

GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

RAJYA SABHA
UNSTARRED QUESTION NO. 673
TO BE ANSWERED ON 08th FEBRUARY, 2019

DIRECT TRANSFER OF SUBSIDY UNDER PDS

673. SHRI RAJMANI PATEL:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether Government proposes to launch a scheme for direct transfer of subsidy provided under the Public Distribution System (PDS) into the bank accounts of the beneficiaries, if so, the details thereof and the benefits likely to accrue therefrom;
- (b) whether any guidelines have been issued to the States in this regard, if so, the details thereof;
- (c) whether the said subsidy would be indexed against inflation, if so, the details thereof and if not, the reasons therefor; and
- (d) the relative merits and demerits of the said scheme?

A N S W E R
MINISTER OF STATE FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI C. R. CHAUDHARY)

(a) & (b): The scheme of cash transfer of food subsidy is implemented as per provisions of the Cash Transfer of Food Subsidy Rules, 2015, notified under the National Food Security Act, 2013 (NFSA) which inter alia provides food subsidy in cash directly into the bank accounts of entitled households to enable purchase of entitled quantity of foodgrains from the open market. The scheme can be taken up in identified areas, subject to fulfillment of certain conditions regarding preparedness for its implementation. Identified area is defined under the Rules as State or Union Territory or any specified area within the State or Union Territory for which there is a written consent of the State Government for implementation of the scheme. It is therefore optional for the States/UTs to implement the cash transfer of food subsidy scheme or continue with distribution of foodgrains as per provisions of NFSA through fair price shops. The Rules have been circulated to all the States/UTs.

The cash transfer of food subsidy scheme is being implemented in Union Territories of Chandigarh, Puducherry and urban areas of Dadra and Nagar Haveli.

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(c) & (d): As per Cash Transfer of Food Subsidy Rules, the amount of food subsidy payable to a entitled household shall be computed by multiplying entitled quantity of foodgrains with difference between 1.25 times applicable Minimum Support Price (MSP) (Derived Minimum Support Price in the case of rice) and the Central Issue Prices (i.e. Rs.1/2/3 for coarsegrains/ wheat/ rice respectively) or as may be revised from time to time, by the Central Government. As and when the MSP is revised, the amount of food subsidy is revised accordingly.

The scheme provides greater autonomy to beneficiaries to choose their consumption basket and also reduces the need for physical movement of foodgrains. It reduces leakages and facilitates better targeting while promoting financial inclusion.
