



Evaluation of PDS in the special reference of consumption: Major States of India

KEY WORDS

PDS, Essential, Leakages, Fair price shops.

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ABSTRACT

Public distribution system is the largest distribution network in India. PDS means "Distribution of essential commodities to a large number of people through a network of fair price shops on persistent bases. The commodities are rice, wheat, sugar and kerosene. It is the major instrument of the government economic policy for ensuring availability of food grain at affordable prices. This paper presents the evaluation of PDS in special reference of consumption in major states of India. The analysis found that although the highest percentage of consumption from PDS is in rice consuming states but recent years there is improvement in PDS in some poor states such as Bihar Orissa and Chhattisgarh. In these states better reforms in PDS and consequently the percentage of leakages came down. This paper also presents the constraint of PDS and some suggestion for better working of the system.

Introduction

PDS system is an important and fundamental part of national demand and supply management of essential commodities. It is an important strategy for poverty elimination and is a future to as a safety net the poor. It is provide to help both the consumer and producers of food grain by linking procurement to support price and ensuring their distribution along with other essential commodities of reasonable price through the country. The main objective of PDS is to provide essential resources at cheap and subsidized prices to the poor and vulnerable section in the country. PDS means; Progress Evaluation Organisation (Government of India 1985) defined PDS as a "set up under which specified commodities of everyday use are procured and made available to Consumers through a network of FPS in urban as well as in rural areas (Government of India 1985). According to Dholakia and Khurana, PDS is "a retailing system supervised and guided by the State"¹.

The objective of this paper is to present the access of PDS in different states of India and to study the constraints of PDS. The present study is based on secondary data. The data obtain from national sample survey 61st and 68th. The analysis pertains the period from 2004-05 to 2011-12.

PDS has a long history in India. Swaminathan has divided the working of PDS into four phases: (a) from 1940s to 1960s- An expansion to cities and dependent on imports of food grain. (b) 1960s to 1978s – advancement of PDS with domestic procurement and establishment of FCI (c) 1978 to 1991- marked by large scale growth of PDS , supported by domestic procurement and stocks (d) post 1991- A targeted policy in line with the objectives of economic liberalization and expansion of welfare schemes for the poor"²

Phase- 1st (from 1940s to 1960s): The concept of the public distribution system in India emerged the first time in 1942 as a result of shortage of food grains during the Second World War. In December 1942, a separate Food Department was set up. The first objective of behind the organization of PDS was price stabilization. In 1943 the Department formulated an All India Basic Plan that gave further form to the developing food policy. Many issues such as procurement, contracts for purchasing agents, distribution of supplies received under the scheme, inspection, storage and finance included in Basic plan for intended to keep prices down.

After independence the Indian government was adopted decontrol policy at the end of 1947 but it could not be successful because there was absence of corresponding and consistent distribution system. . In 1956 there was a significant change in PDS. Ration shops were substituted by the fair price shops, the volume of procurement was reduced and restrictions on interstate movement were replaced by zones. The expansion of PDS since 1957 in terms of both the food

distributed and expansion of shops was greatly facilitated by large scale imports from US under US Public Law 480 (PL-480). For most of this period i.e. till the early 1960s, the quantity distributed through PDS was greater than the quantity procured domestically.

Phase-2nd (1960s to 1978s): From the 1960s onwards, the PDS became a permanent and universal programme. The droughts of 1965-66 and 1966-67 provided a strong driving force for the expansion of PDS. In 1965, two new organizations, the Agricultural Prices Commission (later renamed the Commission on Agricultural Costs and Prices) and the FCI were set up. In this period, the main objective of food policy in India was to guarantee reasonable prices to the farmers for incentive them to increase production. The source of the PDS supplies thus changed from imports to domestic food grains.

Phase-3rd (1978 to 1991) : This phase is marked by the growth of comfortable buffer stocks, which provided the basis for the large scale expansion of PDS as well as employment programmes of the 'food for work' type. On 1st July 1979 "the national production cum distribution scheme" (NPCDS) was launched on a massive scale to procure and distribute thirteen essential commodities. This scheme a vital link has been established between production procurement and distribution.³ As explained above, the PDS serves a dual purpose; it not only provides subsidy to the consumers but also helps in the process of providing price support to the farmers. PDS combined with the food grain procurement policy of the Government has also brought about stability in the price of food grains contributing to the macroeconomic stability. Besides, the increased demand for food grains resulting from the food subsidies results in multiplier effects raising the overall growth of the economy. There are also non-quantifiable benefits like stabilization of aggregate consumption of food grains and aggregate producer revenue in the face of year to year fluctuations in production. The expansion of the rural network of PDS improved access in some of the remote and economically underdeveloped regions of the country. It has also been established that in the years of low production, PDS supplies have been considerably higher than usual (Radhakrishna & Subbarao, 1997).

Phase 4th (post 1991): In early 1990's in India a largest amount of money had been spent on subsidising food consumption. The poor people are excluded from the system that really need. The PDS has been also criticized for its urban bias and its failure to effectively the poorer section of the population to tackle this problem the govt. Introduce "Revamped public distribution system" (RPDS). The Revamped Public Distribution System (RPDS) was launched in June, 1992 with a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas where a substantial section of the poor lived.⁴ It covered 1775 blocks wherein area specific programmes such as the Drought Prone Area Programme (DPAP), Integrated Tribal Development Projects (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. Food grains for distribution in RPDS areas were issued to the States at 50 paise below the Central Issue Price. The scale of issue was upto 20 kg per card. The RPDS included area approach for ensuring effective reach of the PDS commodities, their delivery by State Governments at the doorstep of FPSs in the identified areas, additional ration cards to the left out families, infrastructure requirements like additional FPSs, storage capacity, etc. and additional commodities such as tea, salt, pulses, soap, etc. for distribution through PDS outlets (Department of Food and Public Distribution, Government of India).

Targeted public distribution system: TPDS was started in 1997. RPDS changed into the targeted public distribution system. A dual price mechanism was adopted under the TPDS. Beneficiaries of TPDS divided into two parts (APL) above poverty line and (BPL) below poverty line. BPL population receive rice and wheat at much a lower price whereas APL population is supplied at a price which is much higher and closer to the economic cost. The standard of entitlements has been changed from a per capita norm to per family norm each poor family is entitled to a uniform quantity of food grain according of their size and need. The monthly entitlement for the poor was fixed at the meagre level of 10 Kg. Which increased later to 25 kg and April 2002 this increased 35 kg specially subsidised price. When the scheme was introduced about 6 crore poor families intended to benefit under this scheme and 72 lakh tonnes of food grains was earmarked annually. The identification of the poor under the scheme is done by the states. Benefit of this scheme for the poor and vulnerable sections: landless agricultural labourers, marginal farmers, rural artisans/craftsmen, potters, tappers, weavers, blacksmiths, and carpenters in the rural areas; similarly those covered by TPDS in urban areas are slum dwellers and people earning livelihood on a daily basis in the informal sector like the porters and rickshaw pullers and hand cart pullers, fruit and flower sellers on the pavements, etc. The allocation of food grains to the states / UTs was made on the basis of average annual off- take of food grains under the PDS during the year at the time of introduction of TPDS. The aims of PDS are

- a) Providing food grains and other essential items to vulnerable section of the society at reasonable prices.
- b) To avoid excessive inter-regional and inter regional disparities in the prices of essential commodities.
- c) To provide the "distribute social justice" to the common man.
- d) To have a controlling influence on open market prices of cereals.

PDS is a centrally sponsored scheme and implement by the state govt. The responsibility of the central government is procurement, storage, transportation and bulk allocation of food grain at subsidised price and the distribution of the food grain to the consumer through the network of fair price shop by the state Govt. The state government responsible for identification of families below poverty line, issue of ration card, supervision and monitoring the functioning of fair price shop. India has a three tier structure in the PDS. At the apex, there are the national agencies like Food Corporation of India (FCI), state trading cooperation and the public sector oil companies entrusted with the task of procuring, storing and attending to the state level, civil supply and consumer protection department procure and supply key commodities for mass consumption that constitute the middle level. At the base level, through a network of FPS, the state government have to ensure uninterrupted supply of essential items to the consumers.⁵

The scope and coverage of PDS sustained to grow in India Because of the increasing population the total number of BPL families is increasing. It is 652.03 lakh in 1/12/2000 as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997. It increased the allocation of food grains to BPL families, and to better target the food subsidy, Govt. Of India increased the allocation

to BPL families per month at 50% of the economic cost and allocation to APL families at economic cost W.E.F. 1/9/2000. Under the TPDS except with respect to Antyodaya ana Yojana the government provide wheat and rice at very low price for poorest of the poor people. The price is Rs 2 a Kg for wheat and Rs 3 a kg for Rice (Department of Food and Public Distribution Government of India).By 2008 the PDS in India comprised a nation –wide network of around 489000 fair price shops.⁶ According to national food security- 2013 Up to 75% of the rural population and 50% of the urban population will be covered under TPDS, with uniform entitlements of 5kg per person per month.

Consumption from PDS

Table-1: per cent of HHS reporting consumption from PDS in 30 days in all India

Sector	Item	2004-05	2011-12
1	2	3	4
	Rice	24.4	45.9
Rural	Wheat/atta	11.0	33.9
	Sugar	15.9	33.7
	kerosene	72.8	75.6
Urban	Rice	13.1	23.3
	Wheat/atta	5.8	19.0
	Sugar	11.5	20.6
	kerosene	32.8	30.0

Source: - NSS 68th Round, Report No. 565.

The percentage of household reporting consumption in 30 days increased from PDS in all India. The percentage of rice consumption raised from 24.4 to 45.9 percent in rural and 13.1 to 23.3 percent in urban sector between from 2004-5 to 2011-12. The percentage of household reporting consumption of wheat rose from 11 to 33.9 percent in rural and 5.8 to 19 percent in urban sector in same period. The percentage of sugar consumption increased from 15.9 to 33.7 percent in rural and 11.5 to 20.6 percent in urban and for kerosene it rose from 72.8 to 75.6 percent in rural but it declined from 32.8 percent to 30.0 percent in urban sector. Thus it shows that the household reporting consumption from PDS increased for rice, wheat and sugar but the kerosene consumption declined during the period of 2004-05 to 2011-12. There are interstate variations across states in consumption from PDS. Table 2 present the rice consumption from PDS in the period of 2004-05 to 2011-12.

Table-2: Percent of hhs reporting consumption of rice in 30 days period from PDS in different states during the period of 2004-05 to 2011-12.

State	2011-12				2004-05				% Change in consumption from PDS from 2004-05 to 2011-12	
	PDS		All other sources		PDS		All other sources		R	U
	R	U	R	U	R	U	R	U	R	U
I	2	3	4	5	6	7	8	9	10.	11
Andhra Pradesh	86.6	45.2	95.3	89.6	62.2	31.1	96	94	24.4	14.1
Assam	52.7	26.5	93.7	90.5	9.0	2.3	100	93	43.7	24.2
Bihar	45.0	19.0	92.6	94.8	1.0	0.7	100	98	44	18.3
Chhattisgarh	67.0	41.5	84.5	84.1	21.7	13.2	99	97	45.3	28.3
Gujarat	34.9	5.0	86.7	92.3	31.5	7.2	94	94	3.4	-2.2
Haryana	0.8	0.1	86.9	93.3	0.1	0	82	92	0.7	0.1
Jharkhand	33.3	5.1	89.5	90.6	4.4	2.8	99	92	28.9	2.3
Karnataka	75.2	32.7	77.6	79.6	58.5	21.0	98	91	16.7	11.7
Kerala	78.2	60.5	89.5	86.6	34.6	23.3	98	93	43.6	37.2
Madhya Pradesh	30.5	17.6	76.5	86.0	17.9	8.7	80	93	12.6	8.9
Maharashtra	43.3	9.6	69.5	86.8	27.5	6.0	93	93	15.8	3.6
Orissa	54.4	17.9	91.6	87.0	21.5	5.8	98	93	32.9	12.1

Punjab	0.2	0.2	86.2	90.7	0.1	0.1	74	85	0.1	0.1
Rajasthan	0.8	0.8	57.3	76.3	0.0	0.2	41	70	0.8	0.6
Tamil Nadu	89.1	66.6	82.0	83.2	78.9	47.7	97	93	10.2	18.9
Utter Pradesh	24.8	7.2	84.8	93.0	5.8	2.1	96	96	19	5.1
West Bengal	35.2	11.4	97.9	90.2	12.8	5.4	96	94	22.4	6
All India	45.9	23.3	84.6	87.6	24.4	13.1	92	92	21.5	10.2

Source: - NSS 61st and 68th Round, Report No. 510 and 565.

Table-3 Percent of hhs reporting consumption of Wheat in 30 days period from PDS in different states during the period of 2004-05 to 2011-12

State	2011-12				2004-05				% Change in consumption from PDS from 2004-05 to 2011-12	
	PDS		All other sources		PDS		All other sources			
	R	U	R	U	R	U	R	U	R	U
I	2	3	4	5	6	7	8	9	10.	11
Andhra Pradesh	10.5	6.9	50.8	68.4	0.6	0.7	27	56	9.9	6.2
Assam	6.8	1.4	55.9	69.2	0.2	0.3	56	78	6.6	1.1
Bihar	44.6	18.9	93.5	96.4	1.7	1.5	96	97	42.9	17.4
Chhattisgarh	25.2	24.7	35.2	56.6	5.3	5.4	31	76	19.9	19.3
Gujarat	31.6	5.7	75.2	93.3	28.7	6.8	83	91	2.9	1.1
Haryana	19.3	8.9	91.4	92.7	4.0	5.2	99	98	15.3	3.7
Jharkhand	0.8	0.5	72.2	90.7	4.3	2.0	71	89	3.5	1.5
Karnataka	71.5	30.3	41.0	65.6	45.6	14.6	74	81	25.9	15.7
Kerala	54.3	43.2	44.7	57.7	12.2	12.1	60	72	42.11	31.1
Madhya Pradesh	36.2	23.4	87.8	90.6	20.3	10.3	94	98	15.9	13.1
Maharashtra	40.4	10.0	67.9	85.5	25.8	6.9	86	91	14.6	3.1
Orissa	10.6	12.2	50.1	65.4	0.2	1.0	36	68	10.4	11.2
Punjab	22.8	7.0	94.5	93.3	0.3	0.6	100	96	22.5	6.4
Rajasthan	28.7	16.9	84.8	90.5	12.7	1.9	87	95	16	15
Tamil Nadu	61.8	49.0	17.5	33.9	8.9	10.7	29	61	52.9	38.3
Utter Pradesh	25.7	16.6	94.7	95.2	5.6	2.6	99	98	20.1	14
West Bengal	43.5	19.2	47.9	75.8	9.0	3.5	61	82	34.5	15.7
All India	33.9	19.0	67.4	76.4	11.0	5.8	2	83	22.9	13.2

Source: - NSS 61st and 68th Round, Report No. 510 and 565.

Table 2 and 3 shows the distribution of reported consumption from PDS across states we found that increase is sizable amount the rice consumption states In the Andhra Pradesh, Karnataka Kerala, Tamil Nadu more than 70 % of people in rural areas and more than 45 % in urban areas purchase rice from PDS. It was highest in Tamil Nadu (89.1% of households), followed by Andhra Pradesh (86.6%), Karnataka (75.2%) and Kerala 78.2% in 2011-12 in rural areas and For the urban sector, this incidence of PDS purchase was again highest for Tamil Nadu (66.6% households), followed by Kerala (60.5%) Andhra Pradesh (45.2%) it was higher than 2004-05. It rose in Tamil Nadu (rural 10.2%, urban 18.9%) Andhra Pradesh (rural 24.4%, urban 14.1%) Karnataka (rural 16.7%, urban 11.7%) Kerala (rural 43.6% , urban 37.2%) between the period of 2004-05 to 2011-12. At the same time reliance on consumption from other sources declined by large amount in these states. The other rice consuming states the consumption from PDS for West Bengal is (rural 35.2%, urban 11.4%), Jharkhand (rural 33.3%, urban 5.4%), Orissa (rural 54.4%, urban 17.9%), Assam (rural 52.2%, urban 26.5%), Chhattisgarh (rural 67.0%, urban 41.5%) and Bihar (rural 45%, urban 19.0%) in 2011-12. In These states the consumption from PDS is less than 70% in rural areas but it is low in urban areas comparison to rural areas but it has improved considerably by approximately 30 points between from 2004-05 to 2011-12. This analysis explained that during the period of 2004-05 to 2011-12 there is no substantial increase in the consumption of rice from PDS in Andhra Pradesh, Karnataka and Tamil Nadu while the consumption from PDS

improved in Orissa, Bihar, Chhattisgarh, Jharkhand and Assam in the same period and consumption from other sources declined. In Punjab and Haryana which are the rice surplus states there is approximately no consumption from PDS.

On other hand the consumption from PDS has also increased in wheat consuming states. It rose for Bihar (42.9% in rural and 17.4% in urban followed by Punjab (rural 22.5% and urban 6.4%), U.P. (rural 20.1% and urban 14.0%), M.P. (rural 15.9% and urban 13.1%), Haryana (rural 15.3% and urban 3.7%), Maharashtra (rural 14.6% and urban 3.1%) during the period from 2004-05 to 2011-12. This shows that there is most notable increase in consumption of wheat from PDS is in Bihar.

This Analysis makes clear that consumption from PDS not only varies across states but also differ between rural and urban areas in India. Although PDS is better working in rice consuming states rather than wheat consuming states. In 2011 Khera also point out that the rice consuming states are better in the terms of consumption to PDS⁵ but in recent years there is improvement in PDS in Bihar, Chhattisgarh and Orissa which are the poor states due to better reforms in PDS.

In Orissa where the PDS has significant improved in recent years because Government of Orissa applies various PDS reforms such as; It Started the universal PDS in KBK region (Kalahandi, Balangir and Koraput) and with this doorstep delivery, computerisation and deprivation of fair price shops also.⁶ Due to this the food wastage in Orissa only 4% while in all India it was 40%. It is the great achievement in Orissa. The study of Mihika Chatterjee's also found that 97% of household with a ration card in Koraput district were getting their full monthly Quota of rice from the PDS.⁹

In Chhattisgarh there is improvement in PDS due to various factors such as administrative and technological changes in PDS, Chhattisgarh Food Security Act 2012, Mitani Programme of Chhattisgarh government. The administrative changes were deprivatisation of ration shops and placing them under the control of Panchayats or other collective bodies, increasing the commission paid, introducing completion by offering only one year and the technological changes were Digitisation of ration card, Computerised allocation of FPS, use of GPS technology, SMS based monitoring and use of web based digital portal.¹⁰ It also provides Dal and edible oil with rice and wheat from PDS. Approximately 2/3 of population covered under the scheme and rice provided Rs at 2Rs per kg for BPL and 1 kg for very poor. Under the "Mitani programme" children age of 3 to 6 years keep in health centre for eight hours and three times in a day food provide them. With these reforms Chhattisgarh is the only state that passed Chhattisgarh Food Security Act (CFSA) in 1 December 2012. The coverage of CFSA is 90% of the state population and CIP for APL and BPL families is Rs 1Rs per kg for both rice and wheat. Under this Act each person who is 18 years and above has an incentive to get a separate card. Monthly entitlements of 35 kg food grain for each AAY and Priority households, 2kg each of iodised salt, black gram and pulses and for general household 15 kg of food grain subsidised. The Act provide statutory backing to TPDS and the reforms implemented by the states to improve TPDS such as includes doorstep delivery of food grains to ration shops, leveraging adhar for targeting of beneficiaries, and maintenance of adequate buffer stock of food items. Social group also added under the Act which are pregnant and lactating mothers children up to 14 years students in hostel and ashrams destitute homeless and migrant emergency of disaster affected person and implementation of Act by local authorities.¹¹

In Bihar where the PDS in worst condition rather than other states of India but recent years there is improvement in performance of the PDS. This improvement is the result of better reforms in functioning of PDS such as introduction of tracking coupon system in distribution in 2007 to restrain the corruption. Initiation of National food Security Act 2013 also has brought about a significant positive

Bihar& Punjab	Haryana, Madhya Pradesh & Uttar Pradesh	Himachal Pradesh, Assam, Gujarat, Andhra Pradesh Maharashtra & Rajasthan	Tamil Nadu Kerala, Karnataka, Orissa & West Bengal
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Table-7: Leakage at FPS Level

Very High Leakage (+50%)	High Leakage (25%-50%)	Moderate Leakage(10% to 25%)	Very Low leakage(Less than 10%)
Bihar, Haryana & Punjab	Rajasthan & Uttar Pradesh	Gujarat, Karnataka, Andhra Pradesh, Kerala & Maharashtra	Tamil Nadu, Himachal Pradesh, Assam, Orissa, Madhya Pradesh & West Bengal

Table-8: Leakage through Ghost Cards

Very High Leakage (+30%)	High Leakage (10%-30%)	Moderate Leakage (Less than 10%)
Assam ,Himachal Pradesh, Madhya Pradesh	Bihar Gujarat, Karnataka Orissa, Maharashtra Uttar Pradesh& West Bengal	Andhra Pradesh, Kerala, Rajasthan Tamil Nadu, Haryana & Punjab

Source: Report of Planning Commission, 2005.

Thus the fake supply entries in ration cards, bogus ration cards and leakages at FPS level are noted diversion of food commodities for sale to open market. At all India level the study of Jeen Dreze and Ritika Khara in 2015 also presents the leakages in PDS during the period of 2004-05 to 2011-12.¹⁶

Table-9: PDS leakages, All India

	2004-05	2011-12
PDS food grain off take from the FCI (Lakh tonnes)PDS food grains: household purchase NSS data	301	514
	138	300
IHDS data	148	348
Estimate leakages (%) NSS based	54	42
IHDS- based	49	32

Sources: Calculated from Food grains Bulletin, Department of Food and Public Distribution; NSSO (2007, 2014); Desai (2015). Monthly statistics on FCI off take (including "ad hoc quotas") were used to synchronise NSS and FCI data on the agricultural year (July to June).

- This system is limited mostly same crops like wheat & rice and ignores the other crops like jawar, bajra, mazie.
- Most of the FPS are economically non viable which is the main reason for the low state commission. PDS suffer from irregular supply of food grain made available through fair price shops.
- The Targeted PDS is not being implemented all over the country. Some states withdraw from the central system of TPDS and implement their own system. For example, Tamil Nadu implements a universal PDS and Andhra Pradesh provide additional subsidized food to the BPL families from the allotted food grains for APL families. With TPDS in place, apart from the subsidized allotment of 35 kg per family from the central pool, the rest will be sold to the states at APL prices. So, the states implementing a universal PDS need to bear additional costs.¹⁷
- The management of the excess food grains in the country has remained in an exigent state ever since the country faced surplus food grain production. In recent decades, there has been constant surplus food production in the country. But, most of the excess grains deteriorate due to lack of proper and adequate storage facilities. Ironically, the centre's expenditure on grain storage is more than what it spends on agricultural and rural development and irrigation and flood control together (Government of India, 2002).

So there is need to ensure transparency in PDS operation by improving administration of the scheme and reducing the corruption level. The storage capacity of food grain should increase and it also should be effective. Given that leakages in the PDS range from 40 to 50 per cent, the Government of India should defer implementation of the NFSA in states that have not done end to end computerization; have not put the list of beneficiaries online for anyone to verify; and have not set up vigilance committees to check pilferage from PDS.¹⁸ The Government should provide high quality goods to the beneficiaries and supply should be regular. The scope and coverage of PDS should increase and open many more fair price shops and shops should be open in all working days. Technological changes should apply in PDS such as Digitisation of ration card, Computerised allocation of FPS, use of GPS technology, SMS based monitoring and use of web based digital portal at all India level. To access the benefit of PDS for every poor people there is need to improving process for selection of BPL, abolition of ghost ration card and a special plan for homeless, migrant and poor people who live in unauthorised colonies to provide them ration card and schemes benefits. Jean Dreze suggests the introduction of a quasi Universal system based on specific inclusion criteria, as well as system of food coupons which possess a unique identification number and hologram, extensively used in Tamil Nadu is another method to track PDS grain to be household level (Sebastian 2009).

Conclusion

The PDS play a vital role to providing food to poor section in the country. It provides essential resources at cheap and subsidized prices to the poor and vulnerable section in the country. The analysis explained that the consumption from PDS not only varies across states but also differ between rural and urban areas in India. Although PDS is better working in rice consuming states rather than wheat consuming states but in recent years there is improvement in PDS in Bihar, Chhattisgarh and Orissa which are the poor states due to better reforms in PDS. The leakages percentage also came down in these states. There are various factors responsible for flaws in PDS Such as heavy burden of Subsidy, leakages, corruption, low quality of food grain and lack of information about schemes and process of making new ration card, irregular supply of food grains through fair price shops. PDS System can be improved by ensure transparency in PDS operation, increasing storage capacity, improving process for selection of BPL, abolition of ghost ration card and a special plan for homeless, migrant and poor people who live in unauthorised colonies to provide them ration card and schemes benefits, technological changes such as Digitisation of ration card, Computerised allocation of FPS, use of GPS technology, SMS based monitoring and use of web based digital portal at all India level. Thus efficient implementation of PDS is necessary to make possible the fundamental Right to food.

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change in the PDS in Bihar. The leakages percentage also came down during the period of 2004-05 to 2011-12.¹² The case study of planning and development unit at Allahabad University found that there is major improvement in the PDS of Bihar. They collected the data of 1000 randomly rural household in four district of Bihar (Banka, Gaya, Purnea and Sitamarhi) in their study they found that the household were able to 80% of their PDS entitlements.

Due to better reforms in PDS in these states the percentage of leakages came down. The study of Jean Dreze and Reetika Khera in 2015 points out that the leakages in different states during the period of 2004-05 to 2011-12.

Table-4: State wise Leakages Estimates

States	Estimated leakages (%)		Percentage Reduction
	2004-05	2011-12	
Andhra Pradesh	23.2	22.0	5
Assam	88.7	50.7	43
Bihar*	91.0	24.4	73
Chhattisgarh*	51.7	9.3	82
Gujarat	51.7	67.6	31
Haryana	82.7	49.0	41
Himachal Pradesh	27	27.1	0
J& K	23	-3.7	116
Jharkhand	85.2	44.4	48
Karnataka	28.7	34.7	-21
Kerala	25.6	37.1	-45
Madhya Pradesh	50.1	51.5	-3
Maharashtra	49.3	48.2	2
Orissa*	76.3	25.0	67
Punjab	93.2	58.8	37
Rajasthan	93.9	60.9	35
Tamil Nadu	7.3	11.9	-63
Uttar Pradesh	58	57.6	1
Uttarakhand	59.4	34.9	41
West Bengal	80.6	65.3	49
All India (incl. Other States and UTs)	54.0	41.7	23

A taking into account local procurement as well as off take from the central pool. *States that are known to have undertaken bold PDS reforms in recent years, with significant results. Sources: Calculated from Food grains Bulletin, Department of Food and Public Distribution; NSSO (2007, 2014); Desai (2015). Monthly statistics on FCI offtake (including "ad hoc quotas") were used to synchronise NSS and FCI data on the agricultural year (July to June). The IHDS survey stretched from October 2011 to December 2012. A spreadsheet with details of the calculations is available on request.

The table shows that there is moderate decline in leakages at the all India level largely driven by sharp declines in states that are known to have undertaken serious PDS reforms in recent years., such as Chhattisgarh Orissa and Bihar, on the other hand states with high leakages have shown virtually no progress such as M.P, U.P. and Maharashtra between the period of 2004-05 to 2011-12. Thus improvement in quality of PDS in special reference with the quality of food grain and regular distribution to the beneficiaries, and decline percentage of leakages affected the consumption positively from PDS both in rural and urban areas in India.

Constraint of PDS

Although PDS is the largest network of distribution but it is failure to serve the population below poverty in line. Food is available in India but due to various constraints in distribution system still people suffering from hunger and malnutrition. The constraints of PDS are following:

- There are heavy burden of food subsidy for Government to

maintain the public distribution system.

Table-5: Food Subsidy in India

Year	Food Subsidy (Rs in crore)	Annual Growth (% age)
2005-06	23071.00	-10.39
2006-07	23827.59	3.28
2007-08	31259.68	31.19
2008-09	43668.08	36.69
2009-10	58242.45	33.37
2010-11	62929.56	8.05
2011-12	72370.90	15.00
2012-13	84554.00	16.83
2013-14	89740.02	6.13

Source: - Economic Survey: 2014-15, Government of India.

The Government of India spent 23071 crore Rs. in the year 2005-06 on food subsidy, which has grown to 89740.02 crors Rs. for the year 2013-14. The table shows that the food subsidy has grown rapidly in the last five years.

- The committee on long term grain policy, in 2002, estimates that about half of food subsidy expenditure was spent on holding excess food grain stocks. With excess stocks, instead of decreasing the issue prices for APL and BPL families, the government decided to dispose of it through exports of food grains at BPL prices. In the year 2002-04, the government exported 22.8 MT of food grains, which was a drought year in the country.¹³
- Prices of food grains are increased due to PDS. Because to give the incentive to the farmers for increasing production the MSP of Wheat and Rice rising regularly due to this the procurement of rice and wheat rising and it create the short supply in open market. Consequently the prices of food grain rising.
- There are regional disparities in PDS benefit is mostly limited in urban areas for a considerable period. In some states administration is weak and corrupt.
- The quality of food grain made available through the fair price shops is very poor which is due to inefficiencies in marketing chain, such as bad purchase decision, lack of care in storage and handling and indifferent services at the ration shops. There is no intentional policy in India to procure inferior food grain.
- Many poor people are excluded for the system that really deserving due to they are not able to acquire ration card. These people are seasonal migrant workers or because they live in unauthorised colonies. There is also problem of limited information about the policy and use of cards for the poor. Deputy Chairman of the planning commission of India, only 16% resources allocated towards India's food subsidised distribution scheme reach the poor.¹⁴ According Rajagopalan 2010 only 18 out of 31 states had been surveyed to identify below poverty lines families, in some states where surveyed has been conducted BPL families has been missed out, performance of PDS is considered to be poor in states with high number of BPL families, there is also lack of coordination between national and village level further impede its performance.¹⁵

Leakages in PDS:

There are leakages in PDS System. The report of planning commission in 2005 presents the leakages in different states and different level.

Grouping of States According to Intensity of the Problem of Leakage

Table-6: Total Leakages

Abnormal Leakage (More than 75%)	Very High Leakage (50%-75%)	High Leakage (25%50%)	Low leakage(Less than 25%)
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