

The Public Distribution System and Food Security in India

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Abstract:

The Public Distribution System (PDS) of India plays a crucial function in reducing food insecurity by acting as a safety net by distributing essentials at a subsidized rate. While the PDS forms a cornerstone of government food and nutrition policy, India continues to be home to a great population of hungry and malnourished people. This review tries to explore the functioning and efficiency of the PDS in achieving food and nutritional security in India. A comprehensive and systematic search using the key terms “food insecurity” OR “food security” AND “Public Distribution System” OR “PDS” OR “TPDS” AND “India” identified 23 articles which met the inclusion standards. This review draws attention to the lack of printed literature in areas of PDS and food security in India. The findings of the review emphasize the role of PDS in tackling hunger and malnutrition while highlighting its limited use in improving food security and childhood mortality due to operational inefficiencies. The PDS has the potential to behave as a solution to food insecurity in India if the operational inefficiencies and environmental footprints are addressed by adequate policy reforms.

Key Words: India, food security, Public Distribution System, hunger.

Introduction:

The Public Distribution System (PDS) is the largest food subsidy programs in India. It reaches out to nearly 11 crore households and provides food grains at subsidized rates. PDS has its root in the 'rationing' system introduced by the British during World War II (1939–45) and was retained as a key component of social policy during the process of planned economic development initiated in 1951. It formed the foundation of the policy for growth with justice. During the First Five-Year Plan (1951–56), the system was expanded to cover all rural areas that suffered from chronic food shortages. In 1965, the Food Corporation of India (FCI) and the Agricultural Prices Commission (APC) were made. Over the years, PDS was continued as a deliberate social policy to provide food grains and other essential items to vulnerable parts of society at subsidized prices. Until 1997, the PDS provided food subsidies to all beneficiaries without targeting.

Although the program has assisted millions of poor in the country, it was widely criticized for its failure to serve the entire population below the poverty line, its urban bias, negligible coverage, and lack of transparency and accountability (Sawant and Jadhav, 2013). Jha (1992) noted that 40-50% of the population avail of the benefits of the distribution system, of which nearly half are non-poor, implying that a substantial part of PDS benefits accrued to the non-poor and it has not had much of an impact on the nutritional status of the targeted population. In this context, it was felt that targeting the PDS to the poor is a fundamental reform that could not be held up for long.

The reasons behind food insecurity and hunger in India are complex. Some research shows that high rates of migration from rural to urban areas may play a role, as evidenced by the concentration of economic gains in urban areas, and the significant changes to the contribution of the agriculture sector to GDP. The adverse effects of climate change are also an emerging contributor to food insecurity, with uneven weather patterns and increasing

droughts to blame for uneven growth and yield of food stock. The most recent Global Hunger Index (GHI) ranks India at the high end of the 'serious' category, as India continues to do poorly in addressing hunger and malnutrition; currently one in three Indian children is stunted representing one third of the world's stunted population, and one in five is wasted. Many in India also experience hidden hunger. Hidden hunger refers to a position of chronic micronutrient deficiency, where a person might have access to sufficient calories, but lacks adequate micronutrients. Hidden hunger can cause lasting effects on health and wellbeing, and is especially problematic for children.

PDS IN INDIA

PDS was introduced during the Second World War. The principal goal of the TPDS is food grains to poor families in remote and rural areas. PDS is a poverty relief program and contributes towards the social welfare of the people, which supplied essential commodities like rice, wheat, sugar, kerosene to the people under the PDS at reasonable prices. It is the chief social welfare and antipoverty programs to the Government of India. In India, there is a network of more than 5.21 Lakh Fair Price Shops (ration shops) one of the biggest PDS in the world, responsible for administering more than 160 million families. PDS is currently operated as the joint obligation of the State and the Central Government. PDS was facing a lot of problem in 1992, the government introduced a Revamped Public Distribution System (RPDS) to reach poorer households with more varieties and quantities of foodstuff at cheaper prices, but it was not effective in June 1997, a targeted public distribution system TPDS was introduced as part of different schemes for the poor, Antyodaya Anna Yojana (AAY) Mid-day Meals, ICDS in children and food for work scheme etc., under this schemes the poor was further classified as the poorest among the poor and others as living-BPL families since 1997 Targeted PDS is intended to target poor people, amount that is spent by the Government should utilize the benefits by purchasing the food grains allotted under the Targeted Scheme.

PDS IN KARNATAKA:

In Karnataka, 62% of income, is derived from farming. It is the 6th largest states in India which comprises of 30 territories. Its total land area is 1,91,791 sq.km and it accounts for 5.83% of the entire area of the Country as per 2011 report. The State of Karnataka has tried to implement computational models on a pilot basis in different regions of the State to make PDS effective. Most of the work of the PDS is done electronically and details of it are displayed in the Karnataka PDS center portal. Some of the major Schemes for alleviating poverty and guaranteeing food security are Annabhagya Yojana, Antyodhaya. The agencies that are involved in Karnataka State are the FCI, KFCSC & TAPCMS in Karnataka, there are 20,372 FPSs out of which 200 are managed by KFCSC, 8896 by Co-operatives and 11,276 are managed by the individual licenses.

The different types reforms undertaken by different states regarding PDS are:

- Adhaar Linked and digitized ration cards: This allows online entry and verification of beneficiary data. It also enables online tracking of monthly entitlements and off-take of food grains by beneficiaries.
- Computerized Fair Price Shops: FPS automated by installing 'Point of Sale' device to swap the ration card. It authenticates the beneficiaries and records the quantity of subsidized grains given to a family.

- **DBT:** Under the Direct Benefit Transfer scheme, cash is transferred to the beneficiaries' account in lieu of food grains subsidy component. They will be free to buy food grains from anywhere in the market. For taking up this model, pre-requisites for the States/UTs would be to complete digitization of beneficiary data and seed Aadhaar and bank account details of beneficiaries. It is estimated that cash transfers alone could save the exchequer Rs.30,000 crore every year.
- **Use of GPS technology:** Use of Global Positioning System (GPS) technology to track the movement of trucks carrying food grains from state depots to FPS which can help to prevent diversion.
- **SMS-based monitoring:** Allows monitoring by citizens so they can register their mobile numbers and send/receive SMS alerts during dispatch and arrival of TPDS commodities
- **Use of web-based citizens portal:** Public Grievance Redressal Machineries, such as a toll-free number for call centers to register complaints or suggestions.

Review of Literature:

Dr. Swarooprani (2018) in her article an analysis of public distribution system in food security in Karnataka stated There is a provision of awareness committee in the PDS control order and the PDS control categorize and the organization of the state of Karnataka. The administration claims that vigilance committees have been made for all FPSs to over-see the performance of the PDS. The said committee sits on every first and third Saturdays of the month to review all issues linking to the food security especially PDS.

Dr. Elayaraja K and Dr. T.R. Manjunath (2016) in their paper Performance of Targeted Public Distribution System in Karnataka stated that Targeted Public Distribution System (TPDS) is a constituent of the Poverty Alleviation Program of Government of India. This scheme was first introduced in 1997. PDS is a rationing mechanism, which entitles, households to specified quantities, selected essential commodities and food grains at affordable prices to BPL, APL and AAY families. The survey focuses on Performance of TPDS in Karnataka in recent years and food security supporting an ambitious new Annabhagya scheme was introduced. The strategy consists of brief information on different aspects of Annabhagya Program working details. Hence, these programs present merits and demerits across the states.

Jayan T. (2018) Public Distribution Among Tribal Households in Karnataka and Telangana in their research paper stated that National Food Security Act was notified on 10th September 2013. The Act provides for the coverage of up to 75 per cent of the rural population and 50 per cent of the urban population for distributing subsidized food grains under Targeted Public Distribution System. The eligible persons will be entitled to receive 5 kgs of food grains per person per month at subsidized prices of `3/2/1 per kg for rice/wheat/coarse grains. The existing Antyodaya Anna Yojana (AAY) households, which constitute the poorest of the poor, will continue to receive 35 kgs of food grains per household per month. This study enquires the performance of PDS under National Food Security Act among the tribal households in the Khammam district of Telangana and Raichur district of Karnataka. The tribal priority and Antyodaya (poorest of the poor) households obtained around the entire quantity of entitled food grains. Leakages and diversions of PDS food grains declined substantially following the implementation of National Food Security Act. The food grain consumption of beneficiary households increased substantially following the off take of PDS food grains.

Neetu Abey George and Fiona H. McKay (2019) in his article The Public Distribution System and Food Security in India observed The Public Distribution System (PDS) of India

plays a crucial role in reducing food insecurity by acting as a safety net by distributing essentials at a subsidised rate. While the PDS forms a cornerstone of government food and nutrition policy, India continues to be home to a large population of hungry and malnourished people. This review seeks to explore the functioning and efficiency of the PDS in achieving food and nutritional security in India. A comprehensive and systematic search using the key terms “food insecurity” OR “food security” AND “Public Distribution System” OR “PDS” OR “TPDS” AND “India” identified 23 articles which met the inclusion criteria. This review draws attention to the lack of published literature in areas of PDS and food security in India. The PDS has the potential to act as a solution to food insecurity in India if the operational inefficiencies and environmental footprints are addressed by adequate policy reforms.

METHODOLOGY:

The study mainly concentrates on secondary information. The chief source of secondary data on Public distribution, Department of Food and Civil supplies report of Government of India and Karnataka, Food Corporation of India report and Economic survey, daily Newspaper, reputed Journals, articles, books, internet, periodicals etc.

Objectives:

- To investigate the role of the PDS in delivering an effective food-safety network in India.

Effectiveness of the PDS

PDS was not working effectively, with large amounts of food not reaching the intended recipients, and significant wastage resulting in high costs for limited benefits. For example, Dhanaraj and Gade estimated that in Tamil Nadu, for every 5.43 kgs of PDS rice distributed by the government, only 1 kg reached those in need; the distribution was less efficient in the case of sugar, where only 1 kg for each 8.21 kgs distributed was consumed by those in need. Kumar, in a large investigation spanning 12 states, found that up to 100% of wheat was diverted in some cases, with diversion and provision of rice and wheat being different across all states. Khera, suggested that households cannot access their full entitlement to goods, and as a consequence are forced to purchase much of their food from the free market. Conversely, a positive trend was identified in the state of Bihar, where in 1993, 90% of food grains was diverted away from those in need; by 2001 this number was down to just 12.5% of diverting food grain. Similar findings were reported by Nair in Kerala. In both countries, this was attributed to better transparency and infrastructure. Barriers and Enablers to the Efficient Working of the PDS A number of barriers and enablers influencing the efficient running of the PDS were investigated across the studies included in this review. One key barrier to a more efficient system was the presence of illegal (or ghost) cards, with the finding that some households have multiple cards. The illegal cards were identified in several states, with Kumar suggesting that there were approximately 230 million excess cards across the nation in 2006. Despite a routine of significant, system-wide changes over recent years, high levels of corruption and leakage continue to plague the PDS. Portion of this leakage occurs at the level of the fair price shops, where Gupta and Singh reported that some store owners exchanged the high-quality goods provided by the government for distribution through the PDS with lesser quality goods from the general stores. Both Khera and Dhanaraj and Gade reported very high rates of corruption within the arrangement, in some states this was up to 100% leakage or ‘diversion’ from the supply chain. Transparency, better governance, technology and the introduction of computerization, along with the use of global positioning system and distribution via doorstep delivery have been indicated as potential ways to address these issues. Targeting errors, specifically the problems associated with targeting BPL and APL households

were identified as areas where efficiencies could be gained. These works suggest that while there was some effort to target the BPL households, the targeting has had a marginal effect on poor households. There is also a suggestion from Kumar that non-poor households have been included in the PDS to the detriment of the system. This is consistent with the work of Nair, who suggest that better targeting and the removal of APL households, that is, a removal of universal nature of the system, would have significant positive impacts on the operation and effects of the PDS.

Merits or Advantages of Public Distribution System are:

- It provides food security to poor people of India.
- It helps in alleviating the poverty level of India.
- It ensures that no person dies because of hunger.
- It helps in stabilizing food prices.
- It ensures the availability of food at affordable and subsidized rates.

Demerits or Disadvantages of Public Distribution System are:

- The food grains supplied by the ration shops are not enough to meet the consumption needs of the poor.
- Quality of the food grains is very low.
- There is corruption involved in the process of identifying the poor families, and therefore, the benefit of PDS does not reach the needy poor sections of the society.
- Managers of ration shops often do not supply the food grains at a subsidized rate to the poor and sell them at higher prices in the black market.

Challenges faced by PDS:

Procurement:

- Open-ended Procurement: All incoming grains accepted even if buffer stock is filled creating a shortage in the open market.
- The recent implementation of Nation food security act would only increase the quantum of procurement resulting in higher prices for grains. The gap between required and existing storage capacity.
- The provision of minimum support price has encouraged farmers to divert land from production of coarse grains that are consumed by poor, to rice and wheat.

Storage:

- Inadequate storage capacity with FCI.
- Food grains rotting or damaging on the CAP or Cover & Plinth storage.
- The storage of food grains inculcates high carrying costs on the government.

Allocation of food grains:

- Identification of poor by the states is not fool proof. A large number of poor and needy persons are left out and a lot of fake cards are also issued.
- Illicit Fair Price shops: The shop owners have created a large number of bogus cards or ghost cards (cards for non-existent people) to sell food grains in the open market.

Transportation:

- Leakage and diversion of food grains during transportation.
- Uneven distribution of Food generations, procurement and distribution. For example: north eastern states are very far from Punjab and Haryana, from where wheat is procured. To transport food grains from Punjab to far flung areas in North east will entail cost and time both.

Other issues:

- Many times, good quality food grains are replaced with poor quality cheap food grains.
- Fair Price Shop owner gets fake Ration cards and sell the food grains in the open market.

Demand for Grants 2018-19 Analysis: Food and Public Distribution

The Ministry of Consumer Affairs and Public Distribution has two Departments: (i) Food and Public Distribution, and (ii) Consumer Affairs. The Ministry received the second highest budgetary allocation by the central government among all ministries.

Department of Consumer Affairs is responsible for spreading awareness among consumers about their rights, protecting their interests and preventing black marketing. In 2018-19, the Department has been allocated Rs 1,785 core, which is 52% lower than the revised estimates of 2017-18.

This note examines the allocations for the Department of Food and Public Distribution. It likewise looks at broad issues in the sector, along with key recommendations and observations made by expert committees.

Table 1: Allocations for the Ministry (Rs crore)

Department	2016-17 Actuals	2017-18 Revised	2018-19 Budgeted	% change in 2018-19 over 2017-18
Consumer Affairs	7,254	3,716	1,785	-52%
Food & Public Distribution	1,15,145	1,45,892	1,74,159	19.4%
Total	1,22,399	1,49,608	1,75,944	17.6%

Sources: Expenditure Budget, Union Budget 2018-19; PRS.

Department of Food and Public Distribution is responsible for guaranteeing food security through procurement, storage and distribution of food grains. The Food Corporation of India (FCI) is responsible for some of these roles. In 2018-19, the Department has been allocated Rs 1,74,159 crore, which is 99% of the Ministry's allocation. Allocation to this Department accounts for 7.1% of the central government's budgeted expenditure.

Suggestions:

- There is a need to rectify the law to ban controls and restrictions on trade between the States. At that place should be free movement of all kinds of commodities, including agricultural produce.

- While it would be expedient to proceed with support price for agricultural produce like wheat, paddy, cotton, etc., the need to abolish or phase out levy or monopoly purchases should be considered. Levy acts as a tax on the mainframes which is then passed on to the producers. The government should buy rice for its public distribution system through an open bid system.
- Remove licensing controls on Roller Flour Mills and other food processing industry. De-reserve food processing units, especially rapeseed and groundnut processing units, from Small Scale Industry (SSI) list.

Conclusion:

PDS has helped bring about the socio-economic justice by helping alleviate hunger, malnutrition, anaemia among the poorest of the poor, BPL citizens, women and kids. The function of ICT to reduce the touch-points will further increase the efficiency of PDS. It is common knowledge that there is abundant food in the World but a large ratio of the population suffers from hunger and malnutrition. Several developing countries, including India, have achieved food self-sufficiency, but a large segment of the population still faces the risk of food insecurity. The majority of Indian population is vulnerable to nutrient deprivation. Hence the approach of universal distribution of food grains is strongly urged. The cost of targeting based on certain criteria is really high and chances of corruption creeps in.

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