

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

**TEXT OF UNION FINANCE MINISTER SHRI PRANAB MUKHERJEE'S
ADDRESS AT THE CONFERENCE ON PUBLIC DISTRIBUTION SYSTEM**

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Following is the text of the speech delivered by Union Finance Minister Shri Pranab Mukherjee at the Public Distribution System (PDS) Conference, here today.

“I am very happy to be here today to inaugurate this conference with its focus on improving public distribution system to meet the challenge of implementing food security in India. We have committed ourselves to providing access to affordable foodgrains for all our citizens. This is historic but a difficult promise that cannot be fulfilled unless we have an effective mechanism to translate our intent into reality. The PDS is an important part of that process.

Over the past six decades and since the great “Bengal famine”, we have come a long way. We have increased production significantly to ensure that we have enough for all. But we still have difficulty in converting this availability into effective accessibility to food in every nook and corner of the country, and particularly where it is most needed. Besides ensuring access to food for all, we also need to ensure that our citizens get basic nutrition to become more productive and be able to take advantage of the opportunities that come from our rapid economic development. The realization of food security for all has to be the basic building block in our efforts to steer the economy in meeting its larger development goals. Food and nutrition is indeed the most basic need without which education, work opportunities and wealth creation will remain a distant dream.

As India develops and living standards improve there is going to be an increase in demand for food grains and other items of consumption. We have seen the consequences of this phenomenon particularly in the past two years.

Sustained high economic growth in recent past has led to improvements in purchasing power in both rural and urban areas. The 12th Plan Approach Paper says that average real wage rate between 2007 and 2010 has increased by 16 per cent at the all India level. The growth was

fastest in Andhra Pradesh, 42 per cent and Odhisa, 33 per cent. Even in States like Bihar and UP the real farm wages went up by 19 and 20 per cent respectively over this period. This has increased demand for certain goods and services, which has translated into persistent high inflationary pressures for those goods in the economy. The supply response has been inadequate and along with weather induced shortages in the food economy, have resulted in significant challenges for inflation management. Hopefully we are now out of this high inflationary phase, assisted by what appear to be two back-to-back bumper agricultural harvests.

Yet, I would like to suggest that for a country with growing population and a sustained growth momentum, food security challenge is also a challenge of improving agriculture productivity. For a country of 1.2 billion people it is imperative to build certain self-sufficiency in meeting our basic needs. It has been rightly pointed out that we need to increase production in the regions where acreage and productivity have lagged behind so far. We did achieve our self sufficiency in food by the Green Revolution, but we now need that second revolution that will take us to a new trajectory where we can feed all and feed them with a view to ensure nutrition balance as well. The Government has initiated a programme to take the green revolution to the eastern part of the country. More investment in agricultural infrastructure is required, which over the last few years has already seen a turnaround in its declining trend. Power, water, rural roads, national highways, storage, warehousing and cold chains have to be the focus areas for productivity improvement in the agriculture economy of the country. We also need more support in R&D and extension technology in agriculture from both private and public institutions.

Improved production of foodgrains has to be backed by our capacity to procure more foodgrains. The willingness of State Governments and their efforts to enhance institutional capacity as well as tying up finances required for procurement— both will be required. You need to ensure that farmer gets the MSP directly in his bank account. We have built a rural banking network that is robust and growing. But operational issues in popularizing banking amongst the rural masses remain and have to be fully addressed. The financial strength of the farmer increases his negotiating strength with buyers and indeed it enhances the returns he can get from his efforts. The debt cycle has been blamed for a number of ills in the agrarian sector in this country, and procurement is an important tool that can be used to eliminate that scourge.

The main challenge before the Public Distribution System today is reaching the foodgrains to the actual beneficiaries without leakages and diversion on the route to grass-root level. For this a massive modernization drive is required. Digitizing the data base of beneficiaries and

computerization of the entire food supply chain will remain the main stepping stones on which we can make the PDS successful. These efforts would make the schemes transparent, help eliminate leakages and corruption and empower the beneficiaries to get what is indeed their right.

Modernization of TPDS is the foremost priority of Government of India. It is a complex and challenging task as PDS operates in 35 States and UTs through more than 5 lakh Fair Price Shops across diverse operating environments. PDS faces challenges like leakages and diversion of foodgrains, inclusion/exclusion errors; fake and bogus ration cards; lack of transparency; weak grievance redressal and social audit mechanisms, viability of Fair Price Shops, etc. I hope in this conference, you will discuss these issues and come up with a time bound action plan to achieve the targets.

The National Food Security Bill 2011 specifically refers to the need for TPDS reforms to leverage Aadhaar for unique identification, with authentication of entitled beneficiaries for proper targeting of benefits under the Act. Recognizing the immense scale of such a platform, and the complexity of implementation across multiple levels of Government, the Task Force on Direct Transfer of Subsidies has recommended the creation of a National Information Utility for the computerization of PDS – the Public Distribution System Network (PDSN).

Leveraging Aadhaar is one of the critical components in reforming the PDS. The beneficiaries of PDS can be enrolled into the Aadhaar system. The use of the Aadhaar number in PDS will reduce “duplicates”, “fakes” and “ghost beneficiaries” in PDS databases which will result in reducing wastage and diversion in the system.

Portability of benefits in PDS is of critical importance due to the migrant nature of India’s poor population who are the most important targets of the food security Act. An Aadhaar enabled system makes access to PDS benefits portable across a State and also the country. This would empower the PDS beneficiary due to portability of benefits and choice of the PDS shop. The bargaining power will shift from the supplier to the beneficiary which will support empowerment and bring about improved accountability.

Strengthening of PDS not only requires computerisation of operations but also an active involvement of Panchayati Raj Institutions and local community through transparent and open processes. A strong community ownership would require the setting up of a responsive grievance redressal mechanism. While, the use of ICT based technologies will help, there should not be any duplication of efforts and agencies involved. The Common Service Centres set up in various States should be optimally used and the support

of multi-lateral organizations like World Food Programme (WFP) could be taken for capacity building and spreading of awareness among the stake holders. It is our responsibility that the legal entitlement made to deserving beneficiaries is honoured and efficiently delivered. All States and UTs should undertake modernization of PDS in a time bound manner.

Let me conclude by reiterating that I am very happy to see you all deliberating on this issue. I offer you the full support of the Finance Ministry in this task of reforming an important public delivery mechanism. I encourage you to take advantage of this Conference to come up with an action plan to help the citizens in your States get their fair share of what this country has to offer. Let us all strive to fully eradicate hunger and malnutrition from this country. I look forward to the outcomes of your deliberations.”

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