



Pradhan Mantri Garib Kalyan Anna Yojana (PM-GKAY)

- International Monetary Fund (IMF) has lauded India's food subsidy program, Pradhan Mantri Garib Kalyan Anna Yojana (PM-GKAY), which prevented the increased prevalence of extreme poverty in the country during Covid-19.

About PM-GKAY

- PMGKAY is a part of the Pradhan Mantri Garib Kalyan Package (PMGKP) to help the poor fight the battle against Covid-19.
- The scheme aimed at providing each person who is covered under the National Food Security Act 2013 with an additional 5 kg grains (wheat or rice) for free, in addition to the 5 kg of subsidised foodgrain already provided through the Public Distribution System (PDS).
- It was initially announced for a three-month period (April, May and June 2020), covering 80 crore ration cardholders. Later it was extended till September 2022.
- Its nodal Ministry is the Ministry of Finance.
- The benefit of the free ration can be availed through portability by any migrant labour or beneficiary under the One Nation One Ration Card (ONORC) plan from nearly 5 lakh ration shops across the country.

Highlight of IMF report

- In a report the IMF has said, the expansion of food transfers and subsidies make it an important instrument for poverty alleviation.
- Appreciating the Pradhan Mantri Garib Kalyan Yojana, the report demonstrated that the program provided insurance to the poor and prevented an increase in the prevalence of extreme poverty in the country.
- It stated that doubling of entitlements in 2020 during pandemic helped maintain extreme poverty at the low 0.8 percent level.
- It said, without any food subsidies, extreme poverty in the pandemic years would have increased by 1.05 per cent.
- The report said that poverty in the country declined the fastest during the period 2014 to 2019.
- The report stated that social safety net provided by the expansion of country's food subsidy program absorbed a major part of the pandemic shock.
- This illustrates the robustness of India's social safety architecture as it withstood one of the world's biggest income shocks.

Concern with PM-GKAY

- **Expensive:** It's very expensive for the government to sustain and increases the need for an abundant supply of cheap grains. In 2022, India has had to restrict exports of wheat and rice after erratic weather hurt harvest, adding to pressure on food prices, and rattling global agricultural markets.
- **Increase Fiscal Deficit:** It could pose a risk to the government's target to further narrow the fiscal deficit to 6.4% of gross domestic product.
- **Inflation:** The decision on the program could also affect inflation. The prices of rice and wheat, which make up about 10% of India's retail inflation, are seeing an uptick due to lower production amid a heatwave and patchy monsoon.

Way Forward

- There should be an all-encompassing database for migrant workers and their family.
- This should accurately capture the data on migration.
- The One Nation One Ration Card should be implemented in true spirit by all the states.
- Along with food security, there should be a sustainable income support through schemes like MGNREGS accompanied by free vaccines in nearest future.
- The leakages in PDS should be minimized through modernize PDS.
- To avoid leakages, there should be food-token system.
- The central authorities should commission a study and make its findings public in the context of PMGKAY.
- The study should be the basis for updating the database of foodgrain-drawing card holders, scrutinising the data critically and zeroing in on the needy.



- o Using this database, the **Centre and States can decide whether the size of the PHHs** — nearly 71 crore — can be pruned or not.
- The central and State **authorities need to ponder over the scheme's continuance**, given the chronic problem of diversion from the Public Distribution System (PDS).
- o To keep the **budgetary allocation under control**, rules on quota for rice or wheat can be changed suitably.

