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FOOD SECURITY THROUGH THE MECHANISM OF PUBLIC DISTRIBUTION SYSTEM

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ABSTRACT

Food Security is of highest priority in India because of its growing population. Food Security in India has close links with the Public Distribution System. It is so because Public Distribution System is the most important medium through which the government ensures food security at the micro level. Public Distribution System has been in vogue for the last several decades. Public Distribution System ensures availability of food grains to the public at affordable prices as well as for enhancing the food security of the poor. India at present finds itself in the midst of a paradoxical situation, endemic mass hunger coexisting with the mountain food grain stocks. In this backdrop, this paper studies the Indian Public Distribution System as a food security intervention. The main aim of the paper is to present an analysis of the salient dimensions of the Public Distribution System in India and analyze the functioning of agencies engaged in procurement, transportation, storage and distribution of food grains and identify the loopholes in the system.

KEYWORDS

Food Security, Public Distribution System, India.

INTRODUCTION

In India the need for a Public Distribution System (PDS) as an effective instrument of price stabilization in the national economy was felt for the first time during the Second World War. The Foodgrains Policy Committee in 1943 recommended setting up of a procurement and rationing machinery by the government to meet the war time situation, complicated by the Bengal Famine of 1943. The Ashok Mehta Foodgrains Enquiry Committee (1957) had argued for a measure of relief to consumers through assuring them the benefit of government procurement operation at reasonable prices by selling foodgrains through the institutions like co-operative societies, and/or employers' organizations.

India has lived with food shortage for a very long period. Famines, wars and droughts causing acute scarcity conditions forced the government to undertake 'firefighting' measures from time to time like suspending normal activities of markets and trade through wholesale trade, organization of food zones (for purpose of procuring foodgrains from surplus zones and distributing them to deficit zones), introduction of statutory rationing in selected urban areas, etc. However, a developing economy like India needs a security system looking much beyond management of scarce supplies and critical situation.⁵ India took a quantum leap in 1965 when the Food Corporation of India (FCI) and the Agricultural Price Commission, renamed as Commission for Agricultural Costs and Prices (CACAP) later, were set up.

The public distribution system evolved as a system of management of scarcity for distribution of foodgrains 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 a national food security system, established by the Government of India, under the Ministry of Consumer Affairs, Food and Public Distribution and managed jointly with the State Government in India. It is a major intervention aimed at ensuring food security to all the poor, especially the vulnerable sections of society. It is recognized as a permanent feature of the strategy to control price, reduce fluctuations and achieve equitable distribution of essential goods.⁸

Public Distribution System means distribution of essential commodities to a large number of people through a network of Fair Price Shops (FPSs) on a recurring basis. The commodities are as follows:

- Wheat
- Rice
- Sugar
- Kerosene

The major stake holders in Public Distribution System are:

Central Government: Responsible for purchase of foodgrains, transporting them to principle FCI godowns and fixing quantity and price of foodgrain to be distributed to BPL families.

State Government: Responsible for identification of BPL families and issuing ration cards.

Food Corporation of India: Responsible for warehousing the foodgrains.

Fair Price Shops: Last mile distribution to actual customers.

TABLE 1: FOOD POLICY OVERVIEW

Price Policy		Procurement		Distribution	
Goals	Drivers	Goals	Drivers	Goals	Drivers
Price Stabilization	Procurement at MSP	Remunerative prices	FCI and State agencies	Distribution of food grains across the country	Fair price shops
Remunerative & Economic Price incentives	Open ended purchase	Serve TPDS and other welfare programs	Buffer Norms	Objective of food accessibility	Welfare programs
Protection of consumers	Food Subsidy				

OBJECTIVES OF THE STUDY

The following objectives have been framed to assess the working of public distribution system in India:

1. To study the administrative functional framework of public distribution system.
2. To portray the important decisions governing access to public distribution system.
3. To analyze the historical development of public distribution system in India

METHODOLOGY

The present paper is purely based on secondary data. The secondary data was collected from various research findings, periodic journals and articles related to public distribution system.

ADMINISTRATION OF PUBLIC DISTRIBUTION SYSTEM

The administration of public distribution system has been explained with the help of Table 1 and Table 2. Table 1 depicts the overall administrative functional model of PDS, showing roles, responsibilities and areas of decision making at the level of the central government, state governments, district and local agencies, exerting upon the FPS and the consumer. Table 2 portrays the critical decision variables at each of the levels at which policy and administrative decision governing access to the PDS are made.

TABLE 2: ADMINISTRATIVE FUNCTIONAL FRAMEWORK OF PUBLIC DISTRIBUTION SYSTEM

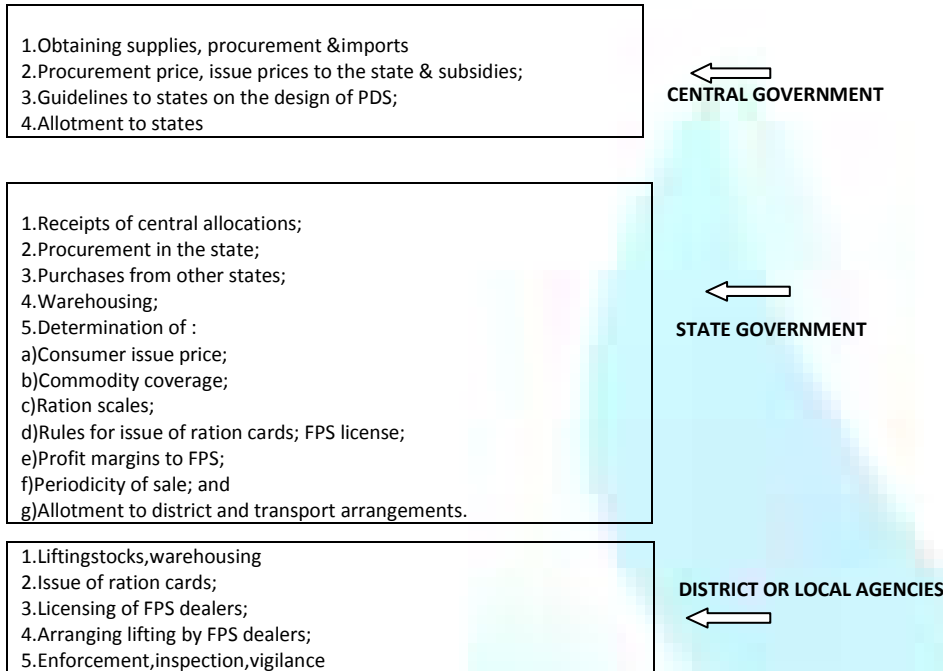
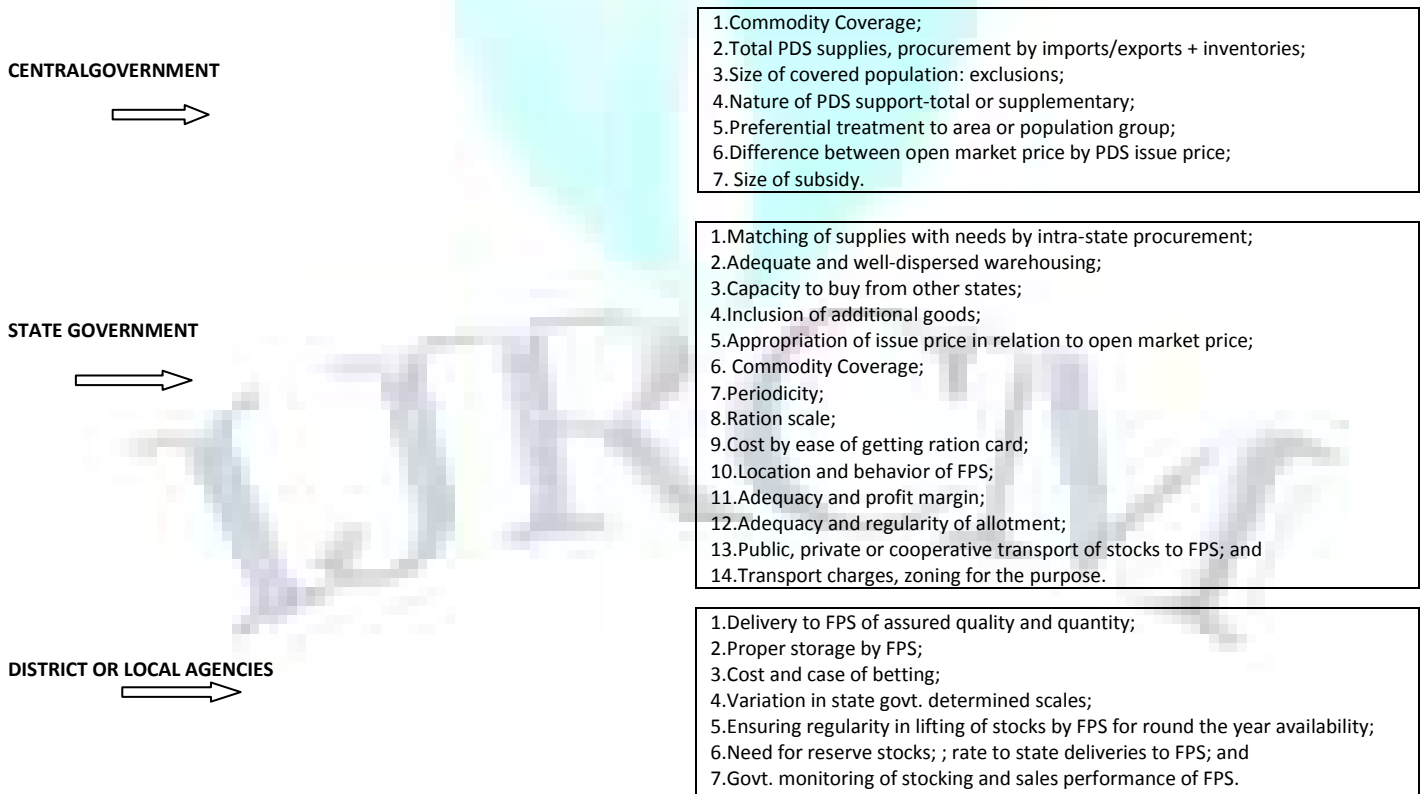


TABLE 3: IMPORTANT DECISIONS AT VARIOUS LEVELS



HISTORICAL DEVELOPMENT OF PUBLIC DISTRIBUTION IN INDIA

Public distribution system in India is more than half a century old. It first started in 1939 as a war-time rationing measure. The British government introduced it in Bombay and later extended it to six other cities and a few other regions. The drought and food shortages of the mid-sixties highlighted the need for strengthening and continuing with a system of food distribution and the PDS was made a universal scheme in the 1970s. Thus, from its inception as a rationing

scheme in big cities during World War II, the PDS was converted into a universal programme for the provision of cheap food and made a component of the strategy to alleviate poverty.

There have been four phases, broadly speaking, in the history of the PDS in India.²

The first phase was from its origins to 1960, a period when the system was expanded to other cities. During the first phase, distribution through the PDS was generally dependent on imports of food grain.

The second phase, from 1960 to 1978, was one which saw major organizational changes. Specifically, in response to the food crisis of the mid-1960s, the government of India took a holistic approach to food security, and set up the Agricultural Prices Commission and the Food Corporation of India in order to strengthen domestic procurement and storage.

The third phase, from 1978 to 1991, was marked by large-scale expansion of the PDS, supported by domestic procurement and stocks.

The fourth phase, from 1991 to the present, is one in which the policy of universal PDS has been replaced by a targeted policy in line with the objectives of economic liberalization. Thus, over the entire period, the PDS grew from a rationing scheme in selected cities to a national universal programme of food distribution and then to a policy targeted at the income-poor.

Historically, the objectives of the PDS have been¹:

- maintaining price stability,
- increasing the welfare facilities for the poor (by providing access to basic foods at reasonable prices to the vulnerable population),
- rationing during situations of scarcity, and
- keeping a check on private trade

Public Distribution System evolved as a major instrument of the government's economic policy for ensuring availability of foodgrains to the public at affordable prices as well as for enhancing the food security of the poor. In the beginning the coverage of PDS was universal with no discrimination between the poor and non-poor. All households, rural and urban, with a registered residential address were entitled to rations. The commodities are made available through a network of fair price shops. The planning commission's Report, says that, with a network of more than 400000 Fair Price Shops (FPSs) the PDS in India is the largest distribution machinery of its type in the world. PDS is said to distribute each year commodities worth Rs. 15000 crore to about 16 crore families.⁷

Over the years, the policy related to PDS has been revised to make it more efficient and targeted. 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 live. It was introduced in 1775 blocks in the country. From June 1997, in a renewed attempt, Targeted Public Distribution System (TPDS) was introduced to adopt the principle of targeting the 'poor in all areas'. It was for the first time that a two-tier subsidized pricing system was adopted, one for Above Poverty Line (APL) and other for Below Poverty Line (BPL) families. Further, in 2000, two special schemes were launched viz., *Antyodaya Anna Yojana* (AAY) and the *Annapurna Scheme* (APS) with special target groups of 'poorest of the poor' and 'indigent senior citizens', respectively. The functioning of these two schemes was linked with the existing network of the PDS. Some important features of PDS are summarized in Table 4.

TABLE 4: SOME IMPORTANT FEATURES OF PDS⁵

Name of scheme	Year of introduction	Coverage target group	Latest volume	Issue price (Rs per kg)
PDS	Upto 1992	Universal	-	W -2.34* R-2.89**
RPDS	1992	Backward Blocks	20 kg of foodgrain	W-2.80 R-3.77
TPDS	1997	Poor & non-poor	35 kg of foodgrain	BPL-W-2.50 R-3.50 APL-W-4.50 R-7.00
AAY	2000	Poorest of the poor	35 kg of foodgrain	W-2.00 R-3.00
APS	2000	Indigent senior citizen	10 kg of foodgrain	Free

*W stands for Wheat.

**R stands for Rice.

PLANNING AND PUBLIC DISTRIBUTION SYSTEM

The evolution of public distribution system in the country also correspond with the planning for public distribution system and the changes in the perspective of plans with every lap of Five Year Planning system in the country. From the beginning of First Five-Year Plan (1951-56), the need for PDS on a regular basis, for the country to provide help to the poor and to some extent for generating down ward pressure on prices has been emphasized. In the Fourth Five-Year plan (1969-74) the initial emphasis on buffer stock maintenance and price stabilisation was shifted to increased PDS supplies.

By Fifth Five-Year plan (1974-79) a major role for PDS was envisaged in ensuring supplies of essential goods of mass consumption to people at reasonable price particularly to the weaker sections of the society. During the Sixth Five Year Plan (1980-85), PDS was expected to develop such that it remains hereafter a stable and permanent feature of the strategy to control prices, reduce fluctuations and achieve equitable distribution of essential consumer goods.

The Seventh Plan (1985-90) assigned to it a crucial role by bringing the entire population under public distribution system and became a permanent feature in the country's economy. By the Seventh Plan, PDS in India had close links with food security for the vulnerable sections of the population, policy implications regarding budgetary support for food subsidy, and a food price policy.¹⁰

During the Eighth Five Year Plan (1990 -95) the supply of food grains through PDS were increased by extending the coverage to more rural areas and use of food grains for employment generation programmes,⁹ like National Rural Employment Programme (NREP) and the Rural Landless Employment Generating Programme (RLEGP). Subsequently, these programmes were modified and combined into the Jawahar Rozgar Yojana (JRY). The introduction of providing food security through generation of employment, and linking it to programmes of poverty alleviation has added yet another dimension to the policies.

The Ninth Five Year Plan (1997-2002) discussed the problem of food security at the national level as well as household level. The Ninth Five Year Plan reviewing the situation underlined the stark reality: "In spite of mounting food subsidies, evaluation studies indicate that supply of subsidised foodgrains through PDS has not resulted in improvement in household level foodsecurity. Self-sufficiency of foodgrains at national level and availability of foodgrains at affordable cost at local level have not got translated into household level food security for the poor."³

The Tenth Five Year Plan (2002-07)⁴ has drawn the attention to the changes in consumption pattern which have taken place in the Post-Green Revolution period. The Tenth Five Year Plan provided outline for restructuring of PDS in order to make it more efficient.

The broad objective of the Eleventh Five Year Plan (2007-2012)¹¹ is to achieve good health for people, especially the poor and the underprivileged. The Eleventh Five Year Plan recognised the need for overall improvement of purchasing power and several social security nets for the poor as the driving force behind ensuring food and nutrition security for the most vulnerable groups in the economy.

Thus, PDS has been an integrated part of the government's policy ever since the inception of planning in India. Over the years, Government has managed to develop one of the world's most extensive foodgrains distribution system.

TABLE 5: PRODUCTION, PROCUREMENT AND OFFTAKE OF FOOD GRAINS (IN MILLION TONNES)

	1997-98	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Food subsidy in Rs billion	79	176	240	270	290	235	242	313
Production of food grains	192.3	212.9	174.8	213.2	198.4	208.6	217.3	230.7
Procurement of food grains	23.6	42.6	40.3	34.5	41.4	42.2	34.3	37.4
Distribution through FPS	17.0	13.8	20.1	24.2	29.7	31.4	31.6	33.5
Disposal through welfare schemes	2.1	8.9	11.4	13.5	10.6	9.7	5.1	3.9
Open market sale	0.06	5.6	5.66	9.66	0.25	1.1	.01	.02
Subsidised exports	0	4.7	12.5	10.3	1.0			

Source: Based on several issues of *Monthly Food Bulletin*, New Delhi: Ministry of Food and Consumer Protection.

PROBLEMS OF PUBLIC DISTRIBUTION SYSTEM

The Government of India started Public Distribution System with a view to tackle the problem of hunger and maintain food security among people. But from the day of birth of PDS it has become a shelter of corruption. The problems which have been identified in the course of investigation are:

- 1) The very system of procurement and distribution creates distortions that skew normal supply-demand factors that should inform the market.
- 2) Since procurement is open ended, heavy accumulation of stocks is one of the consequences that increases costs sharply and puts severe pressure on the Central Government in financial terms.
- 3) Grading, weighing and bagging of procured grains is the stage where malpractices occur.
- 4) Storage facilities are not sufficient, sometimes grains are stored in the open, leading to heavy losses.
- 5) In the distribution phase, the multiple sets of issue prices, create opportunities for false entitlements and distribution, and diverting low priced grains to open market.
- 6) The distribution system of essential commodities is so meager that it hardly suffice the need of the family.
- 7) There is weak monitoring, lack of transparency and inadequate accountability of officials in implementing the scheme.

CONCLUSION

Right to Food is a human right and denial of such means unfreedom. So this human right needs to be protected at any cost. Had there been food security, some of the starvation deaths could have been avoided. PDS should therefore, be reformed and made more efficient. The need of the hour is to rectify the mismanagement of PDS so that intended benefits reach the poor and the PDS can serve the purpose of food security by alleviating poverty.

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