



## A case for a revamped, need-based PDS

**Context:** The Economic Survey, tabled in Parliament in January, rightly flagged the issue of a growing food subsidy bill, which, in the words of the government, “is becoming unmanageably large.”

### Issue prices and politics

1. It is against this backdrop that the Survey has hinted at an increase in the Central Issue Price (CIP), which has remained at ₹2 per kg for wheat and ₹3 per kg for rice for years, though the NFSA, even in 2013, envisaged a price revision after three years.
2. The Centre, by stating through the Survey that it is difficult to reduce “the economic cost of food management in view of rising commitment” towards food security, does not want the NFSA norms to be disturbed.
3. But, a mere increase in the CIPs of rice and wheat without a corresponding rise in the issue prices by the State governments would only increase the burden of States, which are even otherwise reeling under the problem of a resource crunch.
4. Political compulsions are perceived to be coming in the way of the Centre and the States increasing the prices. The politics of rice has been an integral feature of political discourse.
5. Promises by the Dravida Munnetra Kazhagam in the 1967 Assembly election in Tamil Nadu — three measures (approximately 4.5 kg) at ₹1 — and the Telugu Desam Party during the 1983 poll in Andhra Pradesh — ₹ 2 per kg — captured the imagination of the voter.
6. One should ponder over the advisability of keeping so low the retail prices of food grains at fair price shops, even after the passage of nearly 50 years and achieving substantial poverty reduction in the country.
7. As per the Rangarajan group’s estimate in 2014, the share of people living below the poverty line (BPL) in the 2011 population was 29.5% (about 36 crores).

### Recast the system

1. In this context, it is time the Centre had a relook at the overall food subsidy system including the pricing mechanism.
2. It should revisit NFSA norms and coverage. An official committee in January 2015 called for decreasing the quantum of coverage under the law, from the present 67% to around 40%.



3. For all ration cardholders drawing food grains, a “give-up” option, as done in the case of cooking gas cylinders, can be made available.
4. Even though States have been allowed to frame criteria for the identification of Priority Household (PHH) cardholders, the Centre can nudge them into pruning the number of such beneficiaries.
5. As for the prices, the existing arrangement of flat rates should be replaced with a slab system. Barring the needy, other beneficiaries can be made to pay a little more for a higher quantum of food grains.
6. The rates at which these beneficiaries have to be charged can be arrived at by the Centre and the States through consultations. These measures, if properly implemented, can have a salutary effect on retail prices in the open market.
7. There are no two opinions about reforms implemented in the PDS through various steps, including end-to-end computerisation of operations, digitisation of data of ration cardholders, seeding of Aadhaar, and automation of fair price shops.

A revamped, need-based PDS is required not just for cutting down the subsidy bill but also for reducing the scope for leakages.

## Regulation redux

**Bottom Line:** An environmental regulator can work only if governments see the value of nature

### Highlights:

1. The Supreme Court’s notice to the Centre on a public interest plea to set up a national environmental regulator under the Environment (Protection) Act, 1986 revives an issue that successive governments have preferred to ignore, in spite of specific orders passed by the same court more than nine years ago.
2. There is no consensus on what a new regulator can achieve, since official policy privileges ease of doing business.

### Lack of Will in Executive to Protect Nature

3. The draft Environmental Impact Assessment (EIA) Notification 2020, which seeks to advance that goal, makes no effort to disguise the desire to virtually eliminate civil society’s role.
4. It does not encourage the public to voice its views and report violations, while independent scrutiny of proposals is weakened.
5. In fact, the EIA process, especially after the notification in 2006, has been heavily critiqued for conflicts of interest - the proponent of a project is



responsible for producing the EIA report — while clearances under forest, wildlife, air and water quality laws are heavily weighted in favour of promoters.

6. Rather than reform the system, in 2011 and 2014, the Centre rebuffed the apex court on the question of forming an independent regulator.
7. The current PIL is forcing the government to come up with a fresh explanation on why it has been sitting on its hands all along. Yet, for a national regulator to work, the government must recognise the limits to extractive growth, respect a neutral body and preserve the integrity of the environment.

### **EIA Process**

1. A key issue raised by the PIL is the lack of credibility of the EIA process, leading to reports that are often produced with the help of dubious expertise and manipulated data.
2. In most cases, the proponents also ignore the views of communities that would be displaced and are ill-equipped to assess the loss of biodiversity and ecosystem services such as clean air, water and farm productivity.
3. The Centre and States must acknowledge the conflict arising from pressure on scarce land and ecosystems from polluting projects, which has already created clusters of industrial locations that are doing badly on the CPCB's Comprehensive Environmental Pollution Index.
4. It is striking that this did not stop approvals for further polluting activity in some of these places, such as large coal-based power plants cleared in recent years in Kanpur, Cuddalore, and Angul in Odisha.
5. What should concern the Centre is the laggardly pace at which multiple departments process project proposals, raising transaction costs and resulting in the clamour to dispense with regulation.

The remedies lie in administrative reform. It is eminently feasible, for instance, to produce a whitelist of lands for industry, reclaiming polluted areas. What India cannot afford to do is further degrade its forests, rivers, wetlands and air, whose health is vital for its large population.