

CONSULTATIVE WORKSHOP ON “FPS AUTOMATION & FPS VIABILITY”

7th October 2015, Wednesday at Hotel Mayfair Lagoon, Bhubaneswar



WORKSHOP PROCEEDINGS

Organised by:



**Food Supplies and Consumer Welfare Department,
Govt. of Odisha**

In Collaboration With

Odisha Modernising Economy, Governance and Administration



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BACKDROP

Government of Odisha (GoO) has been currently working on the transformation of Targeted Public Distribution System (TPDS) in Odisha in line with the requirement of End-to-End Computerization (EtEC) mandated by Hon'ble Supreme Court in their September'2011 order. EtEC is a Centrally Sponsored Scheme of Government of India (Department of Food and Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution) to provide infrastructure and financial support to States/UTs for computerization of TPDS Operations. The scheme has been divided into two components. Digitization of beneficiaries and other databases, Computerisation of supply-chain and Setting up of transparency portals and grievance redressal mechanism are covered under component-I. Fair Price Shop (FPS) Automation comes under the component II of the scheme. Component-I of the scheme is a Plan Scheme under the 12th Five Year Plan (2012-17) being implemented across all States/UTs on cost-sharing basis (50:50) between Centre and State.

At present, Government of Odisha (GoO) is in the final stage of completing the beneficiary identification and digitization. It has also rolled-out supply chain management software to automate grain movements from storage depots to FPS through a network of Handling and Transport Contractors to 220/250 depots. A common grievance redressal helpline (SANJOG- 155335) that serves a number of government departments is operational in the State, and procedures are in place to address complaints received in relation to the TPDS. The existing grievance redressal helpline is being further customized to make it robust and more user-friendly.

The Government of Odisha is now set to take up the component II (FPS Automation) of EtEC state-wide in a phased manner. Several alternative methods are now available for automation of FPS such as use of PoS devices, which are owned by the FPS owners, PoS are procured and owned by state and some hybrid options. However, the key question is to ascertain the best possible option for the State of Odisha. At present, Government of India provides incentive of Rs 17/- per quintal of grains to be transacted through PoS devices. This incentive would be shared between the State and Government of India in the ratio of 50:50 as decided by Central Government.

CONSULTATIVE WORKSHOP

A daylong Consultative Workshop on “FPS Automation & FPS Viability” was held on 7th October 2015 at the Hotel Mayfair Lagoon to have **brainstorming sessions on different possible options for FPS Automation and to ascertain the option most suitable for Odisha**. The Workshop was organised by Food Supplies and Consumer Welfare Department in consultation with Odisha Modernising Economy, Governance and Administration Programme (OMEGA), a DFID funded Initiative. The Consultative Workshop was attended by 103 delegates from Government of India, State Governments, World Food Programme, OMEGA and other Stakeholders concerned with FPS Automation.

Officials from Department of Food & Public Distribution, Government of India and other states having prior experiences of FPS Automation such as Andhra Pradesh, Gujarat, Madhya Pradesh and Telangana were invited to share their experience, which could be instrumental in shaping the strategies for FPS Automation in Odisha. In addition, officials from the FS & CW Department, Odisha State Civil Supply Corporation (OSCS), District Collectors, Civil Supply Officers and senior officials from the State Government were invited to deliberate on issues relating to the FPS Automation. Representatives from Agencies dealing with Point of Sale (PoS) and other technological tools and selected FPS Owners were also invited to share their models and views. Participants from World Food Programme, NIC, OCAC and OMEGA were also invited to share their views and to provide inputs on what are the challenges and how best to address the same in a planned and systematic manner.

The Focus of the daylong Consultative Workshop was on developing a vision and strategies that will form the foundation for Pilot and replication of FPS Automation in Odisha. In order to develop the vision and strategies for FPS Automation in the State, sequential working sessions were conducted.

In the First Session, Hon’ble Minister, Food & Civil Supplies, Odisha, Sri S K Das Burma formally inaugurated the Workshop to kick start the proceedings. This was followed by sharing of the objectives of the Workshop by Sri M S Padhi, Secretary to Government, FS & CW, Odisha. Sri Deepak Kumar, Joint Secretary, Department of Food & Public Distribution, Government of India

shared the perspective of the Central Government on Point of Sale (PoS) device based FPS Automation.

The Second Session began with an introductory presentation by the Joint Secretary, Government of India on the guidelines and various models available for FPS Automation. This was followed by a presentation by WFP on their experience of FPS Automation in Rayagada of Odisha and in Kerala State. Both the presentations facilitated the understanding of the existing situation, opportunities and challenges associated in the FPS Automation in Odisha. Following the presentations, an open house discussion aimed at identifying the key learnings from the Session was held.

The Third Session focused on drawing inspirations from the experiences of other states. The representatives of Gujarat, Madhya Pradesh, Andhra Pradesh and Telangana Governments made presentations highlighting the processes adopted by them and achievements of FPS Automation in these states. The salient features of various models of FPS Automation and the issues encountered during pilot of these models were articulated by the state representatives. This was followed by an open house discussion aimed at identifying the key learnings from these states.

The Fourth Session focused on presentations by agencies that are engaged in PoS based FPS Automation in various parts of the Country. Agencies such as VisionTek, Bosch, Bharat Electronics Ltd and Spatial Ideas presented their models highlighting the processes adopted and achievements of FPS Automation. The representatives from FPS owners also shared their views on the proposed FPS Automation in the State. The Secretary, FS & CW indicated that modalities appropriate for FPS Automation in Odisha would be based on the ground realities and learnings from other states.

The Final and Valedictory Session was chaired by Sri R Balkrishnan, IAS, ACS, Finance, Government of Odisha. Sri Madhusudan Padhi, IAS, Secretary, FS & CW summed up all deliberations made during the day. Mr. Abdul Rahim, Team Leader, OMEGA proposed the vote of thanks.



WORKING SESSIONS

In order to develop the vision and strategies for FPS Automation in Odisha, sequential Plenary Sessions were conducted. The Workshop was divided into the following five Working Sessions.

- A.** Inaugural Session: The Workshop was inaugurated by Sri Sanjay Kumar Das Burma, Hon'ble Minister of Food Supplies & Consumer Welfare, Odisha (in the presence of Sri Deepak Kumar, IAS, Joint Secretary, Department of Food and Public Distribution, Government of India)
- B.** Plenary Session I : Directives, Guidelines & Proposed Models of FPS Automation
- C.** Plenary Session II: Experience from Other States
- D.** Plenary Session III: Technological Options for FPS Automation in Odisha
- E.** Valedictory Session: The Session was chaired by Sri R Balkrishnan, Additional Chief Secretary, Finance, Government of Odisha



INAUGURAL SESSION

In the Inaugural Session, Sri S K Das Burma, Hon'ble Minister, Food & Civil Supplies to Govt. of Odisha inaugurated the Workshop to kick start the proceedings. This was followed by sharing the objectives of the Workshop by Sri M S Padhi, Secretary, FS & CW, Government of Odisha. Sri Deepak Kumar, Joint Secretary, Government of India shared the perspective of the Central Government on PoS based FPS Automation.



On the Dais

**Sri S K Das Burma, Hon'ble Minister,
Food & Civil Supplies, Odisha**

**Sri Deepak Kumar, Joint Secretary, Dept.
of Public Distribution, Govt. of India**

**Sri Madhusudan Padhi, Secretary, FS &
CW Dept., Govt. of Odisha**

**Sri Ashok Barnwal, Pr. Secretary, Food &
Civil Supplies, Govt. of MP**

Sri Niranjan Nayak, MD, OSCSC Ltd.

Mr. Abdul Rahim, Team Leader, OMEGA

Welcome Address:

Mr. Abdul Rahim, Team Leader, OMEGA welcomed the participants to the Workshop and stated that the Workshop was aimed at finding a way forward for implementation of FPS automation and sharing the experience of other state as regards to initiatives for FPS automation. He added that deliberations through the day would certainly be instrumental in finding appropriate ways and means for FPS automation and ensuring the viability of FPS operations. This step will complete the successful implementation of End to End computerisation in Odisha.

Lighting of the Lamp:

Sri Sanjay K. Das Burma, Hon'ble Minister, Food Supplies and Consumer Welfare, Odisha, Sri Deepak Kumar, Joint Secretary, Government of India and other dignitaries on the dais to inaugurate the workshop by lighting the Lamp.

Mr. Abdul Rahim, Team Leader, OMEGA:

Odisha has made tremendous improvement in last 4 to 5 years in modernizing the management of Public Distribution System. Odisha started off with the Supply Chain Management automation and then moved on to the Paddy Procurement Automation System. This year has witnessed a remarkable improvement as the automated software has contributed a great deal in improving the Paddy Procurement in the piloted blocks at the field level. After Paddy Procurement Automation, it is time to implement the last mile automation, i.e., to ensure the availability of food items to consumers in a transparent and hassle free manner. Several successful models of FPS automation are available across the country. We are thankful to have key officials from different states and Government of India to share with us various FPS automation models in operation. It is indeed a great privilege that we have assembled here to assimilate, analyse and identify the best possible model that will be suitable for implementation of FPS automation in Odisha. It is hoped that this Workshop will be a watershed in the entire journey of automation. Further, he requested

everyone present to participate actively in all discussion and make the workshop a great success.

Sri Madhusudan Padhi, IAS, Secretary, FS & CW, Government of Odisha:

FPS Automation is the last leg of the End to End Computerisation (EtEC) process in the State. Government of India has planned to implement the first three aspects of EtEC on 50: 50 sharing basis with States. It has released Rs.11.5 crore and again Rs.5.5 crore to go ahead with the end to end computerisation in Odisha. Sri Padhi said that the first and foremost thing was to go for basic computerisation which is the basis of going forward in the end to end computerisation programme. In the present initiative on NFSA implementation, all aspects of end to end computerisation programme have been included. He was happy to add that there were about 80 lakhs TPDS beneficiaries in the State and 17,700 FPS were operational with an average of 300 beneficiaries per FPS. With the FPS Automation, Fair Price Shop operations can be rationalised at GP level. There are also plans to involve SHG and Cooperatives to increase the involvement of the community in the functioning of Fair Price Shops. He also highlighted that there were some problems such as the issues relating to authentication as only 54 % population of the State is linked to Adhaar. Allotment as per the beneficiaries is done but the balance remaining never comes to notice. Other aspects of the automation include need of portability of FPS operations, incentives to FPS owners and margins to be availed by FPS owners for operation of PoS or other technological tools. There are three models of PoS based FPS Automation in operation:

- 1) The PoS device is funded and owned by the State Government.
- 2) The PoS device is funded and owned by the FPS owners.
- 3) The PoS device is funded and maintained by a third party.

There is a need to find out the best possible model suitable for implementation in Odisha. He added that while deciding about it, there was a need to look into some critical aspects such as on line portability, on line and off line modes of operation etc.

Sri Ashok Barnwal, Principal Secretary, FS & CW, Government of Madhya Pradesh:

PDS reforms are in progress and all FPS shops in Madhya Pradesh are owned by Government of Madhya Pradesh. He stated that the end to end computerisation was the right step forward in the transformation of TPDS in the country. The role of the Civil Supplies Department has also changed in implementing the programme across the state. Initially, people used to look at PDS as a welfare function and the general impression about the department was poor. However, the sentiment has changed in the wake of TPDS reforms as emphatically said by none other the Development Economist Mr Jean Dreze. He added that the implementation of NFSA has been effective in tracking the wrong inclusion but still there are some deviations that need to be addressed. There have been efforts to bring about more transparency in the TPDS implementation, but all good processes take time to evolve and get implemented. He said that similar initiatives of FPS automation will gather momentum and get implemented successfully to bring about increased degree of transparency and accountability in the TPDS implementation.

Sri Deepak Kumar, Joint Secretary, DOFPD, Government of India:

At the National level, policy reforms have been taking place to bring about increased degree of transparency in the implementation of TPDS across the country. He added that the functioning of the department was infamous and full of leakages to the extent of 40 to 50 percent. As a result, the Civil Action Group approached the Supreme Court and Wadhwa Commission was subsequently set up to look into overall functioning of TPDS in the country. The Commission studied the issues and came up with suggestions for formulating the scheme on Food Security that will in addition to providing entitlements ensure food security to the poor and vulnerable families. As a result, the National Food Security Act came into force from the year 2013. The National Food Security Act contains several innovative features. In fact, some ineligible beneficiaries had to be excluded after the implementation of NFSA. Out of 36 territories, 18 states have already adopted National Food Security Act. **He went on to add that Government of Odisha has been very systematic in NFSA**

implementation. Government of India has already been working on improving the transparency portal. He categorically said that the entire process has to be on line. The first phase of End to End computerisation is over and now the second phase, i.e., FPS automation has started. The proposal for Direct Cash Transfer is also under active consideration. The feasibility of the process depends on the availability of banking network and food grains throughout the year. FPS automation, if implemented properly, will surely result in cutting down on leakages and pave the way for a 100 % delivery system. Till today, 22,000 Fair Price Shops have been automated and it is expected that a figure of 1 lakh FPS may be reached by March, 2016 and 3 lakh FPS by March, 2017. A lot of experimentation is going on in UP and MP. He was hopeful of some good learnings emerging from the Workshop. In West Bengal, individuals have separate cards and they normally go for availing weekly quota. Some states issue 20 to 25 items and some states issue only 2 to 3 items. He reiterated that states should come up with their own software to solve their problems and to follow their best practices. At the end, he thanked all delegates and hoped that the Workshop would pave the way for effective implementation of FPS automation in Odisha.

Hon'ble Minister, Sri Sanjay Kumar Das Burma, Food Supplies and Consumer Welfare:

Hon'ble Minister said that Government of Odisha has provided its unflinching support for the End to End computerisation initiative that is being implemented in Odisha. Further, he said that he was happy to be involved in this massive exercise of bringing about transparency and accountability through TPDS reforms. The support and leadership for this initiative will continue. While elaborating further, he said that this Workshop on finding a strategy for the FPS automation would certainly be instrumental in bringing about the much desired transformation of TPDS in line with the directives of Supreme Court.

The FPS automation initiative involves the use of technology. There is also need for a robust Grievance Redressal Machinery. He added that brainstorming session with various stakeholders would be required to improve the system from time to time. Further, it is essential that FPS automation should be successful in synchronising with other components

of the TPDS. It should be effective in facilitating beneficiary identification and authentication. He said that there were about 18,000 FPS in Odisha, out of which 15,000 have been planned to be initially automated. There is an interesting experiment in Rayagada with the support of WFP. Point of Sale (PoS) device has been in use in Rayagada district since 2012. Over the years, PDS operations have improved considerably. Another challenge is to successful implementation and operationalisation of NFSA. Further, there is the need for strengthening the functioning of Fair Price Shops through introduction of technology and other value addition features from time to time.

Vote of Thanks by Sri Niranjan Nayak, MD, OSCSC Ltd.:

Sri Niranjan Nayak, Managing Director, Odisha State Civil Supplies Corporation thanked all officials, delegates and other participants for their valuable presence. He further stated that Hon'ble Minister Sri Sanjay K Das Burma, Secretary, FS & CW, Sri Madhusudan Padhi and OMEGA team have significantly contributed to the successful organising of the Workshop, which has created opportunities to further improve transparency and operational efficiency in PDS operations. He said that the inaugural session was quite informative and a good learning experience for all of us. The sharing by key officials from other states will surely be instrumental in improving the implementation of NFSA and FPS automation in the State.



Plenary Session I: Directives, Guidelines & Proposed Models of FPS Automation

This Session began with a presentation by the Joint Secretary, Government of India on the guidelines and various models available for FPS Automation. This was followed by a presentation by WFP on their experience of FPS Automation in Rayagada district of Odisha, Madhya Pradesh and Kerala. Both the presentations facilitated the understanding of the existing situation, opportunities and challenges inherent in FPS Automation in Odisha. Following the presentations, an open house discussion aimed at identifying key learnings from the Session was held.



Session Coordinator

Sri Deepak Kumar, IAS, Jt. Secy., GoI

Presenters

Sri Deepak Kumar, IAS, Jt. Secy., GoI

Sri Ankit Sood, WFP

Rapporteur

Sri Debabrata Mallick, OMEGA

Presentation by Deepak Kumar, Joint Secretary, DOFPD, Government of India

Sri Deepak Kumar made a presentation on the progress of PDS reforms including EtEC in various parts of India with a focus on Odisha. He said that in the first phase, End to End computerisation was successfully completed and in the second phase, FPS Automation would be taken up by Government of Odisha on a pilot basis and subsequently scaled up to the entire State.

He further added that 18 states are already on board and the implementation of NFSA in an advanced stage in many other states. Government of Odisha has made significant progress

as regards the implementation of NFSA. At this point of time, FPS Automation is in its initial stage of implementation in Odisha.

The role of NIC has been vital as they are associated with the Department of Food & Public Distribution from the very beginning and have come up with different solutions from time to time. He categorised the states into three types with respect to implementation of EtEC of PDS such as:

- Directly with NIC.
- With state team of Technical people.
- With other Technical Agencies such as Odisha.

Portability is initially confined to a cluster of 6 FPS but FPS automation is a huge empowerment exercise. In this entire exercise on FPS automation, beneficiary is the ultimate winner as he/she can get his/her quota of essential goods from any of the 6 FPS in the cluster.

All states have to come on a common platform to have inter-state and inter- district portability. The platform of e-Governance and MDDS standards can be used for other schemes and the status of TPDS computerisation will improve substantially. There is the need for state portal to exhibit clearly information on SMS, Toll Free Number, Online Grievance registration and redressal, Allocation of Food grains, Ration Card Details and Toll Free Number - 1800- 345 – 6724. Odisha has done commendable work in association with WFP and other Technical partners such as OMEGA. It has utilised its resources effectively. WFP is also a partner to the Government of India in implementing the FPS initiative across the country. WFP will soon be adopting other states as well. The states have to do it and Government of India would play a role integrating states with the agency. There are two aspects to the process:

1. Business Model – I
2. DBT – Data Based Transaction – Process Flow

He added that for the success of Data Based Transaction, information on food grain availability, inflation, nutritional food materials and FPS automation were needed and that the FPS automation was a time consuming process.

Presentation by Sri Ankit Sood, World Food Programme

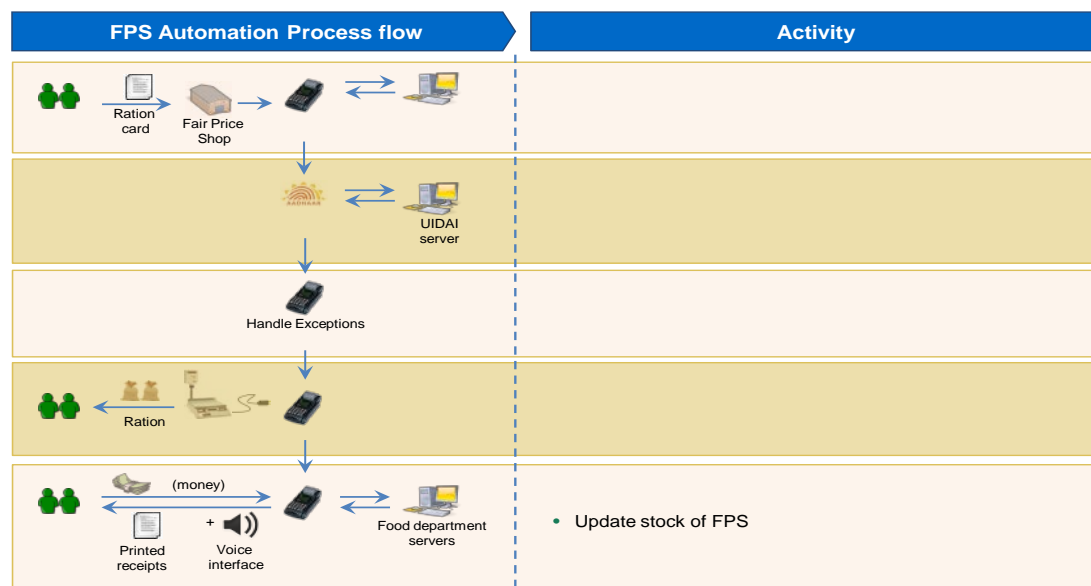
World Food Programme has been implementing Fair Price Shop Automation initiative in Madhya Pradesh, Kerala and Odisha. This initiative has improved transparency in the system. Fair Price Shop transformation is never an easy task. It takes time to get it operational at the ground level. It calls for framing of guidelines and use of technology to undertake and implement FPS automation effectively. He added that this workshop would mainly focus on the following three issues:

- What solution to implement?
- How to implement /roll out?
- Who pays for it?

While elaborating further on the utility and relevance, he said that Fair Price Shop Automation aims at addressing the following three important dimensions:

- Reduction of leakages - accurately identify beneficiaries for transaction, minimize opportunity to misreport sales
- Improved stakeholders' convenience - robust exception management, easy to operate and maintain records, increase incentives for operations.
- Increasing the degree of transparency and accountability - dashboard with analytical results, SMS system with feedback, Integration with RCMS and SCMS.

Overview of the solution as per the approved DPR of GoO



While sharing about the Authentication Process Flow, Ankit said that the solution needed to have robust exception management mechanism which will be helpful in addressing issues such as: 1) PoS device (or other accessories) breaks down/ doesn't work, 2) If the data connectivity is not available temporarily (one-off case, for longer duration), 3) Beneficiary cannot walk to the fair price shop because of illness, old age or disability and 4) Beneficiary wants to add/update his mobile number on the database. While narrating their experience, he said that if authentication could be done to the extent of 80 %, then it is quite an achievement. Further he said that the introduction of PoS as a first step towards FPS automation on a pilot basis in Rayagada has been satisfactory as it has given them the desired results to move forward. He said that the roll out of FPS Automation depended on the data connectivity at the FPS level.

Questions and Answers Session:

1. What to do in cases there is no connectivity? Is there any recommended practice?

A. As of now, Government of India does not have a quick fix. WFP has a mixed solution. In an offline mode, it is possible to do transaction at the FPS level. Transparency and reliability will be at stake as there might be some misuse. All solutions are intermediary and there is no final solution to it.

2. Demographic Authentication – How to go about doing it?

A. Adhaar is the point of initial demographic authentication. Biometric authentication is also another practice. CIDR is also one of the best means to do all authentications.

- We have to go to places where connectivity is available.
- Penetration of Adhaar Card has to increase.
- Demographic authentication takes longer than biometric authentication.

3. How is the Data Security in PoS, OTP? How to store this data and verify?

A. It is a difficult task. We can start off with no authentication. In case necessary, we can start with electronic transaction at the FPS level.

Sri Deepak Kumar said that there were about 14,00,000 FPS in the country. There was no need to cover 100 % FPS. A beginning could be made with those FPS that have connectivity. Gradually the coverage can increase with increased connectivity. Some innovations that will help to strengthen authentication in offline mode may emerge in due course.

PLENARY SESSION II: INITIATIVES ON FPS AUTOMATION BY STATE GOVERNMENTS

This Session primarily focused on drawing inspirations from the experiences of other states. In order to achieve this, presentations highlighting the process adopted and achievements of FPS Automation were made by the representatives of Gujarat, Madhya Pradesh, Andhra Pradesh and Telangana states. The salient features of various models of FPS Automation and the issues encountered during pilot of these models were presented by the state representatives. Following the presentations, an open house discussion aimed at identifying the key learnings from other states was held.



Session Coordinator

Sri N B S Rajput, RDC, Northern Division

Presenters

Sri Ashok Kumar Barnwal, IAS, Govt. of MP

Sri A. Guruprasad, Govt. of AP

T. Subramaniam, Govt. of Telangana

Sri R C Saha, Govt. of Gujarat

Rapporteur

Sri Debabrata Mallick, OMEGA

Presentation by Sri T. Subramaniam, Government of Telangana

Sri T. Subramaniam shared the reforms on TPDS in Telangana. He said that there were many bottlenecks in NFSA implementation in his state. Some of the bottlenecks that posed serious obstacles to the implementation of NFSA included lakhs of bogus cards, discretionary allocations, collusion between transporters and FPS owners and the inability to monitor FPS operations for automation.

As regards Ration Card Management, he added that Government of Telangana has completed 100 % digitization and 100 % Adhaar seeding. The present database has been

used to identify beneficiaries for other schemes like DEEPAM, Search provisions public access, mutation services provided in Mee Seva centres, de-duplication/ineligibility of UIDs with other State UIDs particularly with AP data done and other departments (Pensions, Property Tax, and Govt. employee database.

Manual allocations have been eliminated and the allocations are currently based on an objective formula. There is a dynamic key register that makes allotments based on number of units and their eligibility every month. Entry of closing balances by FPS is mandatory as it is added to allocation. Further, there is the provision of generation of ROs and recording of payments by FP Shop dealers.

Under Supply Chain Management, GPS monitors movement of ECs (including Kerosene) from buffer godowns to MLS point to FPS. There are linkages from FCI to MLS points to FP shops. SCM is linked to eSeva for payment by FPS dealers and for generation of release orders. There is a provision of system generated truck sheets and SMS alerts get generated on stock arrivals.

Under FPS automation, the transaction is mostly done through e-PoS devices. The pilot was launched in 45 shops located in Hyderabad. The immediate benefits resulting from the pilot relate to the following:

1. Ration assured and beneficiary authentication ensured,
2. Stock arrival at FP Shop - message to cardholders,
3. Recording of sale transactions,
4. Paper slips as transparency measures,
5. System generated CBs,
6. Savings,
7. Helpful for knowing seasonal migration, and
8. 14 % average saving per month.

At the end of his presentation, Sri Subramaniam added that a Vendor has been selected for Greater Hyderabad Municipal Corporation (GHMC) area to cover 1,545 Fair Price Shops. This

FPS automation initiative has been implemented through a System Integrator Model. Hopefully, it will serve as a test of the robustness of open source platform (SQL) for concurrency issues. There is a Help Desk and Consumer Helpline to record grievances and to record grievance within a short period of time. There is also the provision of Cyber Security System to thwart any attempt to manipulate or sabotage the operation at the FPS level.

Presentation by Sri A. Guruprasad, Principal Analyst, NIC, Government of Andhra Pradesh:

The Government of Andhra Pradesh is in a position to issue a card to general public at any given point of time. He added that in Andhra Pradesh, Fair Price Shop remains open for 20 days in a month and a beneficiary can avail ration from any Fair Price Shop as portability has been established across the State. It is more prevalent in urban areas. It is important to add that on receipt of closing balance, the opening balance gets automatically updated. At present, software is in use to increase the signal strength, so that portability can increase to enhance the accessibility by people. The benefits are as follows:

Public/Beneficiary	Fair Price Dealer	Officials	The Government
<p>Empowering beneficiary and improved service delivery (reduced waiting time for service delivery)</p> <p>Transparency at FPS level in all transactions.</p> <p>Reduced number of</p>	<p>Behavioral change in fair price shop personnel</p> <p>Dignity</p> <p>No need to oblige any one.</p>	<p>To reduce the work load.</p> <p>No need for manual record maintenance.</p>	<p>Huge savings which can be ploughed back for further development of PDS system as well as enhancing commission to the fair price shop dealers etc.,</p> <p>To reduce diversion</p>

trips to FPS to take ration.			
Weeding out poorly performing fair price shop dealers			

Network Challenges:

Availability of connectivity at FPS level is crucial for automation. Hence, it is question of finding out which network will provide the best signal strength at FPS location. Further each ePoS has been provided with 2 SIM cards with automatic switchover facility along with broadband. In addition, all fair price shops have been covered with antennas to receive signal strength in a better manner.

Behavioural Challenges:

Sri Guruprasad added that it was important to bring substantial change in the attitude of stakeholders and convince fair price shop dealers on the easy implementation of PDS through ePoS system. There was a need to sensitise FPS owners to issue correct weightment of essential commodities through ePoS connected (via Bluetooth, via RSR Cable) electronic weighing scales. This will certainly increase the dealer reputation and respectability in the locality. There is bigger challenge to ensure sharing of information among all stakeholders through ePoS.

The officers will experience a change in their efficiency levels and reduction in daily work, reduction in maintenance of manual records and easy supervision of fair price shops online. It can be safely concluded that only genuine beneficiaries can draw ration. It will save public money and contribute to savings to the public exchequer. Further diversion and malpractices will be reduced.

He also added that savings to the state exchequer were substantial after FPS Automation. The state saves about Rs.1,170 crores per annum at the rate of 90 crores per district.

Presentation by Sri R.C Saha, Deputy Director, FS & CW Department, Gujarat:

In Gujarat, there was a biometric base prior to the Adhaar linkage. There are about one crore people who have been brought under biometric coverage. Persons above the age of 15 years of age in all families are eligible to be covered under TPDS. In the biometric process, the State has been able to weed out 16 lakhs ineligible beneficiaries. In 2011, Gujarat provided connectivity to all Gram Panchayats under the E-Gram programme and as a result, people have been able to register themselves and access food entitlements from the concerned GP. To improve better and efficient functioning of GP, Government of Gujarat has permitted FPS dealers to charge 50 paisa per transaction and Rs.70 per quintal as commission. This initiative has been very important in motivating FPS dealers to take care of the activities at FPS level. The automation has taken place at almost all places across all 33 districts of the State. To achieve end to end computerization, Government of Gujarat decided to implement eFPS scheme after successfully implementing biometric based Ration Cards. Government does not give any grant. Instead FPS owners are encouraged to take loan as per requirement under “Vajpayee Bankable Loan Yojana”. To ensure returns, a revenue model has been worked out for them. eFPS owners are given training to operate the system. Software is provided by NIC and the data is stored at the central level server. Technical support is provided to FPS owners at district / taluka (tehsil) level.

Profile of Operation:

- ❖ FPS Automation has been done in 15,949 FPS (92%) and all FPS are covered as eFPS (100% target).
- ❖ Automatic Permit. A FPS owner can avail permit without going at Block office
- ❖ Bio-metric capturing and ration cards related transactions at FPS (Decentralizing ration card related activities).

Technical Features:

1. Developed in ASP.Net technology with SQL Server 2008 /2012.
2. Some modules based on Smart Client Technology

3. HHT Based FCI Transit Pass
4. SQL Server Reporting Service for Reporting tool
5. Inclusion of 2D PDF 417 barcode in various documents like New Ration Card, e-Permit, Food Coupons
6. Finger-print captured as per ISO Standard (ISO 19794-4 and 19794-2 (minutiae))and
7. Single Sign on facility

Progress of FPS Automation Drive:

- As on 1st October, 2015: 15,949 FPS out of 17,292 FPS are run as eFPS (92%)
- In September, 2015 :- 78,78,497 Ration card holders got their rations through eFPS (66%),BPL:- 90%, AAY:-91%
- In Gandhinagar, Ahmadabad, Banaskantha, Valsad, Patan, Rajkot, Junagadh, 100% FPS are run as eFPS
- In other district, 95% FPS are run as eFPS.

Presentation by Sri Ashok Barnwal, Principal Secretary, Government of Madhya Pradesh:

After the announcement of End to End Computerisation by Government of India, Government of Madhya Pradesh had taken up the initiative in a systematic manner and as a result, most of indicators could be accomplished within the time period. After the completion of first phase, Madhya Pradesh deliberated on how to go about implementing the second phase of EtEC, i.e., FPS automation. The system cannot be expected to take care of all deficiencies that exist within the system since long. If Government could not take care of deficiencies, how can a private agency be expected to address the problem. In Madhya Pradesh, it has been made emphatically clear to all FPS dealers that if any transaction is to happen, it has to be either offline or online and it has to be through PoS. It was targeted that at least 80% beneficiaries have accessed PDS through PoS. If it was less than 80 %, it was to be ascertained if there was any report of malfunctioning of PoS from the FPS dealer.

Further, if the malfunctioning was not resolved within 48 hours, then the FPS dealer would be penalized. Thus, in this manner the state tried to check FPS dealers from any attempt to thwart the system. The state has not transferred any risk to the System Integrator. The role of system integrator comes in only when there is some malfunctioning of PoS and whether it is resolved within 48 hours or not. The state invited bidding in the month of October, 2014. After several rounds of bidding and negotiations up to June 2015, two agencies finally got selected and one of them has been assigned the task. A brief profile and progress of FPS automation is given as under:

- ❖ Government of India has earmarked Rs.17 per quintal as commission for PoS machine at FPS level.
- ❖ Various models –
 - FPS dealer buys machine and paid on monthly basis
 - Government procures with AMC contract and supplies to FPS dealers
 - Third party installs, maintains and paid on monthly basis.

Third Party Model is in Operational at MP:

- ❖ A third party (System Integrator) installs PoS machines and maintains them
- ❖ Payment on monthly basis for 5 years, rate arrived through transparent bidding mechanism
- ❖ Machine availability monitored through central server with little human interface
- ❖ The Service Level Agreement (SLA) requires the private partner to repair or change a malfunctioning PoS machine within 48 working hours after the receipt of information
- ❖ Call Centre to receive and monitor all complaints

Why MP chose the third Party Model?

- Position of FPS dealer vis-à-vis PoS Supplier – Power imbalance
- Supplier will have tendency to load performance guarantee on initial price so that he does not loose on default in maintenance

- FPS dealer has vested interest in PoS not functioning.

MP Initiative: PoS at all 22,165 FPSs of the state in one go (no pilot). **Three modes of Operation:**

On line ASAR Mode	Non Line ASAR mode	Off line Mode
<p>Beneficiary is free to get the ration from any of the FPS within a particular local body. All transactions related to a beneficiary at FPS will be fully online.</p> <p>Beneficiary authentication in real-time using Aadhaar biometric authentication server.</p> <p>Portability will not only introduce ease to beneficiary but will also create healthy competition and fear of losing customers among service providers (FPS dealers), giving them a reason to improve service delivery</p> <p>Will be implemented in the cities of Bhopal, Indore and Khandwa in the first phase (High Aadhaar enrolment).</p>	<p>Beneficiary bound to a particular fair price shop</p> <p>All transactions will be online</p> <p>Aadhaar based authentication in the first phase in 4 districts (High Aadhaar enrolment)</p> <p>SAMAGRA based authentication in the remaining districts (SAMAGRA family/member id is a unique feature used in Madhya Pradesh in which every citizen of the state has been given a unique number, which features in the ration card database)</p> <p>Subsequent migration to Aadhaar based authentication as Aadhaar enrolment goes up.</p>	<p>To be adopted at places where connectivity (2G) not available</p> <p>The beneficiary will be bound to a particular FPS</p> <p>Sale through PoS machine and data synchronization on weekly basis</p> <p>Department intends to discontinue this model in future as soon as the connectivity is available and replace it with Online ASAR Mode or Online non-ASAR Mode as the situation necessitates</p>

Progress:

The bidding process started in October 2014 and the state was divided into 7 zones with approximately 3,000 FPSs and a System Integrator (SI) to be selected for each zone. It is important to add that an SI is not allowed working in more than 4 groups. In the entire operation, MP State Electronics Development Corporation (MPSEDC) will work as Project Manager. He added that from October, 2014 to June, 2015, the State required four rounds of bidding as the rates quoted by vendors initially were very high. But successive biddings brought the price to a lower and more acceptable level well within the limits stipulated by Government of India.

QUESTIONS & ANSWERS SESSION

Q. If PoS does not function; can we stop the distribution of food items?

A. If we go for any other step, then the system will collapse. It is important to add that if 1/3rd of the transaction is outside the system, then it is a serious threat.

Q. How can we expect the system integrator to take care of earlier inefficiency?

A. The payment to system integrator is subject to the condition that PoS are available for 20 days in a month. If there is a complaint, it has to be resolved within 48 hours or else the system integrator will be penalized.

Q. What is the percentage of the Biometric Authentication in Gujarat?

A. There has been no effort so far. One agency has been given the responsibility for biometric authentication in the state.

Q. What is the extent of sabotage of PoS Machines by FPS owners?

A. If the malfunctioning is manmade, a committee of two members shall be formed to look into the matter and the cost of the malfunctioning is borne by FPS owners.

Q. What is the status of connectivity in MP?

A. Connectivity status in MP is good. There is support from department as to who is the best provider of service. Around 2,164 Fair Price Shops are automated and all are private run shops.

Q. How about the training to dealers?

A. There is the provision of training to dealers. New dealers are appointed and trained regularly. There is also the provision of demonstration on easy to use device.

Q. How are dealers appointed?

A. 1) Through open lottery system in Public Meetings and 2) On the basis of recommendation from the blocks at the district level.

Q. What type of device need to be used?

A. Any machine that provides you the service.



PLENARY SESSION III: Point of Sale Device for FPS Automation

This Session aimed at presentations by agencies that deal in PoS devices and other technology tools that are used for FPS Automation in various parts of the Country. Agencies such as VisionTek, Bosch, Bharat Electronics Ltd and Spatial Ideas presented their models highlighting the processes adopted and achievements of FPS Automation. Representatives from FPS Owners also shared their views on the proposed FPS Automation in Odisha. The Secretary, FS & CW, GoO shared the proposed modalities for the FPS Automation based on the ground situation and learnings from other states.



The session was facilitated by Sri Madhusudan Padhi, IAS, Secretary, Food Supplies and Consumer Welfare Department. Sri Padhi said that FPS Automation was last milestone for end to end computerisation process and it was time to find out a suitable model for taking up FPS automation in Odisha. The model based on PoS device should not only be affordable, but also effective in reaching to consumers with the delivery of essential commodities. In this connection, he appraised the house that officials from different technical service

providing agencies were also invited to share their views and effectiveness of their solutions. The presentations of these agencies have been summarised as follows.

The Following Technical Service Providing Agencies were present in the Workshop.

1. VISIONTEK
2. SBU BELL (Bharat Electronics Ltd.)
3. SPATIAL IDEAS
4. Pilot Initiative at Nuapada District of Odisha
5. BOSCH

Presentation by VISIONTEK (Sri Chandrasekhar):

Sri Chandrasekhar said that VisionTek had wide experience on FPS automation across the country. The core product made by the agency has been distributed across the country. While sharing the salient features of their product, he said that connectivity was a must for the roll out of the product. The key advantage of the product is that the device can move from offline to online mode and vice-versa without any problem. It is an integrated device. In the deployment of this device, power management is the key. He added that they had deployed 6,000 devices in Odisha. Another important feature of this device is that there is a provision of solar charging device /battery. In Andhra Pradesh, the device has been deployed at 8,000 locations. There is a provision of SD card to retrieve data and issue rations. There is a cable and hence it makes it easy to carry.

As a part of capacity building for officials, some selected Fair Price Shops are identified for providing exposure to officials on a test basis. They also provide training to FPS owners. It is important to add that there is a need to provide support in the shape of Project Monitoring Unit. The agency provides life cycle support system for device which ensures no obsolescence through improvements from time to time at an interval of every two years. On a priority basis, a pilot may be taken up as is to done at 100 Fair Price Shops in a ratio of 70 urban and 30 rural areas. The pilot may be done with all its applications. While sharing this,

he added a note of caution that if the vendor was not good, the entire project might collapse.

Progress: Out of 60,000 PoS devices deployed till date, 57,000 devices are VISIONTEK devices which are made in India.

Technology Challenges: 1. Connectivity 2. Power 3. Literacy levels

Operational Challenges: 1. On field Support, 2. Device Management and 3. FPS VS TELCO Mapping

PoS PRODUCT OF VISIONTEK :



Life Cycle Management of PoS:

- Life cycle of device should be high, i.e., 5 to 7 years to achieve higher ROI.
- OEM should be committed to spare parts support for a minimum of 5 to 7 years.
- Obsolescence of Components / Models is high in consumer electronics like TAB/LAPTOP is a fact.

- Remote terminal management system should be part of the server solution.
- QWERTY key pad ensures more robustness than a touch pad and hence improves the life of the device.
- Quality thermal paper is to be used for improving the life of printer and print quality.
- Compliance to IP 51 standards of the device ensures protection from dust, water and humidity.
- Protection gear for the device during no-operation.

Presentation by BEL (Sri Jagannath):

Sri Jagannath stated that their Multi Grain Vending Machine (MGVM) is used to dispense pre-defined/ demanded quantity (by weight) of grain stored in the container called Hopper. The requirement of grain is to be entered through the input panel / numeric keypad after authentication through a smart card swiping facility. The machine is proposed to have a controller capable of being interfaced with back end Public Distribution System for network enabled features like Central monitoring, Identification, Selective PDS beneficiary data loading. It has the following technical features:

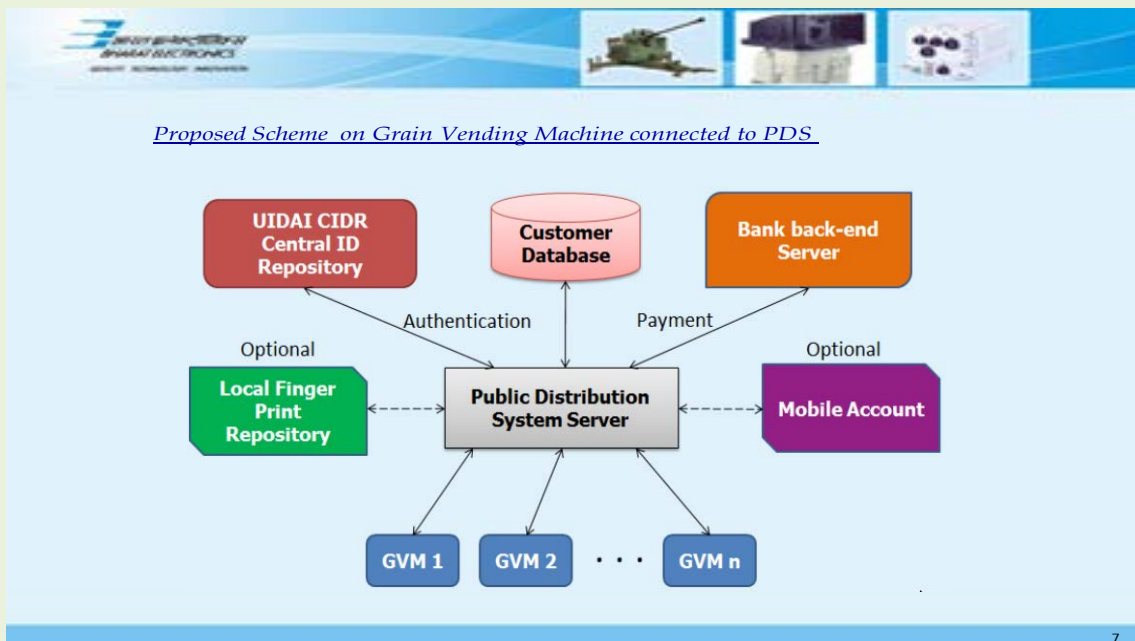
Technical Features:

- Instrumentation & weighing algorithm, sensor interface & signal conditioning, instrumentation & stepper motor control, ARM controller Linux based GUI, solar powered system & power management unit.

Major Sub Units of MGVM:

- Grain Dispensing Unit: Strain gauge based weighing, stepper motor based gate control & embedded controller
- Sensors & I/O Devices: biometric scanner as per UIDAI, smart card reader & touch screen & key pad

- Software modules capable for MGVM standalone system to interface with banking interface, Adhaar interface, PDS interfaces, Authentication as per UIDAI standards & SCOSTA smart cards as per PDS guidelines



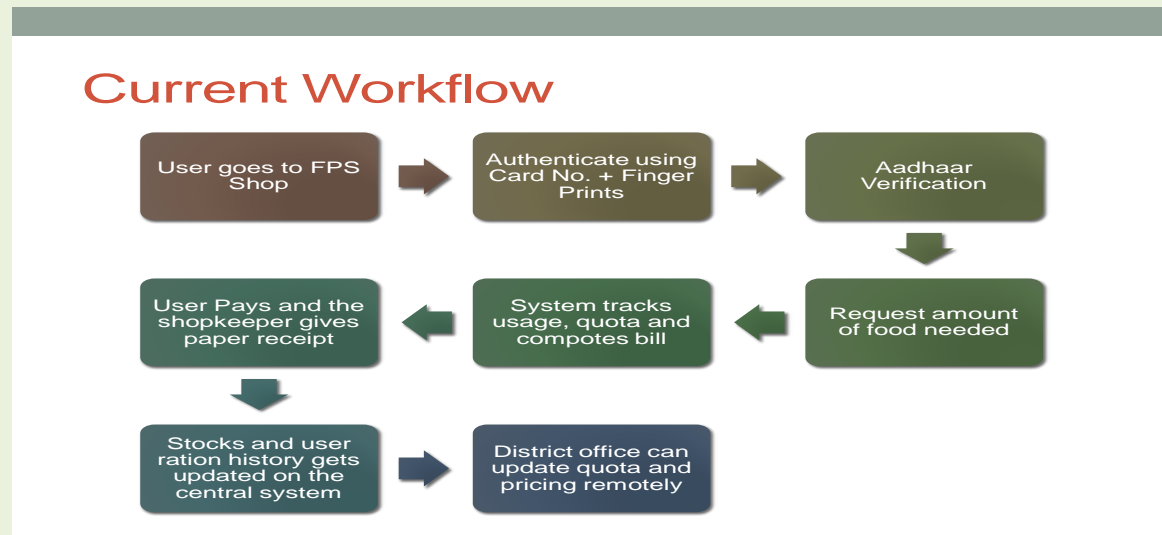
Presentation by Spatial Ideas (Sri Vishal Agarwal):

Sri Agarwal stated that they have adopted an open technology solution. It makes it very economical for use. The system may help to identify ration cards in use and those not in use. It is helpful in identifying unnecessary cards that need to be deleted. It helps to maximise the use of the components to reduce cost. He added that while doing FPS automation, attention has to be paid to the following areas: Allocating Food to various Fair Price Shops (FPS), i.e., ensuring food is provided to card holders only, tracking food consumption, improving logistics around PDS, Adhaar integration and poor network. A brief of the technical solution developed by Spatial Ideas is given as under:

Profile of the Solution:

- A mobile, biometrics and map driven cloud based Enterprise System for end to end Food Distribution

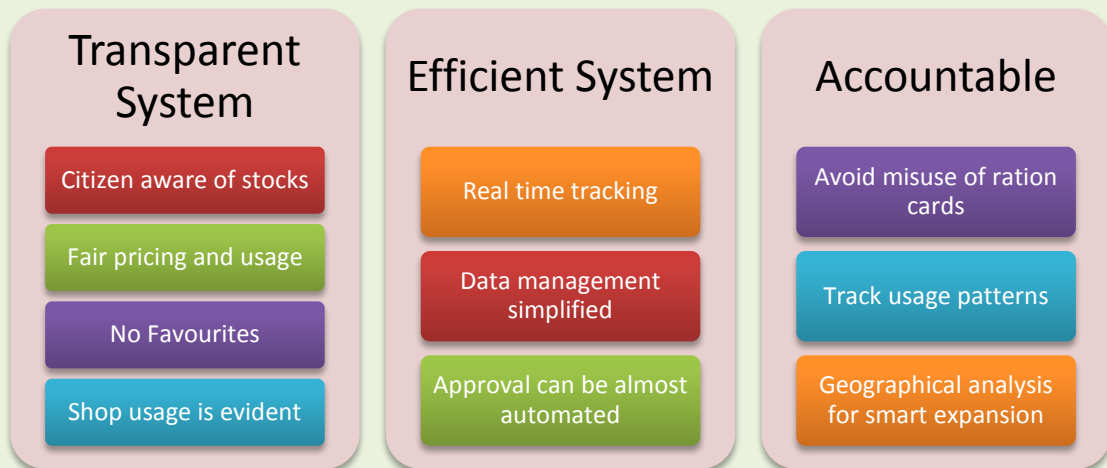
- FPS Shop should have Tablet + Fingerprint Scanner + Printer
- Application helps identify the user, track ration consumption, and compute the cost.
- Allow citizens to track the stock at each FPS.
- The solution is a web based application and is accessible on computer or tablets. It tracks real time transaction, stocks and consumption. In addition, it manages allocation.



Features of the Solution:

- Smart Analytics
- Citizen centric – Engagement/Stock information
- Localized Authentication – works without internet
- Organically designed – Quick Deployment
- Anomaly Detection

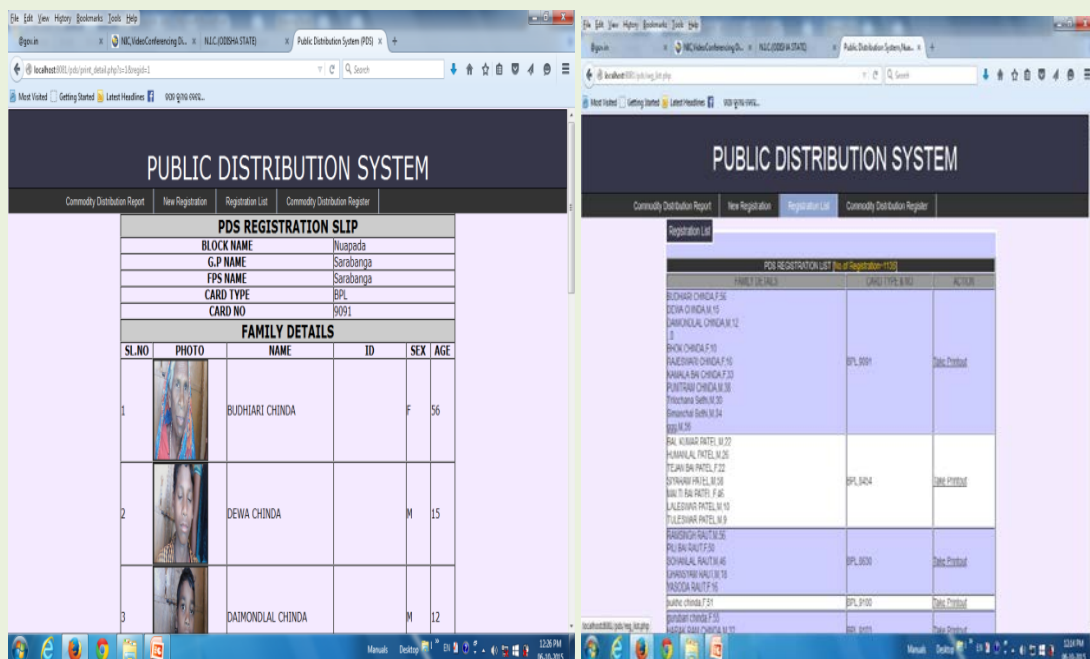
Benefits: At the end of his presentation, he shared the benefits of the proposed solution for implementation of FPS automation drive in Odisha and a brief detail of the same is given below:



Presentation on Pilot Initiative on FPS Automation at Nuapada in Odisha:

Presented by Sri Himanshu Dutta, Inspector of Supplies

Sri Himanshu Dutta said that to track genuine transactions of foodgrain, this pilot initiative was taken up at Nuapada district. This initiative for tracking transactions through evidence was actually taken up under the leadership of Sri Jayakumar V, Collector, Nuapada and was actually experimented in one *Gram Panchayat* of the district. The initiative will certainly be helpful in increasing the transparency in all PDS transactions and also in checking the movement of Migrant Population Beneficiaries. A glimpse of the Initiative is given below:



VALEDICTORY SESSION

At the outset, Mr. Abdul Rahim said that the daylong workshop on FPS automation was very informative and insightful in showing the way forward for the implementation of FPS automation in Odisha and subsequently requested all dignitaries to share their perspectives on the outcomes of the day:



In the Dais

Sri R Balkrishnan, Addl. Chief Secretary, Finance, Govt. of Odisha

Sri Deepak Kumar, Joint Secretary, Dept. of Public Distribution, Govt. of India

Sri Madhusudan Padhi, Secretary, FS & CW Dept., Govt. of Odisha

Mr. Abdul Rahim, Team Leader, OMEGA

Sri Madhusudan Padhi, IAS, Secretary, FS & CW, Government of Odisha:

It is a very important Workshop to show the way forward for implementation of PDS reforms. He added that as per the directions of the Supreme Court, Wadhwa Commission was appointed and subsequently the Commission submitted its recommendations to the Government of India. Based on the recommendations of the Commission, Supreme Court gave an order for introduction of End to End Computerisation in the year 2012. EtEC was followed by the National Food Security Act that included the first component of End to End computerisation. Further, he said that various models for FPS automation were available. At present, Odisha shares one experience in FPS automation through collaboration with WFP in Rayagada. He was happy to add that the invited technical agencies had done a commendable job in sharing their experiences on FPS automation. He then summarized various models adopted by different States.

WFP Model: Pros and Cons of various models piloted and how to go for solutions when there is no connectivity.

Andhra Pradesh: Portability across the state, use of antenna to solve the connectivity problem, loans to FPS dealers to buy PoS.

Madhya Pradesh: Third Party Integrator Model.

Secretary, FS & CW expressed his appreciation towards the firms for their technical presentations on the use of PoS machines and other technological tools. At the end, he said that the major challenge was to ensure the availability of entitlements to all beneficiaries from time to time.

Sri R. Balkrishnan, IAS, ACS, Finance Department, Government of Odisha:

Sri Balkrishnan said that FPS Automation was a significant step in the End to End Computerisation initiative. In the context of automation at the FPS level, he said that Point of Sales devices are helpful in not only keeping track of transactions to beneficiaries, but also to determine the left out status of essential items at the FPS. He added that at one time ensuring availability of Kerosene, Rice and Sugar to beneficiaries used to be a serious problem and at times strong punitive actions had to be taken to address the problem of manipulation and leakages. **He stressed that we have to decide whether we want to run PDS as a Business Model or Revenue Model or a Charity.** He said that there was the issue of increasing the transportation charges which put serious question on the viability of PDS operations. He highlighted a viability gap that needs to be addressed systematically. Technology will be helpful in increasing transparency, but the element of process integrity and transparency is a must to ensure the success of PDS operations and there need to be clear cut role demarcation and clarity among all stakeholders. He also added that OMEGA has played a crucial role and provided critical facilitative support in improving various functionality issues in Public Distribution System. At the end, he added that Food Security had become the right of people and we could no longer accept any incidence of hunger /starvation from any part of the State.

Sri Deepak Kumar, IAS, Joint Secretary, DoFPD, Government of India:

Sri Deepak Kumar added that it was a fulfilling experience for all delegates. There was a big group of 6 to 7 people, who came from Government of India to participate in this FPS Automation workshop. He congratulated the Secretary, FS & CW for having taken the lead to organise such an important workshop. He added that it was enriching for all to listen to the interesting experiences of officials from Telangana, Andhra Pradesh, Gujarat and Madhya Pradesh. He also added that in the area of digitization and Supply Chain Management, Government of Odisha has done some wonderful work. Further, he appreciated the efforts of the Government of Odisha for successful implementation of NFSA. The sharing by the technical service provider was very educative. He also flagged some issues:

- How can we empower *Gram Panchayats* to play an effective role in the implementation of PDS reforms?
- There is a need for making Grievance Redressal Committee proper and effective.

On the issue of giving food grains to SC & ST hostels, he said that Government of India has not stopped allocations, but now effort is being made to restructure it. It is highly essential to ensure that practices in PDS operations need to become transparent to ensure the flow of benefits to the people. Some set standards need to be used in the issue of foodgrains to overcome duplication. There is also the need to connect data to MPR for verification and validation. Lastly, he thanked Government of Odisha for organising the event successfully and complemented OMEGA team for their part in it.

Mr. Abdul Rahim, Team Leader, OMEGA:

Mr. Abdul Rahim, Team Lead, OMEGA thanked all officials, delegates, Collectors, officials from different departments, Vendors, FPS dealers and representatives from World Food Programmes for their sharing and active participation in the workshop. He hoped that inputs obtained from the workshop would be crucial in shaping a path forward for implementation of Fair Price Shop automation in Odisha.

BACKGROUND NOTE

State Level Consultation Workshop on “FPS Automation & FPS Viability”

Finalization of Models for Fair Price Shop Automation 7th October 2015 at Hotel Mayfair Lagoon, Bhubaneswar

Government of Odisha (GoO) has been currently working on the transformation of Targeted Public Distribution System (TPDS) in Odisha in line with the requirement of End-to-End Computerization (EtEC) mandated by Hon’ble Supreme Court in their September’2011 order. EtEC is a central sponsored Scheme of Govt. of India (Department of Food and Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution) to provide infrastructure and financial support to States/UTs for computerization of TPDS Operations. The scheme was originally divided into two components. Digitization of beneficiary and other databases, Computerisation of supply-chain and setting up of transparency portals & grievance redressal mechanism are covered under component-I.

Fair Price Shop (FPS) automation was under the component II of the scheme. Component-I of the scheme is a Plan Scheme under the 12th Five Year Plan (2012-17) being implemented across all States/UTs on cost-sharing basis (50:50) between Centre and State.

At present, Government of Odisha (GoO) is in the process of completing the beneficiary identification and digitization. It has also rolled-out supply chain management software to automate grain movements from storage depots to the FPS through a network of Handling and Transport Contractors to 220/250 depots. A common grievance redressal helpline (SANJOG- 155335) that serves a number of government departments is operational in the state, and procedures are in place to address complaints received in relation to the TPDS. The existing grievance redressal helpline is being further customized to make it robust and more user-friendly.

The Government of Odisha is now set to take up the component II of EtEC statewide in a phased manner. Though in the original scheme for component-II, it was planned that

Govt would provide support for procurement of Point of sale (PoS) devices, there has been rethinking in the matter. At present Govt. of India will only provide incentive of Rs 17/- per quintal of grains to be transacted through PoS devices. This incentive would be shared between State & Govt. For Odisha, the ratio would be 50% each for Govt. of India and State Govt.

The State Government is organizing a Consultative Workshop where all the stakeholders would have brainstorming sessions on different possible avenues of FPS automation and pick up the one model that would suit the state of Odisha best.

Programme Overview: The model to be recommended for the State should be consistent with the current and planned progress of the component- I of EtEC. At the end of the day, the four components of EtEC, namely, 1) Digitization of Ration Card, 2) Supply Chain management System (SCMS), 3) Grievance Redressal Mechanism & Transparency Portal and 4) FPS Automation should sync and talk with each other so as to ensure the TPDS transformation in Odisha in a time-bound manner. Given below are the broad guiding frameworks for automation of about 28,000 FPS in Odisha.

Automation of Fair Price Shop (FPS) is the last mile connectivity in the big chain of End to End Computerisation of TPDS. The objective of the process is to automate FPS transactions and authenticate beneficiaries (via biometrics or non-biometrics media) at the point of sale to ensure food grains under TPDS reach the intended beneficiaries.

FPS Automation will introduce key changes in FPS. This includes Point of Sale (PoS) devices which will enable transactions to facilitate beneficiary authentication, FPS portability to provide beneficiaries with choice and foster competition amongst FPS and improved FPS viability to provide incentives to FPS dealers to better serve beneficiaries. There are three parts to the solution for FPS transactions.

- The first component is a purely technological solution which uses PoS Device (consistent with the minimum specifications defined by the DFPD, Govt) enabled online transactions to record sales, verify the identity of the beneficiary and upload

the transaction data in the designated server with minimal manual intervention (to reduce avenues for leakage).

- The second component involves providing greater choice to beneficiaries through FPS portability (thereby increasing stakeholder convenience), which will be implemented under the fully automated TPDS.
- The third component involves improving FPS viability by incentivizing FPS dealers for better performance to drive honest practices and provide adequate compensation.

In order to make FPS Automation process operational, FPS will be equipped with PoS devices with GPRS (General Packet Radio Service) connectivity. The food grain will be given manually at the FPS but authentication and record of transaction on server is to be done by PoS device. As GPRS connectivity is an issue and is not available at all FPS locations, the following three separate systems will be in place with FPS automation for issuance of food grain to the beneficiaries:

1. On-line with Portability Mode – the beneficiary is free to get ration from any FPS within a particular local body. To be implemented in big Cities/Towns where all FPS points have 24 x 7 reliable GPRS connectivity
2. On-line Mode – The beneficiary will be bound to a particular FPS. The transaction will be on-line. To be implemented in small Towns/Semi-Urban FPS points where GPRS connectivity is available but not on 24 X 7 basis
3. Off-line Mode – The beneficiary will be bound to one particular FPS and there will be no connectivity at the FPS. To be implemented in rural FPS points which do not have GPRS connectivity. Here the PoS Machine would be synched with the central server once a while to keep a track of all transactions.

Government of India had planned to take it up in the Component-II of EtEC as it was treated as the last link of the EtEC. It was not included in the centrally sponsored plan scheme of “EtEC of PDS” launched in 2012-13. It was felt that it was necessary to computerize basic aspects of PDS like Digitization of Ration Card, Supply Chain Management

System (SCMS), Grievance Redressal Mechanism and Transparency portal first before going for FPS Automation.

Subsequently, most of the mandates of Hon'ble Supreme Court's Order have been included in the National Food Security Act' 2013. Under Sec-22 of the Act, Government of India has notified the Food Security (Assistance to State Governments) Rule, 2015 on 17th August '2015. The financial assistance of Gol is towards expenses on FPS owners' margin including additional margin for sale through PoS device which would be given as an incentive over the normal FPS Dealers Commission/margin.

Under Rule – 7 of the above Rules, Gol has finalized FPS Dealers' margin of Rs 70/- per quintal of food grains and an additional margin of Rs. 17 per quintal of food grains for sale through Point of Sale (PoS) device. This would be shared 50:50 between Government of India and Government of Odisha. The normal margin of Rs.70/- per quintal of transaction to the FPS dealers will be implemented once the NFSA-2013 is in place. At present Govt. of Odisha gives a commission of Rs. 20/- per quintal and two gunny bags (for Rice/Wheat) whose sale price in market is Rs. 20/- approximately. So to make Rs. 70/-, GoO needs to increase the commission by Rs. 5/- to make it Rs. 25/-. An equal amount of Rs. 25/- would be claimed from Govt. of India thus making it Rs. 50/-. This would be added to the cost of two gunny bags per quintal of foodgrain transacted by a FPS dealer. So as to make Rs. 70/- per quintal. This is expected to make the FPS dealer viable and would incentivise him/her to perform effectively.

The additional margin of Rs. 17/- per quintal is basically to promote transaction through PoS so as to ensure that delivery of PDS items done to the intended beneficiaries. This incentive would be available to the concerned agency which invests in the PoS devices and maintains them month after month. Government of India has circulated three different models for owning and maintaining the PoS devices as a part of FPS Automation. These are as under:

1. The PoS device is funded, owned and maintained by the State Government.
2. The PoS device is owned and maintained by the FPS dealer.
3. The PoS device is funded and maintained by a third party (System Integrator Model).

Currently, about 15, 000 FPSs have been automated across the country. Different States have experience of different models. While Andhra Pradesh is implementing first model, Gujarat has gone for the second model where FPS owners have invested in the PoS machines. Madhya Pradesh has gone for the third party intervention through a tender process.

In Odisha, the experience of Rayagada Model, where the PoS devices are in use for authentication of PDS beneficiaries in 18 FPS since 2011 with support of World Food Programme. Later, 15 more FPS have been covered with PoS devices, where FPS transactions are being done through these devices.

The participants of the Workshop are expected to give their valuable inputs for enabling the Govt. of Odisha to take an informed decision for FPS Automation in the State.

Consultative Workshop on “FPS AUTOMATION & FPS VIABILITY”

7th October 2015, Wednesday

TIME	TOPICS	RESOURCE PERSONS
09:30 - 10:00	REGISTRATION	
10:00- 10:55	Formal Inauguration by Sri Sanjay Ku Das Burma, Hon'ble Minister, FS & CW, Govt. of Odisha in the Presence of Joint Secretary, F & PD, Govt. of India and Secretary, FS & CW, Govt. of Odisha	
10:55-- 11:10	C O F E E BREAK	
Plenary Session I : Directives, Guidelines & Proposed Models of FPS Automation (Chair: Joint Secretary, DFPD, Ministry of Consumer Affairs, Food & Public Distribution, Govt. of India)		
11:10 – 11:40	Overview of FPS Automation & FPS Viability : Concept, Policy, Guidelines & Models	D K Gupta, Director (PD), Govt. of India
11:40 – 12:10	Architecture of FPS Automation & WFP's Experience	Representative of World Food Program
12:10 – 12:25	Open House Discussion	Delegates
Plenary Session II: Experience from Other States (Chair: N B S Rajput, RDC, Northern Division)		
12:30-- 13:45	Processes Adopted in other States for FPS Automation & FPS Viability (15 Minutes each by State)	Representatives of MP/ Telangana/AP/ Gujarat
13:45 – 14:00	Initiatives taken at Nuapada District of Odisha	Himanshu Dutta, Inspector of Supplies
14:00— 14.15	Open House Discussion on Ground Level Situations in Odisha	District Collectors

14:15 – 15:00	L U N C H B R E A K	
Plenary Session III: Technological Options for FPS Automation in Odisha (Facilitator : Madhusudan Padhi, IAS, Secretary, FS & CW, Govt. of Odisha)		
15:00 – 16:00	Presentation on Models Suitable for FPS Automation in Odisha	VisionTek/BOSCH/BEL
16:00 – 16:30	Views on the Proposed FPS Automation	Representative of FPS Dealer
16:30 – 16:45	T E A B R E A K	
Valedictory Session (Chair: R Balkrishnan, IAS, ACS, Finance, Govt. of Odisha)		
16:45 – 17:00	Summing up the Discussions on FPS Automation & FPS Viability	Sri Madhusudan Padhi, IAS, Secretary, FS & CW, GoO
17:00– 17:15	Concluding Remark & Way Forward	Sri R Balkrishnan, IAS, ACS, Finance, Govt. of Odisha
17:15 – 17:20	Vote of Thanks	Abdul Rahim, Team Leader, OMEGA