

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

STARRED QUESTION NO:395

ANSWERED ON:30.08.2011

CASH TRANSFER OF SUBSIDY

Deo Shri Kalikesh Narayan Singh;Sugumar Shri K.

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

- (a) whether the Government has prepared a draft scheme for transfer of cash subsidy to Below Poverty Line (BPL) families instead of distributing foodgrains;
- (b) if so, the details and the salient features of the proposal alongwith the mechanism proposed to be put in place to check corruption and diversion in the said scheme;
- (c) whether the Government proposes to streamline the implementation of 'Aadhar' and ensure complete financial inclusion of the targeted beneficiaries before implementing the said scheme;
- (d) if so, the details thereof and the action taken thereon;
- (e) whether the Government proposes to index the cash transferred to the beneficiaries to the rise in prices; and
- (f) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (PROF. K.V. THOMAS)

(a) to (f): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE STARRED QUESTION NUMBER 395 DUE FOR ANSWER ON 30.8.2011 IN THE LOK SABHA.

Governments of Uttar Pradesh, Haryana and NCT of Delhi submitted proposals for direct disbursement of food subsidy in cash to Below Poverty Line (BPL) / Antyodaya Anna Yojana (AAY) families on pilot basis in five districts, instead of distribution of foodgrains to them under Targeted Public Distribution System (TPDS). Based on those proposals, a draft scheme was prepared to test the feasibility of this alternative mode of transfer of food subsidy to BPL/AAY families under TPDS. Later, the Government of Bihar also submitted a proposal in this regard. Under the said scheme, the Department of Food and Public Distribution will make allocation of funds for disbursement of cash subsidy based upon the number of AAY and BPL ration cards. There is no proposal at present for indexing the cash transferred to the beneficiaries to the rise in prices. However, the proposed scheme is under examination and the final contours of the scheme will be worked out in consultation with concerned agencies like Ministry of Finance (Department of Expenditure) and Planning Commission. Some of the measures proposed for the efficient functioning of the scheme include disbursement of cash subsidy by the Department to the district authorities under intimation to the concerned State Governments; direct disbursement of the amount of food subsidy by the districts authorities to the respective bank /post office accounts of AAY and BPL cardholders on the basis of their entitlement; deposit of the subsidy amount by fixed date every month into the accounts of the beneficiaries; subsidy account of each AAY and BPL household to be opened in the bank or post office in the name of woman among others.

A Task Force under the Chairmanship of Chairman, Unique Identification Authority of India (UIDAI) has been constituted by the Government to recommend and implement a solution for direct transfer of subsidies on Kerosene, LPG and Fertilizers to the intended beneficiaries. The terms of reference of this Task Force have been extended to examine and suggest among others an implementable solution for direct transfer of subsidies on food and kerosene with the use of Aadhaar numbers, Aadhaar enabled transactions and Aadhaar authentication infrastructure. The Task Force is expected to submit its report by August 31, 2011.