

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

UNSTARRED QUESTION NO:3784

ANSWERED ON:04.09.2012

EVALUATION OF PDS

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

- (a) the details of the evaluation studies carried out by the Government with regard to the functioning of the Public Distribution System during the last five years along with the recommendations contained therein and the action taken by the Government thereon, study-wise;
- (b) the success achieved therein;
- (c) whether the payment of law commission has been cited as the major cause of corruption in the Public Distribution System/Targeted Public Distribution System;
- (d) if so, the details thereof and the reaction of the Government thereto along with the corrective steps taken in this regard; and
- (e) the steps taken by the Union Government to explore other mechanisms to devise the best possible system for transfer of food subsidy?

Answer

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

(a) & (b): Evaluation studies on functioning of Targeted Public Distribution System (TPDS) are conducted by the Department from various agencies from time to time. During the last five years, studies on concurrent evaluation of TPDS have been conducted by two agencies, namely, National Council of Applied Economic Research (NCAER) (2006-09) and Indian Institute of Public Administration (IIPA) (2007-11) in 12 States/UTs and 14 States/UTs respectively. The key suggestions/recommendations made by these agencies are given at Annex. The study reports received have been sent to States/UTs concerned for taking necessary remedial measures.

Strengthening and streamlining of TPDS is a continuous process. Government has regularly reviewed and has issued instructions to States/UTs to strengthen functioning of TPDS by improving monitoring mechanism and vigilance, increased transparency in functioning of TPDS, adoption of revised Model Citizen's Charter, use of Information and Communication Technology (ICT) tools and improving the efficiency of Fair Price Shop operations.

Further, in an independent study conducted recently by a group of research scholars and student volunteers, including Mr. Jean Dreze, Reetika Khera and others (2011), it has been stated that there has been an impressive revival of PDS across the country during the recent years. The group have based their findings on a study made in 106 randomly-selected villages, spread over two districts each in 9 States. Based on the survey made in May-June 2011, the researchers have brought out that there have been major initiatives in the recent past to improve PDS and these efforts are showing results. It has been also mentioned that the days when up to half of the PDS grain was diverted to the open market are gone.

(c) & (d): Various evaluation studies of TPDS have recommended door-step delivery of TPDS items, permitting the sale of non-PDS commodities, higher margins for FPS owners, etc. for making the FPSs more viable, improving efficiency and removing corruption in the system.

During the Conference of States/UTs held in July, 2010, it was resolved among others that States will endeavour to ensure door-step delivery of foodgrains to FPSs. State/UT Governments have also been given flexibility in the matter of fixing the margin for FPSs. The end retail prices of foodgrains at FPSs are fixed by the State/UT Governments keeping in view the margin/commission paid to FPS dealers, transportation charges, etc. However, the end retail price for AAY families is to be retained at Rs.2/- per kg for wheat and Rs.3/- per kg for rice. In addition, State/UT Governments have been advised that FPS owners should be encouraged to enlarge the basket of commodities by adding non-PDS items for sale through these outlets. Some of the State/UTs have reported distribution of non-PDS items like pulses, edible oils, iodized salt, spices, etc. through PDS outlets.

(e): Proposals were received from some State Governments like Bihar, Delhi, Haryana and Uttar Pradesh for direct disbursement of food subsidy in cash to Below Poverty Line (BPL)/Antyodaya Anna Yojana (AAY) families on pilot basis instead of distribution of foodgrains and sugar to them under TPDS. A draft scheme is under examination in the Department. Further, this Department has requested States/UTs and other Ministries/ agencies to provide their views/ comments regarding alternate models of transfer of food

subsidy, which may be used to improve upon the existing system of distribution of foodgrains under TPDS.