

## Today's Paper

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### **Lokayukta exposes mismanagement, leakage in Public Distribution System**

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*Balasubramaniam Committee report highlights scam that snatches food from the poor*



R. Balasubramaniam

The Lokayukta report on illegal mining and the subsequent political turmoil have obscured a report submitted by the same body that exposes huge leakages and mismanagement in the Public Distribution System (PDS) in Karnataka impacting the food security of crores of poor people.

The R. Balasubramaniam Committee, appointed by the Lokayukta in September 2010 to investigate irregularities and corruption in the PDS, has put the total leakage in the system at Rs. 1,737.6 crore annually in the State. "The PDS is essentially not being monitored by the Government at all," says the report, in a damning indictment of the entire system.

#### **Poor pay more**

The irony is that while the Government's food bill remains high, the below the poverty line (BPL) end user overpays for a kilogramme of rice or wheat. According to the report, the average price being charged for 1 kg of rice is Rs. 3.41, and Rs. 3.16 for wheat, while they are entitled to the foodgrains at Rs. 3 each.

In the first step of his 10-month investigation, Dr. Balasubramaniam was shocked to learn that the authorities were unaware of even the exact number of ration cards. While 150.67 lakh cards are officially recognised by the Government, his investigation revealed that 159.23 lakh cards were in circulation. The Government, however, allots grain for only 108.07 lakh cards. The total number of households in Karnataka is 120 lakh.

"If the system is cleaned up and leakages plugged, we need not have a targeted system. Food subsidy can be made universal and accessible to all," Dr. Balasubramaniam told *The Hindu*. He noted that the very process of identification of the poor was often used for political purposes. For example, the Government asked people to produce self-declared affidavits of poverty between December 2008 and March 2009, before the Lok Sabha elections.

The report says that two big sources of loss are "overallotment loss" and "transport cost loss". The report says that losses that occur due to the Government not knowing how many families are currently active accounts for about 38 per cent (Rs. 54.4 crore) of total losses every month. Distribution or leakages losses account for 39 per cent (Rs. 56.6 crore), which occurs during wholesale transport. The rest is attributed to "active suspect loss", which occurs due to families suspected to be ineligible drawing rations, transport cost losses and stolen subsidy loss. The total loss is Rs. 144.8 crore every month.

One of the reasons why such leakages go unplugged is that the entire system, as Dr. Balasubramaniam put it, is "deliberately allowed to be opaque". The inventory management, once foodgrains leave the Food Corporation of India

godowns, is manual, leaving huge room for manipulation. The State Government, sometime ago, said that it would usher in a “point of sale system”, which computerises the process. “The process was mysteriously suspended six months ago,” said Dr. Balasubramaniam.

### **Illegal allotment**

The report also states that the allotment system in Karnataka is “illegal and irrational”. Dr. Balasubramaniam said that while the maximum entitlement is for 20 kg of rice and 3 kg of wheat per family, the Supreme Court has ruled that it cannot be lower than 29 kg of rice and 6 kg of wheat. “In fact the unit system followed by Karnataka is itself illegal,” he said.

“My fear is that in such a context, the proposed Food Security Bill will only widen the system of corruption and maladministration unless the leakages are plugged,” said Dr. Balasubramaniam.

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