

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

**LOK SABHA
UNSTARRED QUESTION NO.2420
TO BE ANSWERED ON 21ST DECEMBER, 2022**

GRANTS FOR LOSS OF PDS ITEMS TO FPS DEALERS

2420. SHRI SISIR KUMAR ADHIKARI:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether the Government provides grants for the handling loss of PDS items to the fair shop dealers in the country;**
- (b) if so, the details of grant that is permitted to the Fair Price Shop (FPS) dealers under Central and State Government rules therein;**
- (c) whether Food Corporation, State Trading Corporation, NAFED and others who deal with foodgrains and sugar are getting grants on such items and if so, the rates therefor;**
- (d) the calculation process of handling loss that occurs during loading and unloading period at different points of distribution;**
- (e) whether the physical verification process of actual stocks at different points is legally tenable to FPS without taking the reality of handling loss; and**
- (f) if so, the proposal of the Government thereto?**

A N S W E R

**MINISTER OF STATE FOR MINISTRY OF RURAL DEVELOPMENT AND
CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SADHVI NIRANJAN JYOTI)**

(a) & (b): The Targeted Public Distribution System (TPDS) is now governed as per the provisions of the National Food Security Act, 2013 (NFSA). There is no provision under the Act to provide handling loss to the fair price shop dealers. Therefore, Central Government does not provide compensation for handling losses of FPS dealers.

As per provision of the Act, the Central Government provides assistance to States/UTs for meeting the expenditure towards intra-State movement & handling of foodgrains and fair price shop dealers margin in accordance with the provisions of the Food Security (Assistance to State Government) Rules, 2015 as amended from time to time. Under the Rules, the rate of fair price shop dealers' margin is specified as per the details given below:

.....2/-

Category of States/UTs	FPS dealers' basic margin	FPS dealers' additional margin for distribution of foodgrains through electronic point of sale devices
General	90	21
Special*	180	26

**Note: Special category States include 8 States of North East including Sikkim, Himachal Pradesh, Jammu & Kashmir, Ladakh, Uttarakhand, Andaman & Nicobar Islands and Lakshadweep.*

State Governments, however, have the flexibility to fix the actual rate, but the Central assistance is restricted to Central share based on the actual rate or the norms of expenditure mentioned in the table above, whichever is lower.

(c) & (d): TPDS under the NFSA is operated under the joint responsibility of Central and State Government. Central Government is responsible for procurement of foodgrains for Central pool, allocation of foodgrains to the State Governments from the Central pool and transportation of foodgrains up to the designated depots of Food Corporation of India (FCI) in the State. It is the responsibility of the State Government to lift foodgrains from the designated depots, further transportation & handling within the State, delivery of foodgrains upto the door step of fair price shops, identification of beneficiaries, issuance of their ration cards and distribution of foodgrains to beneficiaries as per their entitlements through fair price shops (FPSs).

Food Corporation of India (FCI) is responsible for transportation of foodgrains from the procurement centres till the designated depots/ godowns of the FCI for distribution to the State Governments. The Central Government compensates FCI for any storage/transit losses incurred in this regard. However, once the allotted quantity of foodgrains is handed over to the State Governments, it is the responsibility of the concerned State Governments to take delivery of foodgrains from the designated depots of the Central Government in the State, organize intra-State allocations for delivery of the allocated foodgrains through their authorized agencies at the door-step of each fair price shop (FPS); and ensure actual delivery or supply of the foodgrains to the entitled persons at the prices specified in Schedule I of the Act. Responsibility of monitoring of Fair Price Shops and providing them with necessary support and infrastructure for proper storage of foodgrains to avoid any handling losses to the Fair Price Shop owners therefore rests with the State Governments.

(e) & (f): This being a State matter, decision to compensate the FPS dealers in case of any handling losses rests with the State Government. However, the Central Government has issued advisory to all the State Governments to ensure that necessary steps are taken for improvement of infrastructure and storage facilities of FPSs to minimize handling losses incurred by Fair Price Shop owners during the process of distribution, so that no financial hardship is caused to them.