

The Cash Transfer of Food Subsidy Rules, 2015

UNION OF INDIA

India

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Rule THE-CASH-TRANSFER-OF-FOOD-SUBSIDY-RULES-2015 of 2015

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The Cash Transfer of Food Subsidy Rules, 2015 Published vide Notification No. G.S.R. 649 (E), dated 21st August, 2015 Ministry of Consumer Affairs, Food and Public Distribution (Department of Food and Public Distribution) G.S.R. 649(E). - In exercise of the powers conferred by clause (d) of sub-section (2) of Section 39 read with clause (h) of sub-section (2) of section 12 of the National Food Security Act, 2013 (20 of 2013), the Central Government, after consultation with the State Governments, hereby makes the following rules, namely:-

1. Short title and commencement.

(1) These rules may be called the Cash Transfer of Food Subsidy Rules, 2015. (2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions.

(1) In these rules, unless the context otherwise requires,- (a) "Aadhaar number" means the identification number issued by the Unique Identification Authority of India; (b) "Act" means the National Food Security Act, 2013 (20 of 2013); (c) "Bank account of entitled household" means the bank account of any of the members of entitled household in any bank, following the Core Banking System, indicated by the head of the household in the digitised beneficiary database, for receiving cash transfer of food subsidy; (d) "Bank account details" means number of the bank account of entitled household along with the Indian Financial System Code of that bank; (e) "Beneficiary database" means list of all the entitled households, along with the details of the members; (f) "Central Issue Price" means price of foodgrains specified for eligible households in Schedule I of the Act and price of food-grains determined by the Central Government from time to time for 'tide over' allocation under sub-section (1) of section 3 of the Act; (g) "entitled households" means the eligible households referred to in the Act and households receiving subsidised foodgrains from the State Government out of 'tide over' allocation, who or which possess a valid ration card; (h) "entitled

quantity of foodgrains" means quantity of foodgrains to be distributed to eligible households under sub-section (1) of section 3 of the Act or quantity of foodgrains distributed by the State Government to other entitled households, if any, out of the 'tide over' allocation;(i)"Identified areas" means a State or Union territory or any specified area within the State or Union territory for which there is a written consent of the State Government for implementation of the Scheme;(j)"Public Financial Management System" means a web-based online transaction processing system established by the Controller General of Accounts, Ministry of Finance, Government of India for fund management, e-payment and Management Information System;(k)"Scheme" means a system to provide food subsidy in cash directly into the bank accounts of entitled households to enable purchase of the entitled quantity of foodgrains from the open market;(l)"State agency" means a Department or Corporation or Office designated by the State Government to receive the cash subsidy from the Central Government in a separate bank account and credit the due subsidy into the bank accounts of the entitled households, based on their entitled quantity of foodgrains;(m)"tide over allocation" means foodgrains allocated to States or Union territories, if any, under the second proviso to sub-section (1) of section 3 of the Act.(2)Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings as assigned to them in the Act.

3.

(1)The State Government may implement the Scheme with the approval of the Central Government.(2)The Scheme shall be implemented in the identified areas:Provided that the prevailing system of distribution of foodgrains through Targeted Public Distribution System shall continue in the remaining areas.

4. Conditions for implementing the Scheme.

- The State Government shall implement the Scheme in any identified areas subject to the following conditions, namely :-(a)complete digitisation and de-duplication of beneficiary database;(b)seeding of bank account details and Aadhaar number, if available, in the digitised beneficiary database;(c)ensuring adequate availability of foodgrains in the open market; and(d)identification of a State agency, having a separate bank account, to receive the cash subsidy from the Central Government for the entitled households and to transfer the due amount of subsidy into the bank accounts of entitled households through Public Financial Management System.

5. Computation of food subsidy.

- The amount of food subsidy payable to a entitled household shall be computed by multiplying entitled quantity of foodgrains with difference between 1.25 times applicable Minimum Support Price (derived Minimum Support Price in the case of rice) and the Central Issue Prices, or as may be revised from time to time, by the Central Government.

6. Modalities of cash transfer of food subsidy.

(1)The State Government shall prepare the digitised beneficiary database of the identified area, seeded with bank account details and Aadhaar number, if available, keeping in view the total coverage for the State or Union territory determined under the Act for receiving subsidised foodgrains.(2)The digitised beneficiary database for the identified area, seeded with bank account details and Aadhaar number, if available, shall be shared by the State Government on the portal of the Public Financial Management System for scrutiny, verification and validation of Aadhaar number and bank account details.(3)The findings of the scrutiny done by the Public Financial Management System shall be shared with the State Government.(4)The State Government shall address the issues raised in the findings of the Public Financial Management System and place the final digitised beneficiary database for the identified area, seeded with bank account details and Aadhaar number, if available, on the Public Financial Management System portal.(5)On the basis of final digitised beneficiary database, the entitled quantity of foodgrains and formula for computation of cash food subsidy under rule 5, the State Government shall also prepare and place a summary proposal, on the Public Financial Management System portal, as per the proforma annexed to these Rules, for transfer of due cash subsidy by the Central Government into the bank account of the State Agency.(6)The Central Government shall transfer, on monthly basis, the total cash subsidy for the final digitised beneficiary database of the State or Union territory, computed in accordance with the provisions of Rule 5, into the bank account of the State agency.(7)In case, the State Government is further subsidising the foodgrains beyond the Central Issue Prices under the Act, for all the entitled households or a part thereof, the State Government shall clearly earmark in the digitised beneficiary database such of the entitled households which are eligible to receive additional subsidy from the State Government and amount of State subsidy in cash for each of such entitled households and credit the total amount of State subsidy into the bank account of State Agency.(8)The State agency shall credit the consolidated amount of entitled cash subsidy comprising of Central subsidy in accordance with the provisions of rule 5 and State subsidy as per the provisions of sub-rule (7), if applicable, into the individual bank accounts of entitled households in the digitised beneficiary database, on monthly basis, through the Public Financial Management System by following procedure specified by Controller General of Accounts, Ministry of Finance, Government of India, from time to time.(9)All the activities specified in sub-rules (1) to (8) shall be made online.(10)The digitised beneficiary database for monthly transfer of cash subsidy from the Central Government to the State agency and from the State agency to the entitled households shall be deemed to be frozen for that particular month.(11)The State Government shall undertake regular online updation of digitised beneficiary database, to ensure that cash transfer is being made only in the bank accounts of entitled households.(12)The State Government shall take into account deletions or cancellation of ration cards, before sending summary proposal under sub-rule (5) for subsequent months.(13)The State Government shall endeavour to ensure foodgrains entitlement of targeted beneficiaries specified in the Act, through cash transfer under the Scheme.

7. Timelines.

(1)The State Government shall, in accordance with the provisions of sub-rule (4) of rule 6, share the final digitised beneficiary database on the Public Financial Management System portal by 10th day

of the preceding month.(2)State Government shall, in accordance with provisions of sub-rule (5) of rule 6, place a summary proposal by 10th day of the preceding month, for monthly transfer of cash subsidy by the Central Government into the bank account of State Agency.(3)The Central Government shall, in accordance with provisions of sub-rule (6) of rule 6, after due scrutiny of the proposal of the State Government, credit the total due cash subsidy on monthly basis into the bank account of the State Agency by 15th day of the preceding month.(4)The State Agency shall, in accordance with provisions of sub-rule (8) of rule 6, transfer the cash subsidy on monthly basis into the bank accounts of entitled households by last week of the previous month.

8. Concurrent Evaluation.

(1)State Government shall get the effectiveness of the Scheme, in ensuring food security of the targeted beneficiaries, evaluated concurrently and submit the first report to the Central Government at the end of six months of implementation of the Scheme.(2)The State Government shall submit second report to the Central Government at the end of one year of implementation of the Scheme.

9. Utilisation Certificate.

- The State Government shall submit utilisation certificate in a specified proforma to the Central Government, in accordance with provisions of the General Financial Rules, 2005.Proforma[See rule 6(5)](a)Name of the State/Union territory(b)Area(s) within the State/ Union territory identified for implementation of the scheme :(c)Details regarding the area(s) identified for implementation of the scheme :

Details of Entitled Households	Total number in the identified area (s)	Foodgrain requirement # (in tons)	Estimated Amount of monthly cash transfer (Rs. in Crore)	Balance, if any, out of earlier transfer of cash subsidy to the State Agency (Rs. in Crore)	
Wheat	Rice	Total			
(1)	(2)	(3)	(4)	(5)	(6) (7)
Antyodaya Anna Yojana households					
Persons in the above mentioned Antyodaya Anna Yojana households					
Persons belonging to priority households					
Tide over allocation *					

At the rate of 35 kilogram per households per month for Antyodaya Anna Yojana households and at the rate of 5 kilogram per person per month for priority households.* Please indicate the number

of households being covered out of this allocation and the scale of issue in column (2).Note: The number of persons and households indicated in column (2) should be as per the final digitised and de-duplicated beneficiary data-base, as defined under Rule 2 (e), seeded with bank account details and Aadhaar number, if available.