

Dear Shri Ashok Gehlot,

Expand the PDS, No to cash transfers

We are writing to you in anticipation of the Chief Minister's meeting called by Minister for Food, Shri. K.V. Thomas to discuss the National Food Security Act. We are deeply concerned about the fate of the Public Distribution System (PDS) in Rajasthan, and the possibility of it being undermined by misguided initiatives of the Central Government.

By way of background, we attach (Annexure 1) summary findings of a recent survey of the PDS in nine states, published in *The Hindu* on 22 July 2011. This survey points to an impressive revival of the PDS in many states, including Rajasthan. It is important to consolidate this trend.

Three issues are particularly important in this regard.

1. **Universal PDS:** The targeted PDS, as you know, has failed miserably in reaching poor households and must be discontinued. In this context, we appreciate your initiative on May Day 2010 of expanding the BPL List to include all those BPL households who were on the 1997 BPL list but not on the 2002 BPL list. We believe that this expansion along with a reduction of the issue price has made a positive impact in Rajasthan. But this is not enough. It is high time that states reject the targeted approach to the PDS, demand a universal PDS for rural areas and that the Centre provide grain for all rural households.

2. **No to cash transfers:** As you might be aware, the Centre is exploring the possibility of replacing the PDS with cash transfers into bank accounts of women. However, this is quite contrary to what people want. An overwhelming proportion of households in the above-mentioned survey were clear that they preferred the PDS over cash transfers. They gave several reasons for it, mainly related to food security. Besides the worry of cash being spent on other expenses, they expressed worried related to local hoarding and inflation, remoteness of markets and banks, etc. Further, many respondents also expressed their appreciation of the role of the PDS in their lives - most said, "how will we eat if we do not get this grain".

3. **Local Procurement:** Several states (Chhattisgarh, Orissa, Andhra Pradesh to name a few) have started procuring grain locally, from within the state. In Rajasthan too, there is a huge potential for procurement of grain, especially coarse cereals such as bajra, jowar, jow and makka. These cereals are nutritionally superior to wheat and rice and the same survey shows that people are willing to buy these from the PDS outlet if the government provides it. We urge you to take necessary measures to ensure that procurement of coarse cereals is made possible in Rajasthan too.

We take this opportunity to suggest a few steps to further strengthen the PDS and reduce corruption:

- **Ban on dealers:** Handover PDS outlets to Gram Panchayats, co-operative societies, self-help groups and other community organizations.

- **Streamlining PDS database:** Many states have already prepared an MIS to track grain transactions down to the Block level. This has helped reduce corruption.

- **Emphasis on record-keeping:** Stricter norms for maintaining monthly stock and daily sales registers and regular random checking of records will also help to reduce corruption.

- **Door step delivery of grain:** Ensure that the grain is delivered to the PDS outlet. This prevents dealers from siphoning off grain en route to the PDS outlet.

We urge you to take these and other steps to consolidate the PDS in Rajasthan, and to resist any misguided initiatives of the Central Government, such as the imposition of BPL targeting or cash transfers. We request an opportunity to meet you for further discussion of these issues.