

Bill No. LXVIII of 2019

THE NATIONAL COMMISSION FOR FOOD GRAIN
MANAGEMENT BILL, 2019

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BILL

to establish a National Commission for Food Grain Management as an autonomous authority for supervision of Food Corporation of India and State Procurement Agencies, to act as an advisory body for scientific storage, handling and transportation of food grains in order to combat water crisis and reduce the wastage of food grains and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Seventieth Year of the Republic of India as follows:—

1. (1) This Act may be called the National Commission for Food Grain Management Act, 2019. Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint. Definitions.

2. In this Act, unless the context otherwise requires;

(a) "Commission" means the National Commission for Food Grain Management;

(b) "Chairperson" means the Chairperson of the National Commission for Food Grain Management appointed under section 4; and

(c) "Corporation" means the Food Corporation of India.

Constitution of National Commission for Food Grain Management.	<p>3. (1) The Central Government shall constitute a Commission, to be known as the National Commission for Food Grain Management, to exercise the powers conferred upon, and to perform the functions assigned to it, under this Act.</p> <p>(2) The Commission shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with powers, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued.</p> <p>(3) The head office of the Commission shall be at New Delhi.</p>	5
Composition of Commission.	<p>4. (1) The Commission shall consist of the following persons to be appointed by the Central Government, namely:—</p> <p>(a) a Chairperson;</p> <p>(b) six <i>ex officio</i> Members; and</p> <p>(c) ten part-time Members.</p> <p>(2) The Chairperson of the Commission shall be the Union Minister or Union Minister of State of Consumer Affairs and Public Distribution.</p> <p>(3) The <i>ex-officio</i> members shall be—</p> <p>(a) five Ministers heading the Public Distribution (by whichever name it may be called in the state) in their respective states, chosen on rotational basis; and</p> <p>(b) the Chairman of the Corporation.</p> <p>(4) The ten part-time Members shall be nominated by the Central Government, who shall not less than forty-five years of age and shall consist of:—</p> <p>(a) Two Chief Executive Officer or Managing Director of Indian Private Chartered Accountant Audit Firms as may be prescribed;</p> <p>(b) Two specialists possessing expertise in technology of scientific storage, having sufficient experience in designing, processing and engineering of agro-logistics;</p> <p>(c) Two experts having knowledge of government finances or accounts, or having experience in administration and financial expertise; and</p> <p>(d) Four Joint Secretary level Officers who have experience in the field of agro-logistics, internal auditing and public distribution.</p>	10 15 20
Terms and Conditions of Members of Commission.	<p>5. (1) The part-time Members, appointed under sub-section (4) of section 4, shall hold office for a term not exceeding four years and shall be eligible for extension or re-appointment.</p> <p>(2) The term of offices as an <i>ex officio</i> Member shall continue as long as the person holds the office by virtue of which he is such Member.</p> <p>(3) Where a Member, other than an <i>ex officio</i> Member is absent from three consecutive ordinary meetings of the Commission and the cause of such absence is not attributable to any valid reason in the opinion of the Commission, such Member shall be deemed to have vacated the seat.</p> <p>(4) The salaries and allowances payable to, and other terms and conditions of service of the part-time members appointed unles clause (a) to (c) shall be such as may be prescribed by the President.</p> <p>(5) The Chairperson or a Member may relinquish his office by giving in writing to the President, a notice of not less than three months:</p> <p>Provided that such person may be relieved from duties earlier than three months or be allowed to continue beyond three months until a successor is appointed, if the Central Government so decides.</p>	30 35 40 45

6. (1) The President may, by order, remove from office the part-time Members, who— Removal of Members.

(a) has been adjudged an insolvent; or

(b) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or

5 (c) has become physically or mentally incapable of acting as a Member; or

(d) is of unsound mind and stands so declared by a competent court; or

(e) has acquired such financial or other interest as is likely to affect prejudicially his functions as a Member; or

10 (f) has so abused his position as to render his continuance in office prejudicial to public interest.

(2) No member shall be removed under clauses (e) and (f) of sub-section (1) unless he has been given a reasonable opportunity of being heard in the matter.

15 7. (1) The Commission may, for the efficient discharge of its functions under this Act, appoint such officers and other employees, as it considers necessary, against the posts created by the Central Government. Appointment of experts, professionals, officers and other employees of Commission.

(2) The salaries and allowances payable to, and other terms and conditions of service of, the officers and other employees of the Commission shall be such as may be prescribed by the Central Government.

20 (3) The Commission may engage, in accordance with the procedure specified by regulations, such number of experts and professionals of integrity and outstanding ability, who have special knowledge of, and experience in such fields, including crop management, agro-logistics infrastructure, scientific management of foodgrains, economics, quality assurance, agriculture related research, science and technology, auditing, administration, finance, accounts and law, as it deems necessary, to assist the Commission in the discharge of its functions under this Act, 25

8. (1) The Commission shall meet at least once every quarter at such time and place as may be appointed by the Chairperson. Meeting of Commission.

30 (2) The Chairperson shall preside at the meeting of the Commission, and if, for some reason the Chairman is not able to attend, The may nominate any *ex-officio* member to chair the Meeting.

(3) Unless the procedure to be followed at the meeting of the Commission is otherwise provided by regulations, one-half of the total number of Members of the Commission including the Chairperson shall constitute the quorum and all the acts of the Commission shall be decided by a majority of the members, present and voting and in the event of equality of 35 votes, the Chairperson shall have the casting vote.

(4) No act done by the Commission shall be questioned on the ground of the existence of a vacancy in, or a defect in the constitution of, the Commission.

40 (5) A person who is aggrieved by any decision of the Commission may prefer an appeal to the Central Government against such decision within thirty days of the communication of such decision.

9. (1) The Commission shall perform the following functions, namely:—

(a) supervise the functioning of the corporation and State Procurement Agencies through periodic internal audits of its offices. Powers and Functions of Commission.

45 (b) recommend policies and programmes for maintaining high standards in agro-logistics and scientific silo construction to replace the cover and plinth storage system, especially in the consuming States;

(c) lay down mission mode targets and draw a roadmap through Public Private Partnership (PPP) in consultation with the corporation and State Procurement Agencies for achieving the target of silo construction by the year 2025.

(d) conduct internal audits of the Corporation and State Procurement Department through outsourcing to independent third party private audit firms and reporting any discrepancy to the Central Government or Governor of the State; 5

(e) Formulate a pro-active liquidation policy of excess stock through exports in collaboration with the Ministry of Commerce and Industry.

(f) recommend the reserve price under Open Market Sale by the corporation through an expert committee. 10

(g) establish a real-time digital repository of stock procurement by the Corporation and State Procurement Agencies to ensure *inter-state* co-ordination through collaboration with National Informatics Centre.

(h) Conduct a periodic by-annual survey of the stock requirement wastage and storage facilities under targetted public distribution scheme of each State. 15

(i) Food Grain Management Index annually to assess the reduction of food wastage and growth of scientific storage infrastrucutre, both public and private, to achieve the targetted storage by the year 2025.

(j) Recommend measures to rationalize the subsidies given through the Fair Price Shops. 20

(k) Promote procurement of pulses and millets to incentivize farmers to produce less water intensive crops.

(l) Any other function as may be prescribed by the Central Government.

Central Government to provide Funds. 10. The Central Government shall, after due appropriation made by Parliament by law in this behalf, provide requisite funds for carrying out the purposes of this Act from time to time. 25

Power to remove difficulties. 11. If any difficulty arises in giving effect to the provisions of this Act, the Central Government, may make such order or give such direction, not inconsistent with the provisions of this Act, as appears to it to be necessary or expedient for the removal of any difficulty.

Power to make rules. 12. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act. 30

(2) Every rule made under this Act by the Central Government shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days, which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, Parliament agrees in making any modification in the rule or Parliament agrees that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so however, that any such modifications or annulment shall be without prejudice to the validity of anything previously done under that rule. 35 40

STATEMENT OF OBJECTS AND REASONS

The Bill intends to establish an autonomous regulatory institute, National Commission for Food Grain Management (NCFM) under Ministry of Consumer Affairs to supervise the functioning of the Food Corporation of India and the State Procurement Agencies. There is a lack of scientific management in the food procurement system, which creates a vicious cycle of wastage and financial loss. Food Corporation of India, as pointed by the Shanta Kumar High Level Committee needs a complete overhaul with a stronger supervision to make the system efficient.

2. According to reply given by the Ministry of Consumer Affairs, Food & Public Distribution on 21st June 2019, the quantity of damaged food grain in 2018-19 was almost double the quantity damaged last year. This highlights the lack of sufficient storage capacity during a good monsoon. Government of India has approved an action plan for construction of steel silos in the country for a capacity of 100 LMT in Public Private Partnership (PPP) mode for modernizing storage infrastructure and improving shelf life of sotred food grains. Against this, as on 31.12.2018, steel silos of only 6.25 LMT capacity have been created. The NCFM will ensure stricter compliance and greater transparency in the working of the FCI.

3. The FCI also hires chartered accountant firms for its internal audit of regional offices through bidding. Under the Bill, this function has been transferred to NCFM, which will appoint chartered accountants to audit the FCI regional offices as well as the State Procurement Agencies, to verify the records of stock procurement, storage capacity, etc.

4. In order to offloads its excess stock, the FCI undertakes Open Market Sale of wheat and rice at a reserve price, often lesser than the market price. This disrupts the market and burdens the Government exchequer. The key factor is that there is no pro-active liquidation policy. Department of Food and Public Distribution (DFPD) and the FCI has to work in tandem to liquidate stock in Open Market Sale Scheme (OMSS) or in export markets, whenever stocks go beyond the buffer stock norms. The NCFM is also tasked with the function of conducting periodic surveys of the buffer stock requirement so that excess could be sold/ exported at porfitable prices through prior planning.

5. The High Level Committee also recommended total end to end computerization of the entire food management system, starting from procurement from farmers, to stocking, movement and finally distribution through TPDS. The NCFM is entrusted to create an online data repository with information on real time procurement, stock and storage capacity of FCI as well as the State agencies.

6. The NCFM will also conduct a periodic survey of requirement of stock across the country to measure the total stock required for TPDS to further strengthen the data monitoring system to assist the policy making process at the executive level.

7. Paddy and wheat, being the majorly procured crops are also the most water-intensive ones. producing a kilogram of rice requires and average of 2,800 liters of water, while a kilogram of wheat takes, 1,654 liters, says Water Aid India's "Beneath the Surface: The State of the World's Water 2019" report. Thus, the wastage of food grains due to unscientific infrastructure must be intolerable in a country on the verge of a water crisis.

8. This Bill intends to achieve the above objectives.

NARESHGUJRAL

FINANCIAL MEMORANDUM

Sub-clause (1) of clause 3 of the Bill provides for constitution of the National Commission for Food Grain Management to exercise the powers and to perform the functions assigned to it, Sub-clause (1) of clause 4 provides for the appointment of Ten Part Time Members of the Commission. Sub-clause (4) of clause 5 provides for payment of salaries and allowances to the part-time members Sub-clause (1) of clause 7 provides provides for appointment of officers and other employees of the Commission. Sub-clause (2) of said clause provides for payment of salaries and allowances to officers and other employees of the Commission.

2. The expenditure would be largely met from corpus of the existing budgetary support by the Government to the Ministry of Consumer Affairs and Public Distribution an further, as expenditure would depend on the number of meetings of the Commission as well as the salary prescribed for the members and officers by the the Central Government, recurring or non-recurring expenditure cannot be anticipated at this stage.

MEMORANDUM OF DELEGATED LEGISLATION

The Clause 12 of the Bill empowers the Central Government to frame rules for carrying out the purposes of this Act. As the rules will relate to matters of debit only, the delegation of legislature power is of a normal character.

RAJYA SABHA

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to establish a National Commission for Food Grain Management as an autonomous authority for supervision of Food Corporation of India and State Procurement Agencies, to act as an advisory body for scientific storage, handling and transportation of food grains in order to combat water crisis and reduce the wastage of food grains and for matters connected therewith or incidental thereto.

(Shri Naresh Gujral, M.P.)