

- The scheme seeks to provide portability of food security benefits all across the nation.
- Families who have food security cards can buy subsidized food from any ration shop in the country.
- Ration cards should be linked with Aadhar Number to avail this service.
- It was started in mid-2019 with pilot project in 4 states and was supposed to be rolled-out across country by June 2020
- However, the government has extended the deadline of March 2021 in the wake of COVID-19 pandemic

*What are the challenges with ON-ORC?*

- First, the fiscal implications: ON-ORC will affect how the financial burden is shared between states.
- Second, the larger issues of federalism and inter-state coordination: Many states are not convinced about a “one size fits all” regime.
- This is because States have customised the PDS through higher subsidies, higher entitlement limits, and supply of additional items.
- Third, the technology aspect: ON-ORC requires a complex technology backbone that brings over 750 million beneficiaries, 5,33,000 ration shops and 54 million tonnes of food-grain annually on a single platform.

*Learning from GST to resolve above challenges of ON-ORC*

### **1. About Fiscal Challenges – Compensation to States**

- Fiscal concerns had troubled GST from the start Ex: States like Tamil Nadu and Gujarat that are “net exporters” were concerned they would lose out on tax revenues to “net consumer” states like UP and Bihar
- Finally, the Centre had to step in and provide guaranteed compensation for lost tax revenues for the first five years
- The Centre could provide a similar assurance to “net inbound migration” states such as Maharashtra and Karnataka that any additional costs on account of migrants will be covered by it for the five years.

### **2. Issues of Federalism- Creation of inter-state council**

- In the spirit of cooperative federalism, the central government created a GST council consisting of the finance ministers of the central and state governments to address the issues of inter-state coordination
- The government could consider a similar national council for ON-ORC.
- To be effective, this council should meet regularly, have specific decision-making authority, and should operate through consensus building.

### **3. Technology Aspect – A special Vehicle for faster implementation**