

Public distribution system in India

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Abstract

India's Public Distribution System (PDS) is the largest distribution network of its kind in the world. PDS was introduced around World War II as a War-time rationing measure. The paper focuses on an overview of Public Distribution System in India, which studies the evolution of targeted Public distribution system in India. The Public Distribution System is one of the largest food subsidy programmes in India, and perhaps in the world. It reaches out to nearly 10.5 crore households in the country and provides subsidized foodgrains through a network of Fair Price Shops (FPS). But, this PDS is criticized on a wide front for its failure to serve the population to BPL, for its perceived urban bias, hence, the government of India has launched the targeted public distribution system (TPDS) in 1997, with focus on poor, and it plays an important role in India providing foodgrains to below the poverty-line families (BPL) through the Fair Price Shops at affordable prices. There are about 5.27 lakh Fair Price Shops (FPS) across India. And it was the targeted PDS which is an important instrument of policy aimed at reducing poverty through the recent years for the effective working of computerized mechanism by delivering minimum requirements of foodgrains (ex: wheat and rice Coarse grains) at highly subsidized prices to the population of below the poverty line.

Keywords: evolution of PDS, TPDS, essential commodities, consumer affairs, food security FCI

1. Introduction

The PDS came into existence as a result of the Bengal famine in 1943. During 1950s and 1960s it worked as a dual mechanism-providing price support to producers and at the same time providing food subsidy for consumers. National level food shortages and food price inflation forced the government to generate a surplus of foodgrains during the 1980s and the welfare poverty from about 50 percent in the 1960s to about 30 percent in the 1990s. The TPDS was further liberalized in December 2000, and was renamed as Antyodaya Anna Scheme. Under this scheme the poor was further classified as the 'poorest among the poor'. Supply deficiency of foodgrains is not the only cause of food insecurity but historical evidence shows that famines and food insecurity in India are the result of wrong policy of government. Amartya Sen has pointed out that during great Bengal famine of 1943 there was no scarcity of foodgrains is very essential in removing food insecurity. Taking into consideration the severity of food security, any scheme must efficiently allocate and distribute food for the people at affordable prices. An important component of supply management of essential commodities is the public distribution system and the government provides safety net for the poor on the one hand and fulfills the objectives of growth with justice on the other. Public Distribution System (PDS) is an Indian food security system, established by the government of India under Ministry of Consumer Affairs, Food and Public Distribution, and managed jointly with the state governments in India. The Public Distribution System is the largest food subsidy programme in India, and perhaps in the world. It reaches out to nearly 10.5 crore households in the country and provides subsidized foodgrains through a network of Fair Price Shops (FPS). PDS is criticized on a wide front for its failure to serve the population to BPL, for its perceived urban bias, hence the

government of India launched the targeted public distribution system (TPDS) in 1997, with focus on poor, and it plays an important role in India. Providing foodgrains to below the poverty line families (BPL), through the Fair Price Shops at affordable prices. The targeted PDS is an important instrument of policy aimed the reducing poverty through the mechanism of delivering minimum requirements of foodgrains (ex: wheat and rice), at highly subsidized prices to the population who are below the poverty line. Under the Targeted Public Distribution System (TPDS), Government allocates foodgrains (rice and wheat) 35 kg, Per family per month at the rate of Rs/-3 per kg of rice and Rs/-2 per kg of wheat to States/ UTs for 6.52 crore accepted number of Below Poverty Line (BPL) families, which includes about 2.43 crore Antyodaya Anna Yojana (AAY) families for distribution at subsidized prices there are about 5.27 lakh Fair Price Shops (FPS) across India.

2. Objectives of the study

1. To study the review of literature related to PDS in India.
2. To know the overview of Public Distribution system (PDS) in India.
3. To study the evolution of Targeted Public Distribution system (TPDS) in India.

3. Methodology of the study

This study is based on secondary data. The secondary data shall be collected through reputed journals, books, internet, periodicals, government reports, working papers, Dept. of food and public Distribution and FCI, etc.

4. Reviews on public distribution system in India

Dr. Channakrishan, P, (2012), in his article entitled "Evolution of PDS in India" opined that PDS as a system of management of scarcity and for distribution of foodgrains to poor at

affordable prices and the scheme PDS, which consumes around one percent of the country's gross domestic product (GDP) and covered up to 25% of the poor households has had limited success as only 41 percent of foodgrains released by the Government reach their target.

Bhat G.M. and Bhat Arshad Hussain, (2012) ^[2], study focused on the efficiency of the PDS in Kashmir and found that there is a lot of misappropriation of supplies in system. Kashmir is a region which has a comparative advantage for cash crops production and dependent on imports mainly for food. Under the targeted PDS the centre had identified 24% of the population as being BPL and the allotments to the State had been reduced from the time of universal PDS, and there Ration Shop owners would get less profit and had more incentive to sell their Goods in the blackmarket.

Sivakkolundu, C and Loganathan, P, (2013) ^[3], studied in the article of "Public Distribution System and Food Security", the targeted public distribution system that each poor family is entitled to 10 kg of foodgrains per month (20 kg W,e,f, April 2002) at special subsidized prices. This is likely to benefit about 6 crore families and there are some problems like low quality foodgrains, World Bank Report (June 2000) states that half of foodgrains in FCI is at least two years old and 30% of foodgrains is 2 to 4 years old and some grains as 16 years old, and poor do not have cash to buy 20 kg at a time and often they are not permitted to buy in installments.

Chandanshiv M M, Dr.S S Narwade, (2013-14) ^[5], evaluated it in the article "An Evaluation of PDS in Maharashtra – A Case Study in Beed District. There the various commodities that are supplied through PDS are rice, wheat, sugar, edible oil, pulses and kerosene. Majority of the households (68 per cent) under survey said that wheat, rice and kerosene supply is regular but the supply of sugar, edible oil and pulses happened to be irregular. More than half of the beneficiaries (54 percent) are not satisfied with the quality of the foodgrains supplied through PDS.

Dr. Sawant, B.S. and Rahul J. Jadhav, (2013) ^[6], "Public Distribution System of Essential Commodities as a Social Security (A Study of Satara District Maharashtra)". In this article the Public Distribution System (PDS) has a poor record of reaching the poor and needy. In the Satara district, the supply of foodgrains at PDS is not very good. The satisfaction level in Javali taluka is good i.e. 40%. But overall in the district only 24.09% respondents say supply of foodgrains sold at PDS is smooth. Only 37.27 Percent respondents told that the quality of the commodities supplied by the shop is good, it can be inferred that only 11% respondents were satisfied over the weightage of goods purchased at PDS.

Dr. Lavanyakumari and Santakumari, (2015) ^[12], studied on the public distribution system (PDS) distributes subsidized food and non-food items to India's poor. Major commodities distributed included staple foodgrains, such as rice, wheat, sugar and kerosene, through a network of fair price shops was also known as ration shops established in several stages across the country. The Public distribution system (PDS) evolved as a system of management of scarcity and for distribution of foodgrains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country. PDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society.

5. An overview of PDS in India

The Public Distribution System (PDS) has existed in India since the Second World War, and was established for ensuring food security. This is done by not only ensuring adequacy in supply of foodgrains, but also by distributing to people at affordable prices. The main proclaimed task of the PDS was to provide food security to poor households with a nature of more than 5.24 lakh Fair Price Shops (FPS) across India. The public distribution system in India is perhaps the largest distribution machinery of its type in the world. PDS is said to distribute each year commodities worth more than Rs. 15,000 corer to about 10.5 corer families. The PDS had substantially contributed to the containment of rise in foodgrains prices and ensured access of food to urban consumers. As the national agricultural production had grown in after month of Green Revolution the outreach of PDS was extended to tribal blocks and areas of high incidence of poverty in the 1970s and 1980s. Despite its expansion, the PDS has been subject to various problems such as mismanagement which lead to the increase in operational cost, the scheme has an urban bias and neglected the rural areas, and below poverty line (BPL) households have not been properly covered owing to leakages through corruption. Illegal sales, creation of false cards and the use of facilities by better off households. PDS was a general entitlement scheme for all consumers without any specific target till 1992. Revamped Public distribution System (RPDS), was launched in June 1992 in 1775 blocks throughout the country with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and in accessible areas where a substantial section of the poor live. The PDS included area approach for ensuring effective reach of the Commodities their delivery by State Government at the door step of fair price shops (FPS) in the identified areas. These areas specific programmes such as the Drought prone areas programme (DPAP), Integrated Tribal Development Project (ITDP), Desert Development Programme (DDP) and Certain Designated Hill Areas (DHA), identified in consultation with State Governments for special focus with respect to improvement of the PDS infrastructure. Foodgrains for distribution in these areas issued to the states at 50 paisa below the Central issue price. The scale of issues was up to 20 Kg per card.

Fair Price Shops (FPSs)

A public distribution shop also known as Fair Price Shop (FPS), part of India's Public Distribution System established by Government of India, is a kind of shop in India which is used to distribute rations at a subsidized price to the poor. As of date there are about 5.27 lakh Fair Price Shops (FPS) across India.

6. Evolution of TPDS in India

The PDS will become criticized on a wide front for its failure to serve the population to BPL, for its perceived urban bias, hence the government of India, launched the Targeted public distribution system (TPDS) in June 1997, with the focus on "poor in all areas" and TPDS involves issue of 10 Kg of foodgrains per family per month for the population Below Poverty Line (BPL), at specially subsidized prices. The TPDS requires the states to Formulate and implement foolproof arrangements for identification of poor for Effective delivery of food grains to Fair Price Shops (FPSs). Its distribution in a

transparent and accountable manner at the FPS level. The "Targeted" meant that the focus was really poor and vulnerable sections of society. TPDS played an important role in India, in providing of foodgrains to below the poverty line families (BPL), through the Fair Price Shops, at affordable prices. The scheme when introduced was intended to benefit about 60 million poor families for whom a quantity of about 7.2 million tonnes of foodgrains was earmarked annually. The total number of BPL households so determined was 59.63 million in 1993-94 as per planning commission estimate. Identification of the poor under the scheme was done by the states as per state wise poverty estimates of the planning commission from 1993-94 based on the methodology of the 'expert Group on estimation of proportion and number of poor chaired by late Prof. Lakdawala the allocation of foodgrains to the states/UTs was made on the basis of average consumption in the past 10 years at the time of introduction of TPDS. The Government of India increased the allocation to BPL families from 10 Kg to 20 Kg of foodgrains per family per month at 50% of the economic cost and allocation to APL families at economic cost w.e.f. 01.04.2000, The allocation of APL families was retained at the same level at the time of introduction of TPDS, but the central issue policies (CIP) for APL were fixed at 100% of economic cost from that date. So that the entire consumer subsidy could be directed to the benefit of the BPL Population. However, the CPIs fixed in July and December, 2000 for BPL and AAY respectively and in July 2002 for APL, have not been revised since then even though procurement costs have gone up considerably. In the TPDS, the states were requested to issue of foodgrains at difference of not more than 50 paisa per kg over and above the central issue price for BPL families. Flexibility to State /UTs has been given in the matter of fixing the retail issue policies by removing the restriction of 50 paisa per kg over and above the, CIP for distribution of foodgrains. Under the Targeted Public Distribution System (TPDS), Government allocates foodgrains (rice and wheat) at the rate of 35 kg. per family per month to States/ UTs for 6.52 crore accepted number of Below Poverty Line (BPL)families, which includes about 2.43 crore Antyodaya Anna Yojana (AAY) families, for distribution at subsidized prices through Fair Price Shops (FPSs). Allocation of foodgrains to about 11.52 crore Above Poverty Line (APL) families are also made depending upon the availability of foodgrains in the Central pool and the past off take. Presently, the allocation of foodgrains to APL families ranges between 15 and 35 kg per family per month.

6.1 Identification of BPL families under TPDS

Guidelines for implementing the TPDS were issued in which the State Government had been advised to identify the BPL families and include the really poor and vulnerable sections of the society such as landless agricultural labourers, marginal farmers, rural artisans/ craftsman such as potters, weavers, black-smith, carpenters etc., in the rural areas and slum dwellers and persons earning their livelihood on daily basis in the informal sector like potters, rickshaw-pullers, cart-pullers fruit and flower sellers on the pavement etc. In Urban areas. The Gram Panchyats are involved in the identification of BPL households. As per planning commission estimate. (2004-05). The number of families The number of BPL families has been increased w.e.f. 1.12.2000 by shifting the base to the population projections of the register General of India as on

01.03.2000 instead of the earlier population projection of 1995. With this increase the total number of BPL families in the country is 652.03 lakh as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997.

6.2 Central Issue Price (CIP)

Table 1: Present Central issue Price (CIP) of Foodgrains being supplied under TPDS is as under (Rs. per kg.)

Commodity	APL	BPL	AAY
Rice	8.30	5.65	3.00
Wheat	6.10	4.15	2.00
Coarse grains	4.50	3.00	1.50

Source: Department Food and Public Distribution System.

Table 1 show that the present central issue price of rice and wheat for APL, BPL and AAY Card wise. For APL Card holders get Rs. 8.30 per kg of rice, and wheat is Rs.6.10 per kg. For BPL Card holders get Rs. 5.65 per kg of rice and Rs. 4.15 per kg of wheat. And for AAY Card holders get Rs. 3.00 per kg of rice and Rs. 2.00 per kg of wheat. For APL Cardholders get Rs. 4.50 coarse grains and for BPL Cardholders get Rs.3.00 then finally AAY Cardholders same coarse grains get Rs.1.50 available in these criteria.

6.3 Stock of foodgrains in India, Under Targeted PDS

The current level of stock of foodgrains is adequate to meet the requirement of grains as per the existing level of allocations under Targeted Public Distribution System (TPDS), the India's Food Minister K.V. Thomas said in a written reply in the Lok Sabha in 27 Feb 2013, The stock of foodgrains (rice and wheat) in India's central pool as on February 1, 2013, was 661.93 lakhs tonnes comprising 353.84 lakh tons of rice and 308.09 lakh tonnes of wheat, the offtake foodgrains (wheat and rice) against the allocation upto January 2015, from the central pool under normal TPDS during the period has been 365.010 Lakh MT. This comprises 78.187Lakh MT under Below Poverty line (BPL), 46.831Lakh MT under Antyodaya Anna Yojana (AAY), 86.708 Lakh MT under Above Poverty line (APL), 149.237 Lakh MT under National Food Security Act (NFSA) normal and 4.048 Lakh MT under NFSA (Tide over). In addition there has been off take of 17.281 Lakh MT under special ad-hoc allocation, 6.306 Lakh MT under allocation made to States/UTs at economic cost MSP rate.

6.4 Antyodaya Anna Yojana Scheme (AAY)

National sample survey exercise points towards the fact that about 5% of the total population in the country sleeps without two square means a day. This section of the population can be called 'hungry', in order to make TPDS more focused and targeted towards this category of population. The government of India launched the scheme called "Antyodaya Anna Yojana" with effect from 25.12.2000. AAY is a step in the direction of making of TPDS aim reducing hunger among the poorest segments of the BPL population.

The main objective of this scheme is to ensure food security to the poorest of the poor. Originally at the time of introduction of 'AAY' scheme, each beneficiary was given 25 kg of rice per month at the rate of Rs. 3/- per kg. This has been increased to 35 kg of rice per card per month at the rate of Rs. 3/- per kg. through fair Price Shop from November 2006 onwards, and a

announced in the Union Budget 2005-06 the AAY has been expanded to cover another 50 lakhs BPL households thus increasing its coverage to 2.5 crore households (i.e. 38% of BPL), As on 30.04.2009 and 242.75 lakh AAY families have been covered by the State/UTs under this scheme.

6.5 Indian National Food Security Act, 2013 (NFSA)

The Indian National Food security Act, 2013 (also Right to food Act), was signed into law September 12, 2013. This law aims to provide subsidized foodgrains to approximately two thirds of India's 1.2 billion people. Under the provisions of the bill, beneficiaries are to be able to purchase 5 kilograms per eligible person per month of cereals at the following prices: Rice is at Rs 3 per kg. Wheat at Rs 2 per kg and coarse grains (millet) are at Rs.1 per kg.

Pregnant women, lactating mothers and certain categories of children are eligible for daily free meals. The bill has been highly controversial. It was introduced into India's Parliament in December 2012, promulgated as a presidential ordinance on July 5, 2013, and enacted into law in August 2013.

Salient features of National Food Security Act, 2013

1. 75% rural and 50% of the urban population are entitled for three years from enactment to five kg foodgrains per month at Rs.3, Rs.2, Rs.1 Per kg for rice, Wheat and coarse grains (millet), respectively;
2. The states are responsible for determining eligibility;
3. Pregnant women and lactating mothers are entitled to a nutritious "take home ration" of 600 Calories and a maternity benefit of at least Rs 6,000 for six months;
4. Children 6 months to 14 years of age are to receive free hot meals or "take home rations";
5. The central government will provide funds to states in case of short supplies of foodgrains;
6. The current food grain allocation of the states will be protected by the central government for at least six months;
7. The State government will provide a food security allowance to the beneficiaries in case of non-supply of foodgrains;
8. The Public Distribution System is to be reformed;
9. The eldest woman in the household, 18 years or above is the head of the household for the issuance of the ration card;
10. There will be state and district level redress mechanisms;
11. State Food commissions will be formed for implementation and monitoring;
12. Provisions of the Act;
13. The cost of the implementation is estimated to be 1.25 lakh crore, approximately 1.5% of GDP;
14. The poorest that are covered under the Antyodaya Anna Yojana will remain entitled to 35 kg of grains allotted to them under the mentioned scheme;

6.6 Computerization TPDS in India

Modernization of Targeted Public Distribution System (TPDS) including its end-to-end computerization is a priority area for the Department of Food and Public Distribution System. With the enactment of the National Food Security Act (NFSA), 2013, Computerization of TPDS has acquired greater importance. Some States/UTs have taken initiatives for computerization of TPDS. This Department had also initiated

pilot schemes for computerization of various aspects of TPDS functioning in select States/UTs. However, such initiatives did not envisage end-to-end coverage in a comprehensive and integrated manner. In view of the above, the Department has prepared a scheme under the 12th Five Year Plan (2012-17) for its implementation in all States/UTs on cost sharing basis. The Scheme comprises implementation of two components, namely, component-I i.e. digitization of beneficiary and other databases, computerization of supply-chain, setting up of portal and grievance redressal mechanism and component -II i.e. FPS automation. NIC is the technical partner for the scheme and the implementation agency for the center. So, overall operation of Targeted Public Distribution System is in recent year's country like India very effectively working in all aspects.

7. Conclusion

Public Distribution System is a supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society. It evolved as a system of management scarcity and for distribution of foodgrains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country. By knowing all the above details, we come to know that how the evolution of Targeted PDS has taken place in the country, by distributing foodgrains to the poor people of the country. And it reaches out to nearly 10.5 crores households in the country and provides subsidized foodgrains through a network of Fair Price Shops (FPS). As well as it is one of the food security schemes which help providing foodgrains to below the poverty line families (BPL) at affordable prices for their well-being in the country. Finally, this scheme that touches the lives of millions of poor people in India.

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