

Role and Effectiveness of Public Distribution System in Assuring Food Security in India: An Appraisal

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Abstract:

Despite huge stocks of food grains and age old system of public distribution, hunger and malnutrition still persist in various parts of India. The difference across states has also complicated matters further to the detriment of the poor. At this very outset, India is facing the problem of food insecurity for quite some long period of time. Food security is one of the basic criteria for the formation and improvement of human capital and also productivity of human being. In precise term, food security is supposed to exist when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. The most important medium through which government ensures food security at micro level is the Public Distribution System (PDS). But, in India, the working of public distribution system and other government policies have not been successful in achieving food security at the desired level. In this backdrop, this paper tries to analyse the food security condition of the country during the last few decades and the working of PDS with some macro measures. More specifically, this paper tries to identify food insecure population of the country, analyse the availability, storage, procurement of food grain, assess the effectiveness of PDS, identify the discrepancies in the system, find ways to remove the anomalies and to make the delivery mechanism more effective.

Key words: Food, security, PDS, India.

1. Introduction:

Food security is a subject which closely touches upon the well being of the majority of our people. The problems which our country is facing today on food front are immense. Sound evidence in dealing with the problems is not lacking. Here, we have assembled together a great deal of ideas which could provide direction as to how the nation should proceed. Hunger is on the rise. The facts about hunger are shocking when we pay attention to the fact that one in seven people in this world do not get enough food to stay healthy every day. An estimated 923 million people in the world go hungry every day. The FAO (Food and Agriculture Organization of the United Nations) estimates that 1.02 billion people are suffering from chronic hunger in the world, mostly in Africa and south Asia, meaning that almost one sixth of humanity is suffering from hunger. Despite the good economic performance, with over 200 million people who are food insecure, India is home to the largest number of hungry people in the world. International Food Policy Research Institute sheds renewed light on the acute Indian hunger situation. The Global Hunger Index 2009 ranks India at the bottom with 65th position (out of 84 countries) with a GHI of 23.90, which the index characterizes as "alarming" food security situation. The time has come to demonstrate that together we can act against the root causes of food insecurity and make a difference to the lives of the hungry people of the world. This news letter highlights some of the contemporary perspectives on food insecurity in India and attempts to in cite the readers to respond to the compounding crises. We together need to serve as a catalyst for an action to ensure "food security for all people, at all times, to have physical and economic access to

sufficient, safe and nutritious food to meet their dietary needs and preferences for an active and healthy life.”

Therefore, a large section of population in developing countries like India largely in backward states has limited access to food in terms of their entitlement or supply of food grains in the food deficit areas. It thus requires a strong public policy to arrange for procurement and proper distribution of essential items to meet the necessities of general public at their affordable price and fulfill their nutritional requirements. The Public distribution system (PDS) in India has been maintained to reach the essential commodities mainly the food items to all sections of population especially the poorest of the poor to give them, security of food grains and also to fulfill their basic minimum needs at some reasonable cost. The primary objective is to provide partial support to the daily basic requirements of the people at some reasonable rate. But the galloping change in agrarian scenario in India over past few decades and time to time changes in policies regarding prices and allocation of items may raise question: whether PDS should be the maintained properly or extended further to bring more equitable distribution or abolished and market be given a free hand to decide on the demand-supply mechanism.

What is food security?

Food security means availability, accessibility and affordability of food to all people at all times. The poor households are more vulnerable to food insecurity whenever there is a problem of production or distribution of food crops. Food security depends on the Public Distribution System (PDS) and government vigilance and action at times, when this security is threatened.

Food is something that gives you the energy to function and keeps you alive.. But food security means something more than getting two square meals. . In this context it is useful to start by looking at the definition of food security given by the Rome Declaration on World Food Security at the World Food Summit, held in 1996. As per the Declaration “*food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.*”

Food security has following dimensions:

- (a) *availability of food* means food production within the country, food imports and the previous years stock stored in government granaries.
- (b) *accessibility* means food is within reach of every person.
- (c) *affordability* implies that an individual has enough money to buy sufficient, safe and nutritious food to meet one's dietary needs.

Thus, food security is ensured in a country only if (1) enough food is available for all the persons (2) all persons have the capacity to buy food of acceptable quality and (3) there is no barrier on access to food.

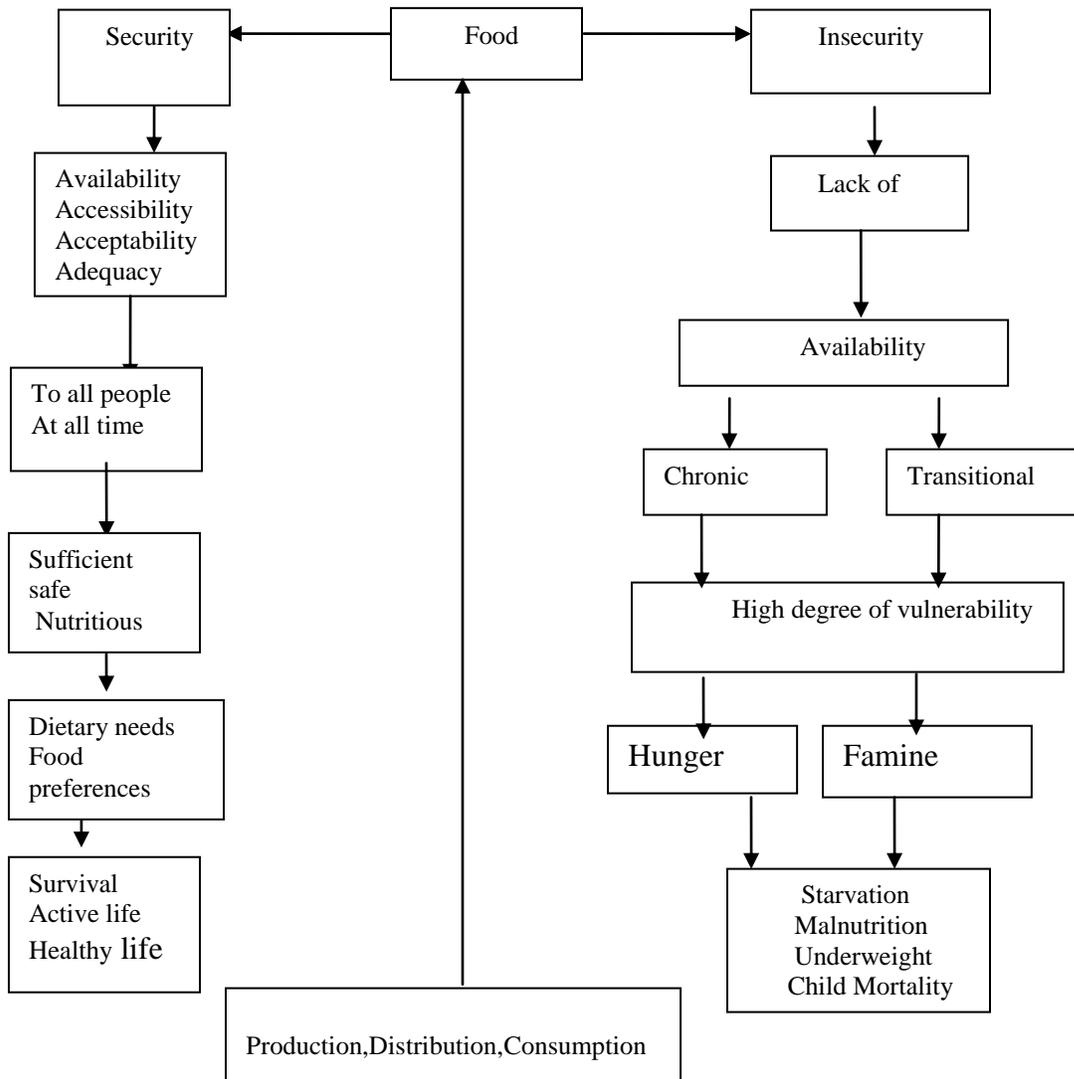
Who are food-insecure?

Although a large section of people suffer from food and nutrition insecurity in India, the worst affected groups are landless people with little or no land to depend upon, traditional artisans, providers of traditional services, petty self-employed workers and destitutes including beggars. In the urban areas, the food insecure families are those whose working members are generally employed in ill-paid occupations and casual labour market. These workers are largely engaged in seasonal activities and are paid very low wages that just ensure bare survival.

This article is divided into the following subsections: section 2 depicts methodology, results and analysis are contained in section 3, and section 4 presents some suggestions for restructuring PDS and ultimately section 5 presents concluding remarks.

Figure:1

Understanding the concept of Food Security



2. Methodology:

This article is an exploratory research article based on data and statistical records published by Government houses, statistical institutes. This paper tries to analyse the food security condition of India during the last few decades and the working of Public Distribution System (PDS) with some macro measures. More specifically, this paper tries to identify food insecure population of the country, analyse the availability, storage, procurement of food grain, assess the effectiveness of PDS, identify the

discrepancies in the system, find ways to remove the anomalies and to make the delivery mechanism more effective.

3. Result and Analysis:

3.1. The Public Distribution System in India:

The public distribution system or PDS is a rationing instrument that enables households to have specified quantities of selected commodities at subsidized prices. Public distribution was 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 (Swaminathan, 2000).

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 been (Bapna, 1990):

- 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.

It is clear that some of these objectives are less important today than in the past. While rationing is not very relevant today, the first two objectives remain very important. In fact, maintaining price stability is crucial in the post-liberalization period when private traders have been given a freer hand and when international price fluctuations can more easily affect domestic prices. In the context of widespread malnutrition and inflation in food prices, access to basic foods at reasonable prices remains an important policy intervention.

Public Distribution System (PDS) is the most important step taken by the Government of India (GoI) towards ensuring food security. In the beginning the coverage of PDS was universal with no discrimination between the poor and non-poor. In most parts of the country, up to 1997, the PDS was universal and all households, rural and urban, with a registered residential address were entitled to rations. Eligible households were given a ration card that entitled them to buy fixed rations of selected commodities. The exact entitlement (quantity, range of commodities and prices) varies across States. The commodities are

made available through a network of fair-price shops. In 2006, there were a total of 0.48 million fair-price shops in the country. Private agents and co-operatives ran these shops and a few were state-owned. There were a total of 222.2 million families with ration cards in the country and, on average, one fair price shop served 454 ration cards.

Over the years, the policy related to PDS has been revised to make it more efficient and targeted. In 1992, Revamped Public Distribution System (RPDS) was introduced in 1,700 blocks in the country. The target was to provide the benefits of PDS to remote and backward areas. 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 differential price policy was adopted for poor and non-poor. 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 1.

[Insert Table-1 here]

The PDS has proved to be the most effective instrument of government policy over the years in stabilising prices and making food available to consumers at affordable prices. It has been instrumental in averting widespread hunger and famine by supplying food from surplus regions of the country to the deficit ones. In addition, the prices have been under revision in favour of poor households in general. The system, including the minimum support price and procurement has contributed to an increase in food grain production and provided income security to farmers in certain regions.

Today, the country is facing a paradoxical situation. The stock of food grains available with the government agencies as on 1-7-2001 was 61.96 million tonnes, which constituted of 22.75 million tonnes of rice and 38.92 million tonnes of wheat. This level of stock was well above the buffer stock norms prescribed by the government. Thus, the problem today on the food front is not one of scarcity but that of managing the surplus. While the FCI godowns are overflowing with grain, there are regions in the country affected by drought and floods yearning for larger supplies of food grains. It is now recognized that availability of food grains is not a sufficient condition to ensure food security to the poor. According to Sen (1981), the poor are vulnerable, because they do not have adequate means or entitlements to secure their access to food, even when food is available in local or regional markets. In addition to availability of food grains it is also necessary that the poor have sufficient means to purchase food. The capacity of the poor to purchase food can be ensured in two ways. You can either raise the level of incomes of the poor or you can supply food grains to the poor at subsidized prices. Employment generation programmes for the poor tries to ensure that the poor have sufficient purchasing power. The Public Distribution System (PDS) tries to supply food grains to the poor at subsidized prices. With a network of more than 4.62 lakh Fair Price Shops (FPS) distributing annually commodities worth more than Rs 30,000 crore, to about 16 crore families, the PDS in India is perhaps the largest distribution network of its type in the world. This huge network can play a more meaningful role only if the system translates the macro level self-sufficiency in food grains achieved by the country into micro level, i.e. by ensuring availability of food for the poor households.

However, the PDS as it stood earlier, was widely criticized for its failure to serve the population below the poverty line, its urban bias, negligible coverage in the states with the highest concentration of the rural poor and lack of transparent and accountable arrangements for delivery. Realizing this, the government streamlined the PDS, by issuing special cards to families Below Poverty Line (BPL) and selling food grains under PDS to them at specially subsidized prices with effect from June, 1997.

3.2. Targeted PDS: Issues Involved in Implementation of TPDS:

In order to curtail the food subsidy, the Government of India introduced the Targeted PDS (TPDS) in 1997, with the advice given in an influential World Bank document (World Bank, 1996) (GOI, 1997). The policy

initiated targeting of households on the basis of an income criterion, that is, used the income poverty line to demarcate 'poor' and 'non-poor' households.

Under the Targeted Public Distribution System (TPDS) as initiated in June 1997, each poor family was entitled to 10 kgs of food grains per month at specially subsidized prices. This was expected to benefit about 6 crore poor families. The state-wise poverty estimates of the Planning Commission based on the methodology of the 'Expert Group' on estimation of proportion and number of poor chaired by late Prof. Lakdawala defined the number of poor in each state. The identification of the poor is done by the states. The Committee did not give identification guidelines. The thrust is to include only the really poor and vulnerable sections of the society such as landless agricultural labourers, marginal farmers, rural artisans/craftsmen such as potters, tappers, weavers, blacksmiths, carpenters etc, in the rural areas and slum dwellers and persons earning their livelihood on a daily basis in the informal sector like porters, rickshaw pullers and hand cart pullers, fruit and flower sellers on the pavements etc. in urban areas. Keeping in view the consensus on increasing the allocation of food grains to BPL category and to better target the food subsidy, Government of India increased the allocation to BPL families from 10 kgs. to 20 kgs. Of food grains per family per month at 50% of economic cost from April 1, 2000. The allocation for APL was retained at the same level as at the time of introduction of TPDS but the Central Issue Prices for APL was fixed at 100% of economic cost from that date so that entire consumer subsidy could be directed for the benefit of BPL population.

The Targeted PDS differs from earlier variants of the PDS in certain key respects.

- Targeting:- The most typical feature of the TPDS in relation to previous policy in India is the introduction of targeting, specifically, the division of the entire population into below-poverty-line (BPL) and above-poverty-line (APL) categories, based on the poverty line defined by the Planning Commission. The two groups are treated differently in terms of quantities and prices. With this, the Government of India initiated a policy of narrow targeting to households with incomes below the official poverty line.
- Dual (multiple) prices:- The second unique feature is that the PDS now has dual central issue prices: prices for BPL consumers and prices for APL consumers. A third price, introduced in 2001, is for beneficiaries of the Antyodaya Scheme (a scheme for the 'poorest of the poor', in which food grain is distributed with an additional subsidy). In March 2000, a major policy change occurred when it was announced in the budget that central issue prices -- that is, prices at which the Food Corporation of India (FCI) sells grain for the PDS to State governments -- will be set at half the 'economic cost' incurred by the FCI for BPL households and at the full 'economic cost' for APL households.³ In short, there was to be no subsidy for APL households.
- Centre-state control: - A third significant feature of the Targeted PDS is that it has changed centre-state responsibilities with respect to entitlements and allocations to the PDS. PDS is designed and managed by State governments, and state governments differ with respect to entitlements, the commodities offered, the retail price (state issue price) and so on. In the past, the State governments demanded a certain allocation from the central pool, and based on certain factors, most importantly, past utilization and the requirements of statutory rationing, the central government allocated grain and other commodities to States for their public distribution systems. With the TPDS, the size of the BPL population and the entitlements for the BPL population are decided by the central government. And the allocations for APL populations or additional allocations for BPL and APL populations are decided somewhat arbitrarily based on past utilization and demands from States.

3.2.1.Targeted PDS and its impact:

Assessment :

Targeted PDS has not been effective in ensuring food security to the needy. According to a Performance Evaluation by the Planning commission (PEO 2005), 'the transition from universal PDS to TPDS has neither benefited the poor, nor helped reduce budgetary food subsidies.'

There are many problems with the Targeted PDS; the most relevant among them are the following. First, targeting has led to the large-scale exclusion of genuinely needy persons from the PDS. Secondly, targeting

has affected the functioning and economic viability of the PDS network adversely and led to a collapse of the delivery system. Thirdly, TPDS has failed to achieve the objective of price stabilization through transfer of cereals from surplus to deficit regions of the country. Lastly, there are reports of large-scale leakages from the PDS, that is, of grain being diverted and not reaching the final consumer.

Exclusion and targeting errors:

The argument put forth by the advocates of Targeted PDS is that the scheme will be able to reach the poor or needy more effectively than the Universal PDS. There are two types of errors that occur in any targeted welfare programme due to imperfect measurement. Errors of wrong exclusion (Type I errors) refer to the exclusion of genuinely poor or deserving households from a programme. Errors of wrong inclusion (Type II errors) refer to the inclusion of non-eligible persons or households in a programme. Any discussion of the merits or demerits of targeting has to recognize that there is a trade-off between the two types of errors. Universal programmes are likely to have low errors of exclusion but high errors of inclusion. On the other hand, a programme targeted to a specific group is likely to have a low error of wrong inclusion, but may lead to a high error of exclusion.

[Insert Table-2 here]

The first stage of exclusion is of households that do not possess a ration card. Table 2 classifies all households into four types depending on the type of ration card held: Antyodaya card, BPL card, 'other card' (mainly APL) and no card. Excluding the States of the North East, the proportion of households with 'no card' was highest in Orissa -- where 33 per cent of rural households did not possess any type of ration card. Thus, in a State characterized as 'severely food insecure' (MSSRF 2001), one-third of rural households were outside the purview of the PDS. In another 10 States, more than 20 per cent of rural households did not possess a ration card. Tamil Nadu is a special case as it is the only State with universal PDS and I shall discuss it separately.

[Insert Table-3 here]

In Table 3, we have clubbed together households with no ration card and 'other' or APL card as the population effectively excluded from the PDS. In the overwhelming majority of States, 60 per cent or more of the population was effectively excluded from the PDS. This includes the BIMARU States, the relatively backward States of Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh. It also includes States like Kerala which was a model for the rest of the country before the Targeted PDS was introduced. The exceptions were Andhra Pradesh and Karnataka – the only two States in which a simple majority of rural households possessed BPL or Antyodaya cards.

It is important to understand the implication of this large-scale exclusion of households from the PDS. The Report based on National Sample Survey (NSS) data provides us with information on possession of card by occupational type of household, social group, land ownership and expenditure level. From these data it is possible to identify the characteristics of households that are excluded from the PDS.

These data from the NSS 61st round make it quite clear that a large proportion of agricultural labour and other labour households, of households belonging to the Scheduled castes and tribes, of households with little or no land and households in the lowest expenditure classes, are excluded from the PDS today. The exceptions are first, Tamil Nadu, which is the only State to have a universal system of PDS, and secondly, the two southern States of Andhra Pradesh and Karnataka, where coverage of households under the BPL and Antyodaya categories is high.

Quantity :

Regarding quantities purchased from the PDS, it is quite difficult to compare purchases by BPL card households with those by APL card households since the latter are unlikely to be regular users of the PDS at current prices. Therefore, focus has been made on BPL and Antyodaya card households to assess the extent to which PDS contributed to household consumption, using the data from the NSS 61st Round.

Though there is worsening condition in the system of rationing, the monthly consumption of grain (rice and wheat) purchased from the PDS was greater than consumption from other sources for BPL and Antyodaya card households in 7 States – Himachal Pradesh, Jammu & Kashmir, Karnataka, Maharashtra, Sikkim, Tamil Nadu and Tripura. ([Insert Table-4 here])

Grain purchased from the PDS contributed 20 kg or more to household consumption each month in Himachal Pradesh, Arunachal Pradesh, Jammu & Kashmir, Karnataka, Mizoram, Sikkim, Tamil Nadu, Tripura and Uttar Pradesh. Further, the PDS contributed 15 kg or more of grain to a household each month in a total of 17 States. In short, BPL and Antyodaya households purchase significant quantities of food grain from the PDS. The extensive mis-classification of needy households as APL households is undoubtedly contributing to the nutritional insecurity of our population.

Viability of fair price shops :

The economic viability of fair price shops has been badly affected by the exclusion of APL population from the PDS. The virtual exclusion of the APL population has led to a big decline in off take. For example, total grain (rice and wheat) distributed through the PDS fell from 20.8 million tonnes in 1991 to 11.3 million tonnes in 2001 (Economic Survey, different years). With fewer ration cards to serve, lower turnover and upper bounds on the margins that can be charged to BPL consumers, the net profits of fair price shop owners and dealers are lower under the TPDS than before. Since there are economies of scale here, for instance, with respect to transport, the distribution of smaller quantities is likely to make many shops unviable. When fair price shops are economically viable, there are fewer incentives to cheat.

Regional distribution of food grain :

With a view to ensuring price stabilization in the country by transferring grain from cereals-surplus to cereals-deficit regions, PDS Had started its journey but unfortunately Targeted PDS has not been able to served this objective because under TPDS, the demand for cereals is no longer determined by State governments (based on their requirements, and in practical terms on past utilization) but on allocations decided by the central government (based on poverty estimates prepared by the Planning Commission). The new system of allocation, as pointed out by the High Level Committee on Long Term Grain Policy (GOI, 2002), has led to imbalances between actual allocations and ‘allocations necessary to meet the difference between cereals production and requirement’.

In a universal PDS, automatic stabilization of prices is ensured, as the demand for grain from fair price shops increases at times when the gap between the PDS price and the market price rises. In the new system, however, with APL priced out of the PDS and BPL quotas low and fixed, the role of the PDS as an automatic stabilizer has been weakened.

Leakages :

Leakage is one of the crucial problems in PDS system in India which has weakened the current system of delivery at different stages. As the PEO (2005) points out, ‘the share of leakages in off take from the central pool is abnormally high, except in the states of West Bengal and Tamil Nadu’. The study goes on to identify factors associated with relatively low leakages at the fair price shop (FPS) level and concludes that ‘general awareness of the beneficiaries, high literacy and strong grassroots-level organizations (particularly *Panchayat Raj* Institutions) have helped states like West Bengal and Himachal Pradesh in reducing FPS level leakage, which in the case of Tamil Nadu, it is the elimination of private retail outlets’. Leakages cannot be lowered by further narrowing targeting. Reducing leakages requires political commitment and participation of the people in the delivery process.

4. Suggestions for restructuring PDS:

To make the implementation of TPDS more effective, it is desirable that the following points may be taken into consideration:

1) Items other than rice and wheat need to be excluded from the purview of TPDS. The main objective of providing food subsidy to the poor is to ensure food security. Rice and wheat are the two commodities, which are eagerly sought after as basic necessities by

the poor in India. Provision of food subsidies should be restricted to these two commodities.

2) Items such as sugar should be kept outside the purview of PDS. Sugar should be decontrolled and the system of levy on sugar should be discontinued.

3) It is argued that if production of coarse cereals, is encouraged in dryland areas environment damage like degradation of soil can be checked to some extent. However, there is difficulty in supplying coarse cereals through PDS and bringing them under the cover of food subsidy. The average shelf-life of coarse grains is limited making them unsuitable for long term storage and distribution under PDS. Inclusion of coarse cereals under PDS cannot be taken up as a national level program since there is no standard variety of coarse grain. But initiatives from the side of state governments are possible catering to the needs of specific localities.

4) Kerosene oil is also a commodity supplied through PDS and intended for the poor. But this is an item where there occurs large scale illicit diversion where the benefits meant for the poor are cornered by miscreants and subsidized kerosene is used for adulteration with diesel. Subsidy on kerosene while it benefits the poor to a certain extent is very often cornered by the rich and subsidized kerosene ultimately ends up being used for commercial purposes. A study carried out by Indira Gandhi Institute for Development Research, Mumbai shows that there is huge leakage of kerosene meant for PDS in the four states covered by the study. It is irrational, therefore to continue to subsidise kerosene at rates that are so high and continue its distribution through the PDS. Subsidy on kerosene should be gradually phased out by raising its supply price under PDS while at the same time eliminating all domestic central (e.g. cenvat) and state (e.g. sales) taxes on kerosene so as to encourage private supply of kerosene through normal distribution channels. Alternately, if kerosene is to be retained under PDS the extent of subsidy given should be reduced below 30% so that there is less incentive for diversion and for adulteration with diesel.

5) All further attempts to include more and more commodities under the coverage of food subsidy should be resisted.

6) At the same time, the FPS(fair price shop) should be permitted to sell all commodities (other than rice and wheat) at full market prices through PDS outlets so as to ensure their economic viability.

7) The coverage of TPDS and food subsidy should be restricted to the population below the poverty line. For the people above the poverty line who have the purchasing power to buy food the requirement is only to ensure availability of food grains at a stable price in the market. There is no need to extend the coverage of food subsidy to this population. Stability in food grain prices should be ensured through the maintenance of a buffer stock and open market operations of the FCI. However, during the present period when there exist huge surplus stocks of food grains with FCI it may be necessary to continue below "economic cost" supplies of cereals under PDS to the APL population as a temporary measure.

8) With the liberalization of external sector, the operation of the buffer stock can be supplemented by timely exports and imports and effectively this will mean that the buffer stock required will be smaller in size.

9) Ration cards should not be used by the administration as an identification card for various purposes. The role should be assigned to multi-purpose identity cards in the future. Many people get ration cards issued only to establish their identity before the administration.

10) There are several plan schemes in operation, which are in the nature of welfare or income transfer schemes where distribution of food grains is involved. Such schemes, all serving the same purpose, could be merged and some sort of convergence among them could be evolved.

11). Community grain banks can be set up in such areas wherefrom the needy can borrow grain in times of need and repay the grain after the emergency is over. Natural disasters such as earthquakes also create

conditions in which emergency assistance must be provided by the government and the administration has to be alert to such spurts in hunger. Finally a minimal amount of social security must be provided to those who are old, sick or disabled and cannot partake of work even if it is available. Special schemes must ensure that they do not go hungry

5. Conclusions:

The above discussion shows that policy making and implementation have failed miserably in respect of tackling the crisis of mass under-nutrition. A consistent set of policies in the mid-1960s regarding production, storage and distribution had been introduced to address the problem of food insecurity. These policies had some success, especially in respect of accelerating the production of food grain and in respect of ensuring a period of low and stable prices for cereals. But with the introduction of economic liberalization in 1991, policies to address food security have been weakened, and have had a very damaging impact on consumption and nutrition. At present, the situation is even more serious with the galloping high rate of inflation .

The period of economic liberalization has seen a relentless setback to some of our major programmes of food security. Three key objectives of economic reforms – and these are stated explicitly in many policy documents, including the annual Economic Surveys -- have been to reduce food subsidies, to leave distribution to the market and to undermine food policy intervention and subsidies to the ‘poorest of the poor’. As a matter of fact, the absolute and relative size of the food subsidy has reduced gradually. Between 2002-03 and 2006-07, the food subsidy bill of the Government of India shrunk in absolute nominal and real terms. As a share of GDP, food subsidies fell from 0.99 per cent in 2002-03 to 0.6 per cent in 2006-07.

One of the key instruments of food policy in India has been the public distribution system (PDS). It has been found that the policy of narrow targeting introduced as part of liberalization has failed to address the problem of chronic hunger. Therefore, the Targeted PDS has led to the large-scale exclusion of genuinely needy persons from the PDS. It has affected the functioning and economic viability of the PDS network adversely and led to a collapse of the delivery system. It has failed to achieve the objective of price stabilization through the transfer of cereals from surplus to deficit regions of the country.

It is believed to be true that given the balance between grain supply and demand, the persistence of regions of surplus and deficit grain production in the country, the underdeveloped nature of food grain markets in parts of the country, and under nutrition on a mass scale, there is still need for price stabilization nationally. The PDS plays a major role in this objective by ensuring access to certain minimum quantities of grain throughout the country and in all seasons at uniform prices. This goal is best achieved by reverting to a system of allocations of grain at uniform issue prices with universal coverage. At the same time, recognizing differences in needs and problems across states, States may be given greater flexibility in designing their food security systems, including in the use of the grain allocated for the PDS. Enlighten politics is necessary to improve the delivery systems of the government. Transparency and accountability in the functioning of the states should be followed by social audit.

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Statistical Tables:

Table:1: Some important features of PDS

Name of scheme	Year of introduction	Coverage target group	Latest volume	Issue price(Rs per k.g)
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
AA Y	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

Source: Economic Survey

*W stands for Wheat.

**R stands for Rice.

Table 2. Distribution of households by type of ration card possessed, all States, rural areas (per cent of households), 2004-2005

State	Antyodaya	BPL	Other	No ration card	All
Andhra Pradesh	2.8	53.7	16.0	27.5	100
Arunachal Pradesh	0.7	16.1	59.8	23.4	100

Assam	0.6	11.8	63.1	24.6	100
Bihar	2.3	15.1	60.1	22.5	100
Chhattisgarh	4.4	34.9	32.1	28.6	100
Goa	5.1	13.4	72.9	8.7	100
Gujarat	0.8	36.1	50.4	12.7	100
Haryana	2.6	16.0	68.3	13.1	100
Himachal Pradesh	6.2	10.6	76.0	7.2	100
Jammu and Kashmir	0.5	22.7	73.4	3.4	100
Jharkhand	3.0	22.8	51.1	23.1	100
Karnataka	9.6	42.1	25.7	22.6	100
Kerala	1.8	27.7	57.1	13.4	100
Madhya Pradesh	3.3	30.8	38.0	27.9	100
Maharashtra	4.4	30.5	46.3	18.9	100
Manipur	0	22.3	15.5	62.2	100
Meghalaya	2.6	23.6	51.0	22.7	100
Mizoram	1.7	36.4	60.6	1.4	100
Nagaland	0.4	6.3	3.0	90.4	100
Orissa	2.0	42.4	22.5	33.1	100
Punjab	0.1	11.9	75.7	12.2	100
Rajasthan	2.8	15.7	77.9	3.6	100
Sikkim	1.0	39.5	32.4	27.2	100
Tamil Nadu	1.5	18.9	68.9	10.8	100
Tripura	1.6	38.9	57.2	2.4	100
Uttar Pradesh	2.8	13.5	65.1	18.5	100
Uttaranchal	2.5	23.2	66.3	7.9	100
West Bengal	3.2	27.3	61.1	8.4	100
All India	2.9	26.5	51.8	18.7	100

Note: BPL refers to below-poverty-line cards and 'other' refers mainly to above-poverty-line or APL cards.
 Source: Government of India (2007).

Table 3. Extent of inclusion and exclusion in the PDS, all States, rural (per cent of households), 2004-2005

State	Included (with BPL or Antyodaya card)	Excluded (with APL or no card)	All
Andhra Pradesh	56.5	43.5	100

Arunachal Pradesh	16.8	83.2	100
Assam	12.4	87.7	100
Bihar	17.4	82.6	100
Chhattisgarh	39.3	60.7	100
Goa	18.5	81.6	100
Gujarat	36.9	63.1	100
Haryana	18.6	81.4	100
Himachal Pradesh	16.8	83.2	100
Jammu and Kashmir	23.2	76.8	100
Jharkhand	25.8	74.2	100
Karnataka	51.7	48.3	100
Kerala	29.5	70.5	100
Madhya Pradesh	34.1	65.9	100
Maharashtra	34.9	65.2	100
Manipur	22.3	77.7	100
Meghalaya	26.2	73.7	100
Mizoram	38.1	61.9	100
Nagaland	6.7	93.3	100
Orissa	44.4	55.6	100
Punjab	12.1	87.9	100
Rajasthan	18.5	81.5	100
Sikkim	40.5	59.5	100
Tripura	40.5	59.6	100
Uttar Pradesh	16.3	83.7	100
Uttaranchal	25.7	74.3	100
West Bengal	30.5	69.5	100
All India	29.5	70.5	100

Source: Computed from Government of India (2007).

Table 4. Monthly average consumption of rice and wheat from PDS and other sources, BPL and Antyodaya card households, all States, rural, 2004-2005 (in kg)

State	PDS	Other sources
Andhra Pradesh	15.7	31.2
Arunachal Pradesh	20.7	39.4
Assam	15.8	46.8
Bihar	2.2	60.8
Chhattisgarh	15.6	50.7
Goa	13.7	24.5
Gujarat	9.3	15.5
Haryana	6.3	45.3
Himachal Pradesh	29.7	20.3
Jammu and Kashmir	35.8	29.8
Jharkhand	4.8	56.9
Karnataka	21.4	7.1
Kerala	16.7	22.8
Madhya Pradesh	16.5	35.6
Maharashtra	16.3	13.5
Manipur	0.12	81.2
Meghalaya	19.9	31.5
Mizoram	26.7	42.1
Nagaland	0	74.9
Orissa	8.7	55.6
Punjab	0.7	46.9
Rajasthan	17.5	22.3
Sikkim	31.6	21.3
Tamil Nadu	20.1	18.6
Tripura	27.8	23.6
Uttar Pradesh	10.3	59.9
Uttaranchal	22.6	31.5
West Bengal	5.2	56.8
All India	13.5	35.4

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