



## Role and Effectiveness of Public Distribution System in providing Food Security in India

\*Ms. Gurdeep kaur Ghumaan \*\* Dr. Pawan Kumar Dhiman

\* Research scholar, Deptt of Management & Humanities, Sant Longowal Institute of Engineering & Technology, Longowal.

\*\* Associate Professor, Deptt of Management & Humanities, Sant Longowal Institute of Engineering & Technology, Longowal.

### ABSTRACT

*The issue of food security is pivotal to the sustenance and growth of any economy. Food security stands as a fundamental need, basic to all human needs and the organization of social life. It is the assurance of access to adequate nutrition, either through direct effort or exchange at acceptable prices. Food security for a country means sufficient quantity of essential commodities produced, stored properly and made available to all of the people, especially the under privileged sections. This paper describes the close linkages existing between food security and Public Distribution system (PDS), socio-economic development, rural health, human rights and improving human development indicators in the developing country like India. This paper reviews status of public distribution system and its relationship with the problem of food security and poverty incidence among the states of India. Poverty indices for all the states in India are calculated then it appears that the PDS is widely accessible to the households in the region.*

**Keywords : Food-Security, Hunger, India and PDS (Public Distribution System)**

### INTRODUCTION

As long as starvation and deprivation exist, the slogan raised by the World Food Conference as above looms large over humanity. When every nation attains food security for its people, there begins the journey towards prosperity. Food security for a country means sufficient quantity of essential commodities produced, stored properly and made available to all of the people, especially the under privileged section. Government of India's food grains management strategy towards ensuring food security involves procurement of food grains at reasonable prices from the growers, its storage, movement and maintenance of buffer stocks and ensuring availability of food grains to the public at reasonable prices.

India's biggest challenge still remains ensuring food and nutritional security to its masses. It is the right of every person to have regular access to sufficient and nutritionally adequate food for an active and healthy life. A country can be said to have achieved complete food and nutrition security if each and every person in that country is able to consume 'an adequate and balanced diet' on a regular basis. The States Hunger Index (see Table 1) shows us how hunger persists as a widespread and serious issue in India.

**Table-1 India state Hunger Index**

| State          | India State hunger index score | India Hunger Index ranking |
|----------------|--------------------------------|----------------------------|
| Andhra Pradesh | 19.54                          | 3                          |
| Assam          | 19.85                          | 4                          |
| Bihar          | 27.30                          | 15                         |
| Chhattisgarh   | 26.65                          | 14                         |
| Gujarat        | 24.69                          | 13                         |
| Haryana        | 20.01                          | 5                          |
| Jharkhand      | 28.67                          | 16                         |
| Karnataka      | 23.74                          | 11                         |

|                |       |    |
|----------------|-------|----|
| Kerala         | 17.66 | 2  |
| Madhya Pradesh | 30.90 | 17 |
| Maharashtra    | 22.81 | 10 |
| Orissa         | 23.79 | 12 |
| Punjab         | 13.64 | 1  |
| Rajasthan      | 20.99 | 7  |
| Tamilnadu      | 20.88 | 6  |
| Uttar Pradesh  | 22.17 | 9  |
| West Bengal    | 21.00 | 8  |

Table source: India State Hunger Index. IFPRI et al (October 2008)

\* Source: NFHS III Final Data set (2005-06), author's calculations

# Source: NFHS III National Report (2005-06) data report published 2007)

This analysis shows how the states named and ranked in the Hunger Index have been unable to better the per capita food grain availability of the early-1980s, and points to some of the reasons why this has occurred in India's major states. In every one of India's major states, less food is available for growing populations To tackle the qualitative and quantitative aspects of the food security problem, Government of India has relied on the food-based safety net as Public Distribution System (PDS) in India.

### Public Distribution System in India

In India, a large number of people are undernourished; India's undernourished may well constitute the largest share of hungry people in any single country of the world. The most important medium through which government ensures food security at micro level is the Public Distribution System (PDS). The main purpose of the Public Distribution System (PDS) in India

was to act as a price support programme for the consumer during the periods of food shortage of the 1960s. Thus, PDS is considered as principal instrument in the hands of State Governments for providing safety net to the poor against the spiraling rise in prices of essential commodities.

Public Distribution System (PDS) is a poverty alleviation programme and contributes towards the social welfare of the people supplied essential commodities like rice, wheat, sugar, kerosene to the people under the PDS at reasonable prices. And it is the primary social welfare and antipoverty programme of the Government of India.

In India, there is network of more than 4.99 lakh Fair price Shops (ration Shops) one of the biggest Public Distribution System in the world and responsible for distributing to more than 160 million families commodities worth INR 15,000 crores. Every year government spends Rs.750 approx.billion which is one of the biggest of its kind in the world.PDS is currently operated as the joint responsibility of the State and the Central Government.

#### Role of PDS in ensuring food Security:

it is a joint responsibility of Central Government, State Government and Union Territory Administration to ensure the smooth functioning of the public distribution system. While the responsibility of the Central Government is to procure, store and transport it from purchase points to Central godowns, the responsibility of State Government and Union Territory Administrations is to lift these commodities from the central godowns and distribute them to consumers through the network of Fair Price Shops. Food Corporation Of India (FCI) procures and distributes food grains, to Provide subsidized food to the poor, to mitigate regional inequalities through moving the food surplus to deficit areas and to stabilize agricultural prices. The universal coverage of the PDS was replaced by the Targeted Public Distribution (TPDS) in 1997 in order to achieve the objective of food security through sale of foodgrains to APL householders at economic cost and confirming the food subsidy bill toward the identified BPL families whose number crossed 97 million families in 2007 (Govt of India,2007).

#### Review of Literature:

Numbers of studies have been done on PDS in India. The past studies were required to understanding the research problem and in carrying out the formulated work. Hence various research studies related to the Public distribution system are as following:

**Singh (1979)** observed in his study " Public Distribution System" that the Public Distribution System in India has become a regular and essential feature of food management. The social objective can be achieved only if the Central and State Governments assumes the responsibility for assuring availability of essential commodities and articles of mass consumption to common man at reasonable prices.

**Dev(1996)** revealed in his study that the improved food security to the household is important for a developing country like India where millions of poor suffer from persistent hunger and malnutrition and some of others are exposed to this risk in future. This study examined the poverty and food security problem with emphasis on PDS. He further explained that in order to provide food security to all the poor, there is a need for effective implementation of the PDS.

**Prakash(1998)**observed food security has now become an important issue, which is before the international community. Well over 800 million people are food insecure; almost 40,000 people die everyday due to malnutrition. Food security is a fundamental prerequisite for maintaining the international order and socio-economic stability. Stable food availability at national, regional and household level is a cornerstone of nutrition in most low-income and food-deficit countries.

**Dev(2000)** advocated that sustained and broad base growth

of agriculture is essential for alleviating poverty, generating income and employment, assuring food security and sustaining a buoyant domestic market for industry and services.

**Shanker (2000)** admitted that if the poor have no money to purchase food grains, the public distribution system loses all relevance for them. It would serve the poor for better if the huge sums spent on the government's procurement operations and the PDS were devoted to water conservation programmes and pension schemes.

#### Objectives of the study

1. To study the performance and challenges of food security in India.
2. Role and Effectiveness of Public Distribution System in providing Food security in India.

#### Research Methodology and findings

Public distribution system (PDS) is one of the instruments for ensuring household level food security. Here we will confine the discussion to access of households to PDS and discuss the issues and reforms required in PDS in this section. National Sample Survey Organization (NSSO) has been collecting information on purchases of rice, wheat, sugar, and kerosene from fair price shops. These data have been analysed to examine utilization of PDS Share of PDS purchases in Consumption. The report has stated that the percentage of households consuming PDS rice has risen in rural India from 24.4% in 2004-05 to 39% in 2009-10, while households in urban India consuming PDS rice has risen from 13% in 2004-05 to 20.5% in 2009-10. Consumption of PDS wheat by households in rural India has risen from 11% to 27.6% between the two surveys, and in rural India the corresponding rise has been from 5.8% to 17.6% between the two surveys.

#### PDS Allocation and offtake

The Government has used the below poverty line (BPL) and above poverty line (APL) as the cut-off points for providing subsidized PDS foodgrains. Considering an average family of 5 persons, families earning approximately Rs. 1,500 per month in the rural areas and Rs. 2,000 in the urban areas fall below the poverty line. Weak commitment to PDS was noticed in poor states, namely Bihar, Orissa, Uttar Pradesh and Madhya Pradesh as well as in rich states like Punjab and Haryana.

- Procurement:** The procurement of rice as on December, 2011-12 is 113.72 lakh tones and on 2012-13 is 349.24 lakh tones. In respect of wheat, the procurement 2011-12 is 283.3 lakh tonnes and on 2012-13 is 381.48 lakh tonnes.
- Stock:** The total stocks of rice and wheat held by FCI and State agencies as on December, 2011-12 was 695.29 lakh tones comprising 289.54 lakh tonnes of rice and 405.75 lakh tones of wheat.
- Offtake:** The offtake of rice in all schemes during the month of November, 2011 has been 25.84 lakh tones and during 2012 has been 28.20 lakh tones. This comprises 19.85 lakh tones under TPDS and 8.40 lakh tones under other schemes during November, 2012. In respect of wheat, the total offtake has been 30.70 lakh tones comprising of 14.95 lakh tones under TPDS and 16.96 lakh tones under other schemes.
- Allotment and Offtake under BPL, APL and AAY:** The Total allotment of rice during sep, 2012 under TPDS including BPL, APL & AAY was 22.10 lakh tones against which the total offtake was 19.80 lakh tones representing an overall percentage offtake of 89.6%. The BPL allotment of rice was 9.68 lakh tones representing percentage off take of 95.8%. In respect of AAY the allotment was 5.75 lakh tones, which represents 94.4% offtake. The total allotment of wheat under TPDS including BPL, APL and AAY during November, 2012 was 19.55 lakh tones against which the total offtake was 13.78 lakh tones representing an overall percentage offtake of 70.55 . The BPL allotment of wheat was 4.85 lakh tones representing

an offtake of 83.6% . In respect of AAY the allotment was 2.79 lakh tones which represents 97.5% offtake.

**Table 2: Per capita consumption and percentage of households reporting consumption from PDS of rice, wheat/atta, sugar and kerosene in 2004-05 and 2009-10, all-India**

**Table-2**

| 2009-10 2004-05 |            |                             |       |                                 |                             |              |                                 |   |         |
|-----------------|------------|-----------------------------|-------|---------------------------------|-----------------------------|--------------|---------------------------------|---|---------|
| Sector          | Item       | per capita consumption (kg) |       | % share of PDS in qty. consumed | per capita consumption (kg) |              | % share of PDS in qty. consumed | % of hhs reporting consn. from PDS during 30 days |         |
|                 |            | PDS                         | other |                                 | PDS                         | other Source |                                 | 2009-10   | 2004-05 |
| 1               | 2          | 3                           | 4     | 5                               | 6                           | 7            | 8                               | 9   | 10      |
| Rural           | Rice       | 1.408                       | 4.594 | 23.5                            | 0.839                       | 5.537        | 13.2                            | 39.1  | 24.4    |
|                 | wheat/atta | 0.619                       | 3.625 | 14.6                            | 0.307                       | 3.885        | 7.3                             | 27.6  | 11.0    |
|                 | Sugar      | 0.097                       | 0.563 | 14.7                            | 0.062                       | 0.587        | 9.6                             | 27.8  | 15.9    |
|                 | Kerosene   | 0.511                       | 0.081 | 86.3                            | 0.477                       | 0.142        | 77.1                            | 81.8  | 72.8    |
| Urban           | Rice       | 0.814                       | 3.706 | 18.0                            | 0.530                       | 4.181        | 11.3                            | 20.5  | 13.1    |
|                 | wheat/atta | 0.371                       | 3.706 | 9.1                             | 0.167                       | 4.192        | 3.8                             | 17.6  | 5.8     |
|                 | Sugar      | 0.080                       | 0.700 | 10.3                            | 0.054                       | 0.763        | 6.6                             | 18.7  | 11.5    |
|                 | Kerosene   | 0.295                       | 0.169 | 63.6                            | 0.350                       | 0.268        | 56.6                            | 33.0  | 32.8    |

The per capita quantity figures are taken from NSS Report No.541: *Household Consumption of Various Goods and Services in India, NSS 66th Round*. \* qty in litres

**Change in share of PDS in quantity of consumption:** It is seen from Table-2 that: The contribution of PDS purchases to total consumption in 2009-10 shows a considerable rise compared to 2004-05, particularly for rice and wheat/atta. The PDS share in rice consumption in 2009-10 was about 23.5% in the rural sector (1.41 kg out of 6.00 kg per person) and about 18% in the urban (0.81 kg out of 4.52 kg per person). In 2004-05, the PDS share in rice consumption had

been about 13% in the rural sector and 11% in the urban. The share of PDS in wheat/atta consumption in 2009-10 was about 14.6% (0.62 out of 4.25 kg per person) in the rural sector, double what it was in 2004-05 (7.3%), and about 9% in the urban sector, compared to only 3.8% in 2004-05. PDS purchases accounted for 14.7% of consumption of sugar in 2009-10 compared to 9.6% in 2004-05 in the rural sector, and for 10.3% compared to only 6.6% in the urban sector. For kerosene, too, the contribution of PDS purchase was higher in 2009-10, by about 9 percentage points in the rural sector and 7 percentage points in the urban sector.

**Table -3 Percentage of households reporting : Wheat, Rice , Sugar and Kerosene consumption from PDS; share of PDS in quantity consumed : major States**

**Table-3**

| State          | Wheat share of PDS in consumption |       | Rice Share of PDS in consumption |       | Sugar Share of PDS in consumption |       | Kerosene Share of PDS in consumption |       |
|----------------|-----------------------------------|-------|----------------------------------|-------|-----------------------------------|-------|--------------------------------------|-------|
|                | Rural                             | Urban | Rural                            | Urban | Rural                             | Urban | Rural                                | Urban |
| Andhra Pradesh | 5.1                               | 7.5   | 32.9                             | 21.5  | 24.5                              | 12.3  | 91.46                                | 67.14 |
| Assam          | 1.5                               | 1.3   | 11.2                             | 5.1   | 53.2                              | 31.0  | 72.46                                | 54.55 |
| Bihar          | 5.1                               | 2.4   | 5.1                              | 2.2   | 0.9                               | 1.7   | 83.99                                | 70.16 |
| Chhattisgarh   | 39.1                              | 17.9  | 41.2                             | 25.7  | 28.6                              | 11.0  | 89.34                                | 82.38 |
| Gujarat        | 15.6                              | 5.0   | 20.3                             | 5.8   | 14.5                              | 3.3   | 93.47                                | 56.52 |
| Haryana        | 14.2                              | 8.0   | 0.5                              | 0.4   | 2.1                               | 1.9   | 92.89                                | 53.64 |
| Jharkhand      | 20.6                              | 4.0   | 14.0                             | 7.4   | 4.6                               | 1.7   | 67.32                                | 36.68 |
| Karnataka      | 51.5                              | 13.5  | 45.0                             | 17.7  | 18.9                              | 5.4   | 85.36                                | 50.84 |
| Kerala         | 39.7                              | 33.1  | 27.9                             | 24.0  | 11.2                              | 8.5   | 95.59                                | 90.37 |
| Madhya Pradesh | 21.8                              | 13.2  | 20.1                             | 8.3   | 14.1                              | 6.0   | 90.95                                | 79.33 |
| Maharashtra    | 32.7                              | 8.6   | 34.2                             | 7.5   | 9.8                               | 4.6   | 86.43                                | 47.64 |
| Odisha         | 17.0                              | 10.2  | 24.8                             | 13.3  | 16.0                              | 8.9   | 83.53                                | 52.52 |
| Punjab         | 14.6                              | 9.0   | 0.1                              | 0.1   | 0.0                               | 0.3   | 82.13                                | 23.50 |
| Rajasthan      | 10.5                              | 6.1   | 0.3                              | 0.2   | 0.9                               | 0.7   | 93.51                                | 79.80 |
| Tamilnadu      | 85.8                              | 64.7  | 52.7                             | 40.9  | 73.2                              | 62.6  | 91.49                                | 72.05 |
| Uttar Pradesh  | 6.8                               | 7.6   | 17.6                             | 7.8   | 7.0                               | 2.1   | 85.99                                | 82.69 |
| West Bengal    | 41.4                              | 11.7  | 6.3                              | 2.9   | 11.2                              | 4.3   | 80.01                                | 73.22 |
| All-india      | 14.6                              | 9.1   | 23.5                             | 18.0  | 14.7                              | 10.3  | 86.24                                | 63.58 |

Source: NSS Report No.545: *Public Distribution System and Other Sources of Household Consumption*

**Share of PDS purchases in total consumption of Rice :** It is clear from above table that PDS purchases accounted for 23% of total consumption of rice in rural India and 18% in urban India. The contribution of PDS purchases was highest in Tamil Nadu (rural: 53%, urban: 41%), followed by Karnataka (rural: 45%, urban: 18%), Chhattisgarh (rural: 41%, urban: 26%), Andhra Pradesh (rural: 33%, urban: 21%), and Kerala (rural: 28%, urban: 24%) and the share of PDS purchases in

consumption was low in Bihar (rural: 5%, urban: 2%), West Bengal (rural: 6%, urban: 3%), Assam (rural: 11%, urban: 5%), and Jharkhand (rural: 14%, urban: 7%) .

**Share of PDS purchases in total consumption of wheat/atta :** PDS purchases accounted for 14.6% of total consumption of wheat/atta in rural India and 9% in urban India. The contribution of PDS purchases was greatest in Tamil Nadu (rural: 86%, urban: 65%), and also large in Karnataka, West Bengal, Kerala and Chhattisgarh. The PDS share in consumption was relatively high in Maharashtra (rural: 33%, urban: 9%) and

Madhya Pradesh (rural: 22%, urban: 13%). It was noticeably low in Bihar (rural: 5%, urban: 2%), rural Uttar Pradesh (7%), urban Gujarat (5%), and urban Rajasthan (6%).

**Share of PDS purchases in total consumption of Sugar** : It was seen that PDS purchases accounted for 14.7% of total consumption of sugar in rural India and 10% in urban India. Among the major States, by far the greatest share of PDS purchases in consumption was seen in Tamil Nadu (rural: 73%, urban: 63%). This was followed by Assam (rural: 53%, urban: 31%), Chhattisgarh (rural: 29%, urban: 11%), and Andhra Pradesh (rural: 24.5%, urban: 12%). The share of PDS was as low as 0-2% in Punjab, Rajasthan, Bihar, Haryana, and urban areas of Jharkhand and Uttar Pradesh.

**Share of PDS purchases in total consumption of Kerosene** : It is clear from above table that PDS purchases accounted for 86% of total consumption of kerosene in rural India and 64% in urban India. In the rural sector, the contribution of PDS purchases varied within a relatively narrow range of 67% to 96% across the major States, being 80% or more in all but two major States: Jharkhand and Assam. In the urban sector, the share of PDS purchases varied much more: from 23.5% in Punjab to 90% in Kerala.

#### Problems:

There are basically four problems in the present TPDS: (i) high exclusion errors; (ii) non-viability of fair price shops; (iii) not fulfilling the price stabilization objective; and (iv) leakages. The leakages vary enormously between states. In Punjab and Bihar, the total leakage exceeds 75 per cent while in Haryana and Uttar Pradesh it is between 50 and 75 per cent. Some other problems are: low quality of foodgrains, infrequent supply of foodgrains, inefficiency of Food Corporation of India (FCI), corruption, political interference, no system of inspection of entitlements and viability of Fair Price Shops (low margins) etc.

#### Suggestions :

There is need for certain reforms in procurement and distribution for better functioning of TPDS. These are: (i) decentralization of procurement and distribution; (ii) involving panchayats (elected village representatives) in PDS; (iii) streamlining FCI and involvement of private sector farmers' cooperatives, SHGs, etc. in procurement and distribution; (iv) viability of FPSs, giving them higher margin, making monitoring compulsory; (v) punishment system for the defaulters.

#### Conclusion:

According to Global Hunger Index, 2009-10 India ranks 96 in a group of 119 developing countries and according to the world food programme, near about 50 percent of the world's hungry live in India. In this paper, we examined the institution of the PDSs in India and discussed how the PDSs have helped India to improve national food security, food security of the general public, and food security of the poor. Our findings suggest that the PDS plays a relatively more important role in food security of the households rather than poverty reduction. But Scientific studies revealed that in 2001-02, 18.2% of PDS rice and 67% PDS wheat were diverted. In India words, over 40% of all grain targeted at the poor did not reach the using the NSS expenditure survey of 2004-05 overall diversion was of 55% of the grain meant for the poor. Thus the current system is beset with significant level of adulteration, pilferage & Corruption and in order to remove pilferage, adulteration, & Corruption, there seem to be some improvements in the functioning of PDS for example: higher procurement, higher off-take, larger coverage, improved distribution, and lower diversion. This is evident from some large-scale evaluation by National Council for Applied Economic Research (NCAER) surveys which are based on a large sample in several states that the issue of large scale errors of exclusion and inclusion is still prevalent. Therefore, successful implementation of PDS is a big challenge in order to gain food security in India.

## REFERENCES

- Pathania, Kulwant Singh. (2005). Public Distribution System, Status, Challenges and Remedial strategies, New Delhi: Kanishka Publishers. | U.K.Singh (1991), Public Distribution System, Mittal Publications, New Delhi. | Venugopal K.R. (1992), Deliverance from Hunger: The Public Distribution System in India, Sage Publications, New Delhi. | Misra S.K. & Pun.K. (1996), Food Problem, Food Policy and Public Distribution System, Himalaya Publishing House, New Delhi. | Government of India, 2011-2012, Economic Survey. | Annual Report 2008-09. Department of Food and Public Distribution, Government of India. | Indrakant, S. (2000) Food security and public support: a study of Andhra Pradesh, in: N. Krishnaji and T.N. Krishnan (Public Support for Food Security): The Public Distribution System in India (New Delhi: Sage Publications). | Mooij, Jos E. 1994. "Public Distribution System as Safety Net. Who is Saved?" Economic and Political Weekly. | Narayanan, K. and P. Sivanandan. 1995. Food Security and Public Distribution System in Kerala, Research Project on Human Development, Center for Development Studies, Thiruvananthapuram. | Parikh, K.S. 1994. "Who Gets How Much from PDS: How Effectively Does it Reach the Poor," Sarvekshna, Vol. XVII No. 3, January-March96 | Swaminathan, Madhura (2000), 'Weakening Welfare: The Public Distribution of Food in India', Leftword | Bordinon, Gian Pietro. (2006). The challenge of food security in India, The Hindu, 24<sup>th</sup> October, 2006. Kochi edition. | Gupta, Aravind. (1977), Public Distribution of Food Grains in India, Ahmedabad: Indian Institute of Management. | Indrakant.S. (1995). Food Security and Public Distribution System in Andhra Pradesh, Workshop on; Food Security and Public Distribution System in India, New Delhi: Planning Commission. | Majumder, Bhaskar. (2004). Poverty, Food Security and Sustainability, Public Distribution System in India. Jaipur: Rawat Publications. | Mishra, Bhagabat. (1985). Economics of Public Distribution System in Food Grains. New Delhi: Ashish Publishing House.