



Role of public Distribution System In Poverty Alleviation

KEYWORDS

PDS, PSM, Poverty, Food security, India.

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ABSTRACT *The main objective of this paper to examine the role of Public Distribution System (PDS) in India in poverty alleviation. 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. This paper investigates the effect of food subsidy through Public Distribution System on poverty and food security in India. The study used fiscal transfer method to estimate the subsidy transfer through PDS and its indirect benefits as a window for the poor to escape poverty and improve food security. 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. The robustness of the results was checked based on propensity score matching (PSM) technique. The study established that, the effectiveness of PDS has improved over time and PDS emerged as an effective tool in targeting the twin problems of poverty and under-nourishment in the country.*

INTRODUCTION

The Public Distribution System (PDS) evolved as a system of management of scarcity and for distribution of food grains at affordable price. The enactment of National Food Security Act (NFSA) in August, 2013 in India has renewed the deliberations on food security and consequently, functioning of Public Distribution System (PDS) became one of the intensely debated issues in the Country. PDS is one of the most important public intervention programmes to enhance food security in India and therefore, the success of NFSA will critically depend upon efficient functioning of PDS. PDS provides rationed amount of basic food items and other non-food items at subsidized prices to consumers through a network of "fair price shops". Since 1972 poverty has been defined on basis of the money required to buy food worth 2100 calories in urban areas and 2400 calories in rural areas. In June this year a government committee headed by NC Saxena committee estimated 50% Indians were poor as against Planning Commission's 2006 figure of 28.5%.

Poverty is one of the main problems which have attracted attention of sociologists and economists. It indicates a condition in which a person fails to maintain a living standard adequate for his physical and mental efficiency. It is a situation people want to escape. It gives rise to a feeling of a discrepancy between what one has and what one should have. The term poverty is a relative concept. It is very difficult to draw a demarcation line between affluence and poverty. According to Adam Smith - Man is rich or poor according to the degree in which he can afford to enjoy the necessities, the conveniences and the amusements of human life. The aim of the TPDS was to target the poorest households by differentiating the access quantities and prices at which one is allowed to buy. The differentiation was achieved by classifying the beneficiaries into Above Poverty Line (APL), Below Poverty Line (BPL) or Anthyodaya households based their economic status, assessed based on the state-specific poverty lines.

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 the planning commission, books, internet sources and other published works etc.

3. OBJECTIVES OF STUDY

The following objectives for study are given below:

- to study the Public Distribution System;
- to discuss the Poverty Alleviation Programme in India, and
- to examine the Targeted public distribution;

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

CENTRAL POOL (AS ON 2014)

Region	Stock with FCI			Stock with State Agencies			Total Central pool stock		
	Rice	Wheat	Total	Rice	Wheat	Total	Rice	Wheat	Total
Bihar	1.90	2.72	4.62	0.00	0.00	0.00	1.90	2.72	4.62
Jharkhand	1.06	0.00	1.06	0.00	0.00	0.00	1.06	0.00	1.06
Odisha	1.89	1.24	3.13	4.90	0.00	4.90	6.72	1.24	8.03
West Bengal	0.66	2.20	2.86	3.55	0.00	3.55	4.21	2.20	6.41
Zonal total	5.51	6.16	11.67	8.45	0.00	8.45	13.96	6.16	20.12
Assam	1.44	0.30	1.74	0.00	0.00	0.00	0.44	0.30	1.74
Arunachal Pradesh	0.13	0.01	0.14	0.00	0.00	0.00	0.13	0.01	0.14
Tripura	0.15	0.01	0.16	0.00	0.00	0.00	0.15	0.01	0.16
Mizoram	0.10	0.01	0.11	0.00	0.00	0.00	0.10	0.01	0.11
Meghalaya	0.12	0.01	0.13	0.00	0.00	0.00	0.12	0.01	0.13
Manipur	0.13	0.01	0.14	0.00	0.00	0.00	0.13	0.01	0.14
Nagaland	0.24	0.00	0.24	0.00	0.00	0.00	0.24	0.00	0.24
Zonal total	2.31	0.35	2.66	0.00	0.00	0.00	2.31	0.35	2.66
Delhi	0.18	1.29	1.47	0.00	0.00	0.00	0.18	1.29	1.47
Haryana	13.86	9.53	23.39	0.00	19.87	19.87	13.86	29.40	43.26
Himachal Pradesh	0.08	0.21	0.29	0.00	0.00	0.00	0.08	0.21	0.29

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.

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)	87,874
Above Poverty Line (APL)	1,31,304
Antyodaya Anna Yojana (AAY)	54,524
Additional APL (Addl.APL)	41,414
Social Welfare Institutions	5,772
Annapurna	632
NPNSPE (Mid-day-Meals)	10000
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.

STATE-WISE STOCK POSITION OF RICR AND WHEAT IN

J&K	0.87	0.34	1.21	0.00	0.00	0.00	0.87	0.34	1.21
Punjab	86.41	15.41	101.82	0.00	54.67	54.67	86.41	70.08	156.49
Rajasthan	0.14	12.86	13.00	0.00	0.00	0.00	0.14	12.86	13.00
U.P	13.72	13.30	27.02	0.00	0.00	0.00	13.72	13.30	27.02
Uttarakhand	1.21	0.37	1.58	0.77	0.00	0.77	1.98	0.37	2.35
Zonal total	116.47	53.31	169.78	0.77	74.54	75.31	117.24	127.85	245.09
Andhra Pradesh	17.82	1.03	18.85	11.83	0.00	11.83	29.65	1.03	30.68
Karnataka	4.24	1.23	5.47	0.00	0.00	0.00	4.24	1.23	5.47
Kerala	2.40	0.93	3.33	1.17	0.00	1.17	3.57	0.93	4.50
Tamilnadu	4.55	3.49	8.04	4.79	0.00	4.79	9.34	3.49	12.83
Zonal total	29.01	6.68	35.69	17.79	0.00	17.79	46.80	6.68	53.48
Gujarath	1.05	4.49	5.54	0.00	0.00	0.00	1.05	4.49	5.54
1Maharashtra	6.70	6.46	13.16	0.00	0.00	0.00	6.70	6.44	13.16
M.P	0.17	0.99	1.16	0.41	20.29	20.70	0.58	21.28	21.86
Chattishgarh	5.29	0.28	5.57	5.73	0.00	5.73	11.02	0.28	11.30
Zonal total	13.21	12.22	25.43	6.14	20.29	26.43	19.35	32.51	51.86
Total	166.51	78.72	245.23	33.15	94.83	127.98	199.66	173.55	373.21
Stock in transit	3.12	4.79	7.91	0.00	0.00	0.00	3.12	4.79	7.91
Total(All India)	169.63	83.51	253.14	33.15	94.83	127.98	202.78	178.34	381.12

Poverty Alleviation Programmes in India

The government has relied mainly on three approaches for reduction of poverty. The first entails pursuit of higher economic growth which will improve the levels of living of all groups of people in the society including the poor, the second involves direct anti-poverty programmes and the third has stressed high priority to government expenditure on social sector.

1. Integrated Rural Development Programme (IRDP)

evolution points: sub-critical investment; unviable projects; illiterate and unskilled beneficiaries with no experience in managing an enterprise; indifferent delivery of credit by banks, overcrowding of lending in certain projects such as dairy; under emphasis on activities like trading, service and even simple processing, poor targeting and selection of non-poor, rising indebtedness; scale of IRDP outstripped capacity of government and banks to absorb.

2. Integrated Rural Development Programme-Allied Programmes: TRYSEM not dovetailed with IRDP Non-existent training centres, non-payment of stipend. DWCRA did well in some states (AP, Kerala ,Gujarat).

3. Swarna jayanthi Gram Swarozgar Yojana (SGSY) (the successor to IRDP) aims at micro-enterprises with emphasis on cluster approach. It is a credit-cum-subsidy programme. Focus on self-help groups. In the past, subsidy orientation leads to corruption and distortion of objectives. Too early to evaluate.

4. Jawahar Rozgar Yojana evaluation points: inadequate employment (11 days as per concurrent evaluation); thin spread of resources; violation of material-labour norms; corruption (fudging of muster rolls). Projects were executed by contractors who sometimes hired outside labourers at lower wages. Positive aspects: durable community assets and empowerment of gram panchayats. Redesigned in April 1999as Jawahar Gram Samridhi Yijana. Primary aim now rural infrastructure. Employment is secondary. Too early to evaluate.

5. Employment Assurance Scheme. Initially demanded-driven. Funds went to better-off states. Evaluation by PEO:

scheme is being executed through contractors in most of the States in violation of the central guidelines; the norm of 60:40 for wage and material is not maintained by the Gram Panchayats. Family cards have not been issued; the system of registration of job seekers with Gram Panchayats is not in vogue; Central norms of earmarking, 40 percent of funds for watershed development and 20 percent for minor irrigation have not been followed.

6. Wage Employment-National Rural Employment Guarantee Act (NREGA)

The National Rural Employment Guarantee Act (NREGA) was enacted in 2005. The Act provides a guarantee of 100 days wage employment in a financial year to a rural household whose adult members are willing to do manual and unskilled work. This step is expected to provide wage employment to the rural poor and would act as a safety net below which no household would be allowed to fall. The NREG Programme was designed based on the lessons learnt from the implementation of earlier wage employment programmes such as NREP, RLEGP, JRY, (SGRY) and (JGSY). Under this a minimum of 50% of the funds are transferred to the village panchayats which are responsible and accountable for generating wage employment. Various type of activities such as rural irrigation, micro irrigation works, works for benefiting SCs/STs are being implemented.

Other schemes

Indira Awas Yojana (IAY)

Indira Awas Yojana (IAY) enabling rural, BPL families to participate and involve themselves in construction of their houses is implemented as an independent scheme since 1-1-96. The beneficiaries construct the houses as per their own choice, design and technology and requirements. At least 60% of available funds are utilized for SCs/STs.

Three percent of funds are reserved for disabled persons living below the poverty line in rural areas. During the 11th Five Year Plan, Rs.26882 crore have been provided for rural housing. The financial assistance provided under IAY is Rs 35000per unit in plain areas and Rs. 38500 for hilly and

tribal areas. In order to help the landless poor who do not have site, scheme called homestead site was launched in 2008-09 by earmarking Rs 100crore for this purpose.

Pradhana Mantri Gram Sadak Yojana (PMGSY)

Pradhana Mantri Gram Sadak Yojana (PMGSY) was launched in December 2000 with a view to provide connectivity to the targeted rural habitations through construction of good all weather roads in a phased manner covering highly populated villages in the first phase and subsequently those with a population of 500 to 1000 and less than 500. An important feature of the programme is that the contractor is responsible for maintenance of the roads is to be transferred to the village panchayat.

CONCLUSION

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.

The government has relied the reduction of poverty. The first entails pursuit of higher economic growth which will improve the levels of living of all groups of people in the society including the poor, the second involves direct anti-poverty programmes and the third has stressed high priority to government expenditure on social sector. The study used fiscal transfer method to estimate the subsidy transfer through PDS and its indirect benefits as a window for the poor to escape poverty and improve food security.

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