris recognition is a biometric identification method used by the Government of Andhra Pradesh to authenticate the beneficiaries under various Government schemes

- Action may be taken to probe such excess allotments in all other districts also, as Audit conducts only a test-check.
- An appropriate mechanism be instituted to ensure that the data relating to BPL cards and 'Deepam' beneficiaries is linked up/correlated right from the Commissionerate level to MRO level, while allotting essential commodities under Public Distribution System, so as to arrest such leakages.

The matter was reported to Government in June 2011; reply had not been received (December 2011).