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Food Security and Public Distribution System in India: Role of Food Corporation India

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ABSTRACT

After green revolution to ensure food for all, the major issue is to how to make available foodgrains to deprive at on time and at affordable cost. The Food Corporation of India (FCI) was set up under the Food Corporations Act of 1964 to be the nodal central government agency responsible for the purchase, storage, inter- state movement, transport, distribution and sale of food grain and other food items. FCI is fulfilling its objectives with help of state agencies.

KEYWORDS : Food Security, PDS, Targeted Public Distribution, Food Corporation of India

Introduction

In spite of significance growth in foodgrain production in country after independence, proper distribution of foodgrains is major isuue. Towards food security it was the first step, Public Distribution System initiated by Gov of India to ensure food to all through Rationing system by department of food .This programme was launched as a part of relief programme at the time of second word war , and therefore abolished in 1943. The programme was relaunched in 1950 with different and wide objective to meet the inflatory economic pressure. In planned Indian economic development it emerged as a powerful tool in social welfare system. With the passes of time Public Distribution System became integral part of planning. The main reason behind food security is insecurity of on time and adequate availability of food grains to deprive.

Indian farming sector contribution is 17% in Indian economy. It provides employment to 55% to 60% people. Food grain production has increased 5 times from 1951 in country, yet availability of food grain is 463gram in2011 in compare to 469 gram per day in 1961.

Review of the Literature:

The main reason for this insecurity is lack of purchasing power and availability of foodgrains at reasonable price . The PDS makes food accessible and transfers income in the form of subsidy. If the PDS could be managed properly, it has a direct impact on nutrition, the PDS should be considered as a short term substitute for provision of access to food by providing purchasing power through development and employment schemes. The PDS is used as a device for buffer stock operations. Evaluating the procurement and distribution policies, Bhatia suggested an independent buffer stock policy which he claimed to have many advantages over the present system for the better management of the PDS. (Bhatia, 1983). Two important aspects of PDS are impact of PDS and the equity aspects of distribution The database for most of these studies includes the National Sample Survey Organization (NSSO) data on PDS for the year 1986-87 and the reports and records of food-supplies and civil supplies. The equity aspect of the PDS has been in terms of the percentage of the poor covered under PDS, the share of areas in the total and so on using the 42nd round of NSS data (Dev and Suryanarayan, 1991, pp.2357-2366). It is found that PDS is pro-urban at the All India level of rice and coarse cereals Their study also showed that the rural poor depend on PDS for the meager 16 percent of their food grain consumption requirements. This finding implies that the poor mainly draw their food requirements from the open market About 40-50 percent of the population buys subsidized rice and wheat and about half of them are non poor (Jha 1991) It means that a substantial part of PDS benefits accrues to the non-poor. However, welfare gains to the poor are substantial wherever the PDS supplies are targeted well as in Kerala and Andhra Pradesh (George 1979, Radha Krishna and Indrakant, 1988). The issue of targeting, and the extent of leakages out of the programme was examined by (Deepak Ahluwalia, 1993). The results show that there are no easily identifiable criteria that determine central allocations of food grains across states in 'normal' years. There is however, evidence to suggest that during drought year some consideration is given to the price environment and relative poverty levels across states.

Performance of Pillars of food security:

Food availability:

Food security at the national level refers mainly to availability in the country of sufficient stocks of food to meet domestic demand, either through domestic supply or through imports. Here we look at the performance and policies with regard to availability of food. Attainment of self sufficiency in food grains at the national level is one of the country's major achievements in the post-independence period. After remaining a food deficit country for about two decades after independence, India became largely self-sufficient in food grain production at the macro level. There have hardly been any food grain imports after the mid-1970s. Food grain production in the country increased from about 50 million tons in 1950-51 to around 233.9 million tons in 2008-09. The growth rate of food grains has been around 2.5 percent per annum between 1951 and 2006-07. The production of oilseeds, cotton, sugarcane, fruits, vegetables, and milk has also increased appreciably. The experience of the last two decades shows that growth rates of production and yield have declined for crop groups/crops during the period 1996-2008 as compared to the period 1986-97 (Table 1).

Table 1. Trend Growth Rates in Production of Food grains and Oilseeds (% per annum)

Crop groups/crops	Production	
	1986-87 to 1996-97	1996-97 to 2007-08
Food grains	2.93	0.93
Cereals	3.06	0.97
Coarse cereals	1.19	1.53
Pulses	1.32	0.36
Oilseeds	6.72	1.99
Rice	3.06	1.02
Wheat	4.09	0.65

Note: These are fitted trend growth rates
Source: CACP, Ministry of Agriculture (2009)

The growth rate of food grain production declined from 2.93 per cent to 0.93 per cent during the same period. The growth rate of production was much lower than that of production in the latter period.

Performance on Nutrition Indicators

There are two possible ways to assess the adequacy of food and nutrition and to detect the presence of inadequate intake among individuals and population groups. These are: Nutritional Intake Assessment and Nutritional Status Assessment.

1.Nutritional Intake Assessment

The per capita calorie intake for rural population declined from 2240 kcal per day in 1993 to 2047 kcal per day in 2010-011 (Table 2).

Table 2. Mean Per Capita Consumption of Calories, Protein and Fats (per day)

Year	Calories(kc)		Protein(gms)		Fats(gms)	
	Rural	Urban	Rural	Urban	Rural	Urban
1993	2240	2070	63.5	58.1	27.1	37.1
1999-00	2148	2155	59.1	58.4	36.0	49.6
2000-01	2083	2027	56.8	55.3	34.6	46.1
2003-04	2106	2020	58.0	55.5	36.4	46.7
2007-08	2087	2036	56.9	55.9	35.5	46.8
2010-11	2047	2021	55.8	55.4	35.4	47.4

Source: Deaton and Dreze (2011)

During the same period, per capita protein consumption declined from 63.5 grams to 55.8 grams per day in rural areas. Per capita fat consumption, however, has not declined over time. Per capita calorie intake by quartiles in Table shows that there was significant decline in the case of the top quartile while for the bottom quartile it has been stagnant. It may be noted that the per capita calorie consumption for the bottom docile was very low at 1485 kcal per day in 2010-11. This level is much below the norm of 2400 calories in rural areas6. However, there is a controversy over the minimum calorie consumption per consumer unit per diem. Sukhatme (1992) and Minhas (1998) have questioned the sanctity of calorie norms widely used by nutritionists and consider them to be exaggerated. However, even so, the present level of per capita calorie consumption for the bottom quartile is extremely low.

Role of FCI (Food Corporation of India) in Food Security:

The Food Corporation of India (FCI) was set up under the Food Corporations Act of 1964 to be the nodal central government agency responsible for the purchase, storage, inter- state movement, transport, distribution and sale of food grain and other food items. In short, the FCI is responsible for implementing central government policies on procurement, storage, and distribution. In certain operations such as the maintenance of national buffer stocks, the FCI has sole responsibility whereas in certain other operations such as procurement, the FCI has to work with State government organizations (such as State marketing federations) and within the purview of State government policies.

FCI has played a significant role in India's success in transforming the crisis management oriented food security into a stable security system through following Objectives :

- To provide farmers remunerative prices.
- To make food grains available at reasonable prices, particularly to vulnerable section of the society.
- To maintain buffer stocks as measure of Food Security.
- To intervene in market for price stabilization.
- Effective price support operations for safeguarding the interests of the farmers.
- Distribution of foodgrains throughout the country for public distribution system.
- Maintaining satisfactory level of operational and buffer stocks of foodgrains to ensure National Food Security.

Food Corporation of India (FCI) has evolved over time, from being an agency to procure food grains and distribute to states for the operation of the public distribution system (PDS), in recent years it has become a device of maintaining the Minimum Support Prices by procuring whatever is offered. FCI's procurement operations are concentrated in only a few states. This has led to problems of two kinds, one, growing buffer stock with FCI as the MSPs have been set above the market clearing price. Second farmers of those states where FCI price support operations are not well organized do not fully get the benefit of the support price.

Conclusion:

Government has taken several steps to increase foodgrains production and there is talk about second green revolution , but major question about leakage in distribution side still a big problem. Targeted Public Distribution System and Direct benefit transfer is initiative by government to make it more transparent and effective. In continuation National food security Act may help beneficiary in more effective manner.

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