

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION
LOK SABHA**

STARRED QUESTION NO:389
ANSWERED ON:20.04.2000
DOUBLING OF FOODGRAINS FOR B.P.L. FAMILIES
BHAL CHANDRA YADAV;NARESH KUMAR PUGLIA

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

- (a) whether attention of the Government has been drawn to the news-item captioned 'Doubling PDS allotment for the poorest flawed' appearing in the The Statesman dated March 5, 2000;
- (b) if so, the facts of the matter reported therein;
- (c) whether the policy of the Government of doubling the allotment of foodgrains for below poverty line families and at the same time increasing the prices of PDS items has been widely criticized by people of all sections of society; and
- (d) if so, the reaction of the Government in this regard?

Answer

MINISTER OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION

(SHRI SHANTA KUMAR)

(a),(b),(c) & (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a),(b),(c) & (d)) OF STARRED QUESTION NO. 389 FOR ANSWER IN LOK SABHA ON 20-04-2000.

(a) & (b): Yes, Sir. The news item reports as follows:

- i) 'When the States are refusing to lift their existing quota of foodgrains under PDS it makes little sense to raise the quota of BPL families'.
- ii) 'The Government has burdened the poor families with higher prices to keep subsidy bring down to Rs.8210 crores; precious little has been done to bring down the economic cost of foodgrains by bringing in better efficiency as far as procurement, distribution, transportation and distribution is concerned. 75% of the subsidy bill actually goes into subsidizing the operational inefficiency of the FCI'.
- iii) 'The best way to cut subsidy bill is to take the radical step of privatizing the whole procurement, storage, transportation and distribution system so that a huge part of the losses are recouped'.

The Government does not agree with any of the above contentions. The off take for BPL families under TPDS has been on an average about 80% of the allotment and has been continuously increasing since it was introduced. Major components of the economic cost of wheat and rice consist of minimum support price; statutory charges consisting of mandi charges, purchase tax etc.; non-statutory charges consisting of labour and transport charges, storage and interest charges, cost of conversion of paddy into rice, freight and handling charges, storage and transportation charges. Only two percent of the economic cost is on account of the administrative charges of the FCI. Hence it is not correct to say that 75% of the subsidy bill actually goes into subsidizing operational inefficiency of FCI. In the vital field of food security, the Government would not like to abandon its traditional responsibility of procurement and distribution of foodgrains. However, the Government is prepared to privatize as many activities as feasible in the interest of efficient operations.

(c) While doubling of foodgrains for BPL has been welcomed by almost all the States, increase in prices has been criticized.

(d) It has been estimated that the changes affected in PDS with effect from 1.4.2000 has transferred about 40% more resources in the favour of poor. While withdrawing the subsidy from the non-poor, adequate supplies have been assured to this group of consumers only. The Government feels that these measures are pro-poor.