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Cabinet Approves SARTHAK-PDS Scheme — ₹25,530 Crore to Modernise Public Distribution System

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**Bharat Choudhary**

UPSC Educator & Content Creator

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WHY IN NEWS:

The **Union Cabinet**, chaired by **PM Narendra Modi**, on **May 27, 2026** approved the “**Scheme for Assistance in Ration Transport and Handling — Income with Automation in PDS (SARTHAK-PDS)**” with a central outlay of **₹25,530 crore** for **April 2026 to March 2031**. The scheme **merges two existing schemes** — *Assistance for Intra-State Movement of Foodgrains & Margin to FPS Dealers* and *SMART-PDS* — and deploys **AI, ML, NLP and Blockchain** to modernise India’s **Public Distribution System (PDS)**.

WHAT SARTHAK-PDS REPLACES

PREDECESSOR SCHEME	FUNCTION
Assistance for Intra-State Movement of Foodgrains & FPS Dealers’ Margin (under NFSA)	Centre subsidises states for moving foodgrains from FCI godowns to Fair Price Shops + dealer commission
SMART-PDS (Scheme for Modernisation and Reforms through Technology in PDS)	Digital interventions — ePoS, Aadhaar seeding, weighing scales integration

SARTHAK-PDS **subsumes both** into a single, technology-forward umbrella.

SCHEME SNAPSHOT

PARAMETER	DETAIL
Approval date	May 27, 2026 (Union Cabinet)
Outlay	₹25,530 crore (Central share)
Duration	April 1, 2026 – March 31, 2031 (5 years)
Implementing Ministry	Department of Food & Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution
Statutory backing	National Food Security Act (NFSA), 2013
Beneficiaries	~81 crore people under NFSA
Coverage target	All ~5.38 lakh Fair Price Shops (FPS) across India

FOUR PILLARS OF SARTHAK-PDS

PILLAR	COMPONENTS
1. Logistics	Subsidised intra-state movement of foodgrains; door-step delivery to FPS in tribal/hill states; geo-tagged movement
2. Dealer Income	Continued central margin assistance for FPS dealers (NFSA mandate)
3. Automation	ePoS device upgrades; AI/ML for demand forecasting; NLP-based grievance redress in regional languages; Blockchain for chain-of-custody
4. Last-mile Inclusion	Doorstep delivery, biometric authentication safeguards (OTP / iris fallback when fingerprints fail)

EXPECTED OUTCOMES (GOVERNMENT ESTIMATE)

- **15–50% reduction** in travel distance of foodgrains via local procurement encouragement.
- **Plug leakages** via Blockchain-tracked chain of custody from FCI godown → state godown → FPS → beneficiary.
- **Real-time inventory visibility** for state governments.
- **Inclusion improvement** — biometric alternatives + portability via **One Nation One Ration Card (ONORC)**.

THE PDS ECOSYSTEM — QUICK RECAP

ELEMENT	DETAIL
Legal anchor	NFSA, 2013 — gives ~75% rural + 50% urban population (~81 crore) legal entitlement to subsidised foodgrains
Entitlement	5 kg/person/month (Priority Households); 35 kg/family/month (Antyodaya Anna Yojana)
Prices (pre-FSA)	₹3/kg rice, ₹2/kg wheat, ₹1/kg coarse grains under NFSA — currently FREE for all NFSA beneficiaries under PMGKAY (extended for 5 years, Jan 1, 2024 – Dec 31, 2028)
ONORC	Pan-India portability since June 2022 ; ~100 crore transactions since rollout
Procurement	Food Corporation of India (FCI) procures from farmers at MSP
Storage	FCI + state agencies; total foodgrains stock ~75 mn tonnes (April 2026, well above buffer norm)

WHY MODERNISE NOW?

- **Persistent leakage** — Shanta Kumar Committee (2015) estimated **PDS leakage at ~46%**, though more recent estimates (NSO, household surveys) put it at ~28%.
- **Targeting errors** — both inclusion errors (ineligible beneficiaries) and exclusion errors (eligible poor left out).
- **Migrant workers** — ONORC partly solves portability, but ePoS coverage and biometric fallback gaps remain.
- **Climate volatility** — demand forecasting needed as procurement and consumption patterns shift.

CRITIQUE AND WATCHPOINTS

- **Fiscal sustainability** — PMGKAY alone costs ~₹2 lakh crore/year; SARTHAK-PDS adds modernisation costs on top.
- **Privacy concerns** — biometric authentication and AI/ML profiling raise **Aadhaar/data-protection** questions; **Digital Personal Data Protection Act, 2023** must be operationalised in PDS context.
- **State capacity** — uneven across states (Tamil Nadu, Andhra Pradesh, Kerala lead; some North-East and tribal states lag).
- **Blockchain hype** — utility for PDS chain-of-custody needs piloting before nationwide rollout.

UPSC RELEVANCE

GS Paper 2 – Governance & Social Justice:

- Welfare schemes for vulnerable sections – performance and issues.
- Food Security – National Food Security Act, 2013.

GS Paper 3 – Indian Economy:

- Issues related to direct and indirect farm subsidies, MSP, public distribution system, food security, buffer stocks.
- Application of technology in governance.

Analytical hooks for Mains:

- PDS reform – from leakage-plugging to nutrition outcomes.
- Technology in welfare delivery – gains vs exclusion risks.
- Federalism in food security – Centre procures, states distribute.

FACTS CORNER

Approval date: May 27, 2026 (Union Cabinet).

Outlay: ₹25,530 crore (Central); duration April 2026 – March 2031.

Merges: Intra-State Movement of Foodgrains scheme + SMART-PDS.

Statutory anchor: NFSA, 2013.

NFSA beneficiaries: ~81 crore people (75% rural + 50% urban).

NFSA entitlement: 5 kg/person/month (Priority); 35 kg/family/month (Antyodaya).

PMGKAY (free foodgrains): Extended for 5 years, Jan 1, 2024 – Dec 31, 2028.

ONORC: Pan-India portability since June 2022.

Fair Price Shops in India: ~5.38 lakh.

Technologies in SARTHAK-PDS: AI, ML, NLP, Blockchain.

Shanta Kumar Committee (2015): Recommended restructuring of FCI; flagged PDS leakage.

Sources: *PIB, DD News, The Hindu*

Source: Cabinet Approves SARTHAK-PDS Scheme – ₹25,530 Crore to Modernise Public Distribution System
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Bharat Choudhary

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