

Public Distribution System (PDS): Challenges and Reforms

We all need foodgrains for consumption. From where do you purchase foodgrains? Is there any government mechanism apart from private shops for the delivery of food grains? In this post, let us cover the Public Distribution System (PDS) in India.

The Public Distribution System (PDS)



The Public Distribution System (PDS) evolved as a system for distribution of foodgrains at affordable prices and management of emergency situations. Over the years, the term PDS has become synonymous with the term 'food security' and also an important part of Government's policy for management of food economy in the country.

Info bit: PDS comes under Ministry of Consumer Affairs, Food, and Public Distribution.

History of PDS

- Till 1992, PDS was a general entitlement scheme for all consumers without any specific target. But in 1992, PDS became
- But in 1992, PDS became **RPDS (Revamped PDS)** focussing the poor families, especially in the far-flung, hilly, remote and inaccessible areas. In 1997 RPDS became
- In 1997 RPDS became **TPDS (Targeted PDS)** which established **Fair Price Shops** for the distribution of food grains at subsidized rates.

Growing significance of TPDS

In **People's Union for Civil Liberties v. Union of India** case, Supreme Court contended that the "right to food" is essential to the right to life as provided in Article 21 of the Constitution. In line with this Parliament passed the **National Food Security Act (NFSA)** in

2013. The NFSA seeks to make the right to food a legal entitlement by providing subsidized food grains to almost two-thirds of the population. It relies on the existing Targeted Public Distribution System (TPDS) mechanism to deliver these entitlements

Why is PDS important?

1. Food grains to the poor, at prices lower than the price of food grains at private shops.
2. Food grains are directly purchased from farmers, assuring farmers with a greater price.

How does TPDS function?

The steps involved are (1) Procurement of foodgrains (2) Storage of food grains (3) Allocation for families (4) Transportation of food grains.

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Procurement of foodgrains:

- The center is responsible for procuring the food grains from farmers at a **Minimum Support Price(MSP)**.
- The MSP is the price at which the FCI purchases the crop directly from farmers; generally, the MSP is higher than the market price.
- This is intended to provide price support to farmers and incentivize the production.
- Who sets MSP: **Commission for Agricultural Costs and Prices (CACP)**.
- **Procurement:** Two types of procurement, Centralised Procurement, and decentralized procurement.
- Centralized procurement is carried out by the FCI(Food corporation of India) where FCI buys crops directly from farmers.
- Decentralized procurement is a central scheme under which 10 states/Union Territories procure food grains for the central pool at MSP on behalf of FCI.
- **Why decentralized procurement?** The purpose is to encourage local procurement of food grains and minimize expenditure incurred when transporting grains from surplus to deficit states over long distances.

Issues with procurement:

- Open-ended Procurement: All incoming grains accepted even if buffer stock is filled creating a shortage in the open market. The recent implementation of Nation food security act would only increase the quantum of procurement resulting in higher prices for grains.
- The gap between required and existing storage capacity.

Storage of food grains

According to the storage guidelines of the FCI, food grains are normally stored in covered godowns and silos. In case if FCI has insufficient storage space, it hires space from various agencies such as the central and state warehousing corporations (CWC, SWC), state

government agencies and private parties.

Issues with storage:

- Inadequate storage capacity with FCI.
- Food grains rotting or damaging on the CAP or Cover & Plinth storage.

Allocation of foodgrains



Public Distribution System

- The central government allocates food grains from the central pool to the state governments at uniform **Central Issue Price** (CIP) for the distribution through
- PDS. **Identification of poor people**- The onus is on the state Government to identify the eligible households in each state. Apart from that allocation of food grains within State, issue of Ration Cards and supervision of the functioning of Fair Price Shops (FPSs) etc. rest with the State Governments.
- Allocation for BPL and AAY(**Antyodaya Anna Yojana –poorest among the BPL families**) families is done on the basis of the number of identified households.

Also read: The Big Bang Theory

However, allocation for APL families is made on the basis of

- The availability of food grains stocks in the central pool
- The past lifting of food grains by a state from the central pool.

Issues with allocation of food grains

- Inaccurate identification of beneficiaries.
- Illicit Fair Price shops: The shop owners have created a large number of bogus cards or ghost cards(cards for nonexistent people) to sell food grains in the open market.

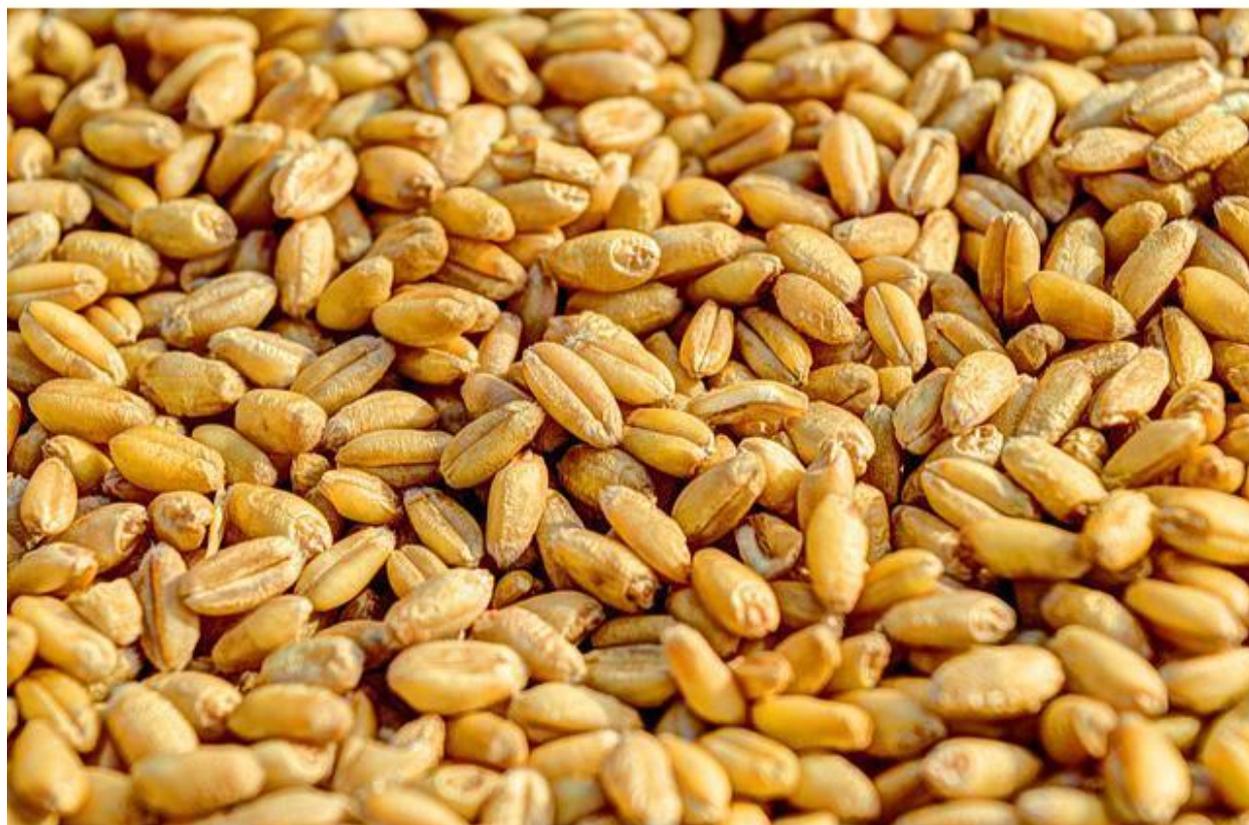
Transportation of food grains to FPSs

The responsibility of distributing food grains is shared between the center and states. The center, specifically FCI, is responsible for the interstate transport of food grains from procuring to consuming states, as well as delivering grains to the state godowns. Once FCI transports grains to the state depots, distribution of food grains to end consumers is the responsibility of state governments

Issues with Transportation:

- Leakage and diversion of food grains during transportation.

PDS reforms



The need of the hour is PDS reforms to ensure that public distribution functions the way it is intended. Technology based reforms are suggested.

Technology Based reforms: End to end computerization would bring in transparency in the whole process. It would help to prevent leakage and diversion of food grains to a great extent.

The different types reforms undertaken by different states are:

- **Adhaar Linked and digitized ration cards:** This allows online entry and verification of beneficiary data. It also enables online tracking of monthly entitlements and off-take of foodgrains by beneficiaries.
- **Computerized Fair Price Shops:** FPS automated by installing 'Point of Sale' device to swap the ration card. It authenticates the beneficiaries and records the quantity of subsidized grains given to a family.
- **DBT:** Under the Direct Benefit Transfer scheme, cash is transferred to the beneficiaries' account in lieu of foodgrains subsidy component. They will be free to buy food grains from anywhere in the market. For taking up this model, pre-requisites for the States/UTs would be to complete digitization of beneficiary data and seed Aadhaar and bank account details of beneficiaries. It is estimated that cash transfers alone could save the exchequer Rs.30,000 crore every year.
- **Use of GPS technology:** Use of Global Positioning System (GPS) technology to track the movement of trucks carrying foodgrains from state depots to FPS which can

help to prevent diversion.

- **SMS-based monitoring:** Allows monitoring by citizens so they can register their mobile numbers and send/receive SMS alerts during dispatch and arrival of TPDS commodities
- **Use of web-based citizens portal:** Public Grievance Redressal Machineries, such as a toll-free number for call centers to register complaints or suggestions.

Also read: Agricultural Marketing Reforms: Model APMC Act and NAM

Summary

The government has achieved significant milestones in the PDS reforms. As part of the implementation of NFSA, almost all states have undertaken PDS reforms. Over 42 % cards are linked with Point of sale devices which have been installed in over 77000 ration shops. 100% digitization of cards are not too far.

In the nutshell, the much-needed PDS reforms are moving in the right direction and one can hope that the inefficiency in the system would be removed to ensure the food security millions of people in our country.

