

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

LOK SABHA
UNSTARRED QUESTION NO.5630
TO BE ANSWERED ON 6TH APRIL, 2022

SUBSIDY UNDER PDS

†5630. SHRI RAMCHARAN BOHRA:

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 proposes to launch any scheme to transfer the subsidy provided under the Public Distribution System (PDS) directly to the bank accounts of the beneficiaries;
- (b) if so, the details thereof;
- (c) whether any directions have been issued to the States in this regard and if so, the details thereof;
- (d) whether the said subsidy is likely to be linked with inflation;
- (e) if so, the details thereof and if not, the reasons therefor; and
- (f) the pros and cons of the said scheme?

A N S W E R

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

(a) to (c): The scheme of cash transfer of food subsidy is already under implementation since 2015 as per provisions of the Cash Transfer of Food Subsidy Rules, 2015, notified on 21.08.2015 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 States/Union Territories can either opt to implement the cash transfer of food subsidy scheme or distribute foodgrains as per provisions of NFSA through the network of fair price shops.

(d) to (f): As per Cash Transfer of Food Subsidy Rules, 2015 the amount of food subsidy payable to a entitled household is computed by multiplying entitled quantity of foodgrains with difference between 1.25 times the applicable Minimum Support Price (MSP) and the Central Issue Prices (i.e. Rs.1/2/3 for coarsegrains/ wheat/ rice respectively). Therefore, with the annual increase in the MSP of wheat and rice, the amount of cash subsidy to the beneficiaries also gets increased annually.

The Cash Transfer Scheme is operating smoothly in the Union Territories of Chandigarh and Puducherry since September, 2015 and in urban areas of Dadra and Nagar Haveli since March, 2016.

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.
