



## Public Distribution System in India: an Overview

### KEYWORDS

Public distribution system, FCI, APSCS, Corruption of public distribution system.

**D.Lavanya Kumari**

Research Scholar, S.V.University,Tirupati.

**Prof. K. Santha Kumari**

Professor, Dept.of Economics, S.V.University,Tirupati.

**ABSTRACT** *The Public Distribution System (PDS) distributes subsidized food and non-food items to India's poor. Major commodities distributed include staple food grains, such as rice, wheat, sugar, and kerosene, through a network of fair price shops 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 food grains 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.*

### 1. INTRODUCTION

The Public Distribution System (PDS) evolved as a system of management of scarcity and for distribution of food grains 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. PDS is operated under the joint responsibility of the Central and the State Governments. The Central Government, through Food Corporation of India (FCI), has assumed the responsibility for procurement, storage, transportation and bulk allocation of food grains to the State Governments. The operational responsibility including allocation within State, identification of eligible families, issue of Ration Cards and supervision of the functioning of Fair Price Shops (FPSs) etc., rest with the State Governments. Under the PDS, presently the commodities namely wheat, rice, sugar and kerosene are being allocated to the States/UTs for distribution. Some States/UTs also distribute additional items of mass consumption through the PDS outlets such as pulses, edible oils, iodized salt, spices, etc.

### 2. METHODOLOGY

The study has been conducted on the basis of secondary data. The secondary data has formed the major source of study. The secondary data has been compiled from FCI reports of various years, books, internet sources and other published works etc.

### 3. OBJECTIVES OF STUDY

The following objectives for study are given below:

1. to study the corruption in Public Distribution System;
2. to discuss the transport of stocks from FCI and factories under PDS; and
3. to examine the Targeted public distribution;

### 4. ORIGIN OF PUBLIC DISTRIBUTION SYSTEM

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. Before the 1960s, distribution through PDS was generally dependant on imports of food grains. It was expanded in the 1960s as a response to the food shortages of the time; subsequently, the government set up the

Agriculture Prices Commission and the Food Corporation of India to improve domestic procurement and storage of food grains for PDS. By the 1970s, PDS had evolved into a universal scheme for the distribution of subsidised food. In the 1990s, the scheme was revamped to improve access of food grains to people in hilly and inaccessible areas, and to target the poor.

Subsequently, in 1997, the government launched the Targeted Public Distribution System (TPDS), with a focus on the poor. TPDS aims to provide subsidised food and fuel to the poor through a network of ration shops. Food grains such as rice and wheat that are provided under TPDS are procured from farmers, allocated to states and delivered to the ration shop where the beneficiary buys his entitlement. The centre and states share the responsibilities of identifying the poor, procuring grains and delivering food grains to beneficiaries.

In September 2013, Parliament enacted the National Food Security Act, 2013. The Act relies largely on the existing TPDS to deliver food grains as legal entitlements to poor households. This marks a shift by making the right to food a justifiable right. In order to understand the implications of this Act, the note maps the food supply chain from the farmer to the beneficiary, identifies challenges to implementation of TPDS, and discusses alternatives to reform TPDS. It also details state-wise variations in the implementation of TPDS and discusses changes to the existing system by the Act.

### 5. TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS)

The Government of India launched the Targeted Public Distribution System (TPDS) in 1997 with focus on the poor. Under the TPDS, States were required to formulate and implement foolproof arrangements for the identification of the poor for delivery of food grains and for its distribution in a transparent and accountable manner at the FPS level. The scheme when introduced, was intended to benefit about 6 crore poor families, for whom a quantity of about 72 lakh tonnes of food grains was earmarked annually. The identification of the poor under the scheme was done by the States as per State-wise poverty estimates of the Planning Commission for 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 food grains to the States/UTs was made on the basis of average consumption in the past i.e. average annual off-take of food grains under the PDS during the past ten years at the time of introduction of TPDS.

The quantum of food grains in excess of the requirement of Below Poverty Line (BPL) families was provided to the State as 'transitory allocation' for which a quantum of 103 lakh tonnes of food grains was earmarked annually. Over and above the TPDS allocation, additional allocation to States was also given. The transitory allocation was intended for continuation of benefit of subsidized food grains to the population Above the Poverty Line (APL) as any sudden withdrawal of benefits existing under PDS from them was not considered desirable. The transitory allocation was issued at prices which were subsidized but were higher than the prices for the BPL quota of food grains.

## 6. CORRUPTION ON PUBLIC DISTRIBUTION SYSTEM

The most frequently used word in India, corruption signifies a range of things. In 2005, Transparency International and Delhi-based Centre for Media Studies. A research firm, undertook the India Corruption Study. The survey covered 14,405 respondents over 20 states. The results, published in the same year, said Indians pay out around Rs21,068 crore as bribes while availing one of 11 public services. While some of the highlights of the survey were published, many of the details were out. The study, however, remains the most recent and the most comprehensive report on corruption in India. Apart from calculating the extent of corruption, in Rs crore, it explains the mechanics of it.

### 6.1. What ails PDS?

- **Availability:** Users often do not get their rightful entitlement in terms of quantity. What's meant for them is diverted to the open market. This happens at the beginning of the chain itself.
- **Timing:** Ration shops do not open every day. Nor do they keep regular objective would appear to be to limit access to people and divert grain and other produce to the open market.
- **Overcharge and undersupply:** This is a common practice adopted by most people that run ration shops. They charge people more than the mandated rates, and they often under-weigh the commodities.
- **Bribes:** People have to pay bribes for small things, such as getting a ration card in the first place, adding or deleting the name of a family member, or changing the address mentioned in it.
- **Indifference:** The staff at ration shops doesn't know the meaning of the term customer service in most cases. People are harassed and have to make multiple visits.
- **Role of middlemen:** The supply offices are lorded over by middlemen and touts. Procedures are made to appear so complicated that people usually end up using middlemen for small tasks too.

### 6.2. HOW CORRUPTION CREEPS IN

The chain of corruption in the public distribution system begins at the sourcing stage itself. Some of the produce that is sourced by the government for public distribution finds its way into the open market. Then, there are issues related to obtaining a ration card, and the quality of ser-

vice at ration shops.

#### a. *The politics of support prices:*

The government allocates funds for the public distribution scheme aims to provide food grains and commodities to poor people at affordable prices. The government sources produce for the system from farmers; it sets a minimum support price to do so. The MSP is usually governed by factors such as the monsoon, crop yield, and vote-bank politics.

#### b. *Procurement and pilferage:*

The government-owned Food Corporation of India procures farm produce. The support price is so low that it can only attract low-quality produce; the rest goes to the open market. The government tries to avoid this by upping the support price if it looks like it cannot procure the amount of grain it needs. Still, a portion of the procured grain sometimes finds its way into the open market. The study says that in Nagaland, 100% of the grain procured ends up in the open market.

#### c. *Identification, inclusion and exclusion:*

Ration cards are supposed to be issued to people living below or on the poverty line. The process of issuing cards is, again, rife with corruption. Money and influences are the usual determinants of who gets ration cards, and who doesn't. Worse, bogus cards are often used to divert supplies to the open market. And it takes a lot to effect changes in ration cards.

#### d. *Pain at the point of sale:*

People have difficulty in getting whatever little reaches ration shops. Shop-owners usually get licences to run shops on the basis of political patronage or outright bribes. The only way they can earn profits is by diverting produce to the open market. Result is people get less than they are entitled to, or are charged more for what they get.

## 6.3. POSSIBLE SOLUTIONS

### 1. *Food vouchers:*

The current system makes ration card holders captive customers of specified ration shops. The government could consider issuing food vouchers to card holders. These vouchers can be exchanged for food from any shop. The quality of the produce, its price, and the way shop-owners (private shop-owners) procure their supplies will be the quality of customer service and efficiency, from procurement to distribution.

### 2. *Local procurement and distribution:*

One reason for the inefficiencies and corruption that plague the current system is the long distribution chain. Food supplies go waste or are diverted at each step of the process. It also takes a long time for food produce to reach ends of the chain (this also increases the cost of managing the public distribution system). If the local administration takes charge of procurement (unless certain foods are not available locally), it can collect food produce locally. This can then be supply to eligible households.

### 3. *Commodity grain fund:*

The problem can also be addressed by involving local people in the process. Thus, procurement and storage of grain is done at the local level women. These locals also identify eligible households through a participatory wealth ranking process. This addresses issues related to exclusion and inclusion, a major problem in the current public distri-

bution system. The fund can also lend money to farmers to cultivate crops and take a part of the produce as repayment in kind, procurement process.

### 7. TRANSPORTATION OF STOCK UNDER PDS.

Andhra Pradesh State Civil Supplies Corporation Ltd. is a State Agency appointed by the State Government for lifting of Rice and Wheat from FCI and Levy Sugar from Factories under PDS. It is the responsibility of the Corporation to undertake transportation, storage and delivery of the stocks under PDS at the door steps of the Fair Price Shop Dealers.

There are two stages of transportation of PDS commodities for reaching the stock up to the door steps of the Fair Price Shop Dealers. Transportation from FCI godowns and Sugar Factories to MLS Points is known as Stage-I transportation and transportation from MLS Points to Fair Price Shops is known as Stage-II transportation.

The Corporation is having 439 Mandal Level Stock Points in the State for storage of stocks. Out of 439 MLS Points, 29 MLS Points are being handled by GCC and the remaining 410 MLS Points by the Corporation. As and when the storage space is required, Corporation is hiring additional godowns in districts. Allocation and lifting of rice is given in the table below;

### ALLOCATION AND LIFTING OF RICE: period of date:2014

	(Qty. in MTs.)
Below Poverty Line (BPL)	87,674
Above Poverty Line (APL)	1,31,334
Antyodaya Anna Yojana (AAY)	54,524
Additional APL (Addl.APL)	41,414
Social Welfare Institutions	5,772
Annapurna	932
NPNSPE (Mid-day-Meals)	10006
TOTAL	332083

The present requirement of rice under PDS is 3,24,797MTs. and rice under APL allotment is being lifted from FCI every month to meet the over and above requirement under PDS.

### 8. CONCLUSION

Public distribution system 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. It evolved as a system of management of scarcity and for distribution of food grains at affordable prices. Over the years, PDS has become an important part of Government's policy for management of food economy in the country.

### REFERENCE

- Balakrishnan, P., & Ramaswami, B. (1997). Quality of Public Distribution System: Why it Matters. *Economic and Political Weekly*, 162-165. |
- Chapter 18, Annual Report 2012-13, Ministry of Rural Development | | 3. Department of Food and Public Distribution | | 4. "Eleventh Five Year Plan of the Planning Commission (2007- 12)", Volume II. 2008 | | 5. Kabra, K.N. and Ittyerah A (1992); *The Public Distribution System in India*, Eastern books, New Delhi | | 6. Monthly food grain bulletin. Department of Food and Public Distribution, February 2013 | | 7. Radharkrishna, R., & Subbarao, K. (Eds.). (1997). *India's Public Distribution System: A National and International Perspective* (Vol. 380). World Bank Publications | | 8. Tata Economic Consultancy Services (1998): *Study to Ascertain the Extent of Diversion of PDS Commodities* | | 9. *The Essential Commodities Act, 1955*, Department of Consumer Affairs, Food and Public Distribution, | | 10. *The Public Distribution System (Control) Order, 2001*, Department of Food and Public Distribution.