

Public Distribution System

[UPSC Notes]

What is Public Distribution System (PDS)?

The Public Distribution System was formed as part of India's food security system. It has evolved as a system of managing food scarcity by distributing food grains at affordable prices.

- PDS developed as an approach for managing food shortage by supplying food grains at affordable rates.
- The Central government of India and the state Governments co-operatively undertake the PDS.
- The FCI procures, stores, transports, and distributes food grains to the state governments.
- Operational tasks are performed by the State Governments, such as allocating resources within a State, determining which households qualify, issuing ration cards, and monitoring Fair Price Shops (FPS).
- State/UTs have now been assigned to distribute wheat, rice, Sugar, and kerosene under the PDS.

PDS Evolution in India

PDS was first adopted during World War II as a rationing strategy. Before the 1960s, food grain imports were typically necessary for distribution via PDS.

- The government of India formed the FCI and the Agriculture Price Commission to boost domestic earnings and accommodation of food grains. It was done to respond to the food scarcities of the 1960s.
- PDS was originally a general entitlement program without any set targets for consumers, but by the 1970s, it had developed into a universal scheme for subsidized food distribution.
- The Revamped PDS or RPDS was introduced in India in June 1992. It aimed to strengthen and streamline the previously existing PDS and enhance its accessibility in distant, hilly, and inaccessible areas where a substantial percentage of the underprivileged classes reside.
- In June 1997, the Indian government introduced a Targeted Public Distribution System to help the underprivileged.
- The TPDS recipients were categorized into two categories. The first category encompasses people surviving lower than the poverty level (BPL) and the second category includes people surviving overhead the poverty line (APL).

- Antyodaya Anna Yojana (AAY): AAY took a step on the right path by directing TPDS to focus on eliminating hunger among the BPL population's most vulnerable groups.
- According to a National Sample Survey, approximately 5% of the nation's population sleeps in scarcity of even two simple meals a day. Therefore, the "Antyodaya Anna Yojana" (AAY) for one crore of the poorest of the low-income families was introduced in December 2000 to narrow the scope and target the TPDS in this population group.
- In 2013, the Parliament of India adopted the National Food Security Act to focus on the underprivileged. The Act heavily relies on the TPDS to provide food grains as mandated entitlements to low-income households. Establishing the right to food as a legal right represents a change.

What is Targeted PDS?

The Government of India initiated Targeted Public Distribution System in June 1997 focused on the underprivileged. Federal and State governments cooperatively manage the Targeted Public Distribution System (TPDS).

Beneficiaries of TPDS operations fell into one of two categories:

- Households living in poverty (BPL)
- Families that are not in poverty (APL)

The procurement of food grains, distribution, and transportation to specified Food Corporation of India depots are all under the central government's control (FCI). The state government is in charge of identifying eligible recipients, allocating and distributing food grains within the State, and issuing ration cards.

Working of PDS System in India

Distributing food grains to the designated beneficiaries through PDS System in India is the central and State government's responsibility. The central government directly purchases grains and cereals at a Minimum Support Price from the agriculturalists and then peddles them to the state governments at central issue rates. It is in charge of moving the grains to the state-specific godowns.

The state governments are responsible for supplying grains to Ration Shops, also known as fair price shops from where the recipient purchases the grains at the decreased central issue price.

Before selling food grains to recipients, many states further subsidize their costs.

Importance of Public Distribution System in India

The PDS system in India aids in safeguarding India's food and nutritional security.

- It has contributed to the normalization of food prices and affordable food availability for the underprivileged.
- To keep the food flow moving even when agricultural food output is lower, it holds a buffer store of food grains in the warehouse.
- Delivering food from the nation's excess regions to its food-deficient parts has aided in the redistribution of grains.
- The minimum support prices and procurement system have helped enhance food grain output.

Reforms to PDS

The Public Distribution System in India has undergone several changes over a period of time.

Role of Aadhar: Linking an Aadhaar card with TPDS will improve beneficiary identification and tackle the issue of inclusion and exclusion mistakes.

Integrating Aadhaar with TPDS would assist get rid of duplicate and ghost (false) beneficiaries and improve beneficiary identification.

State-level adoption of technology-based TPDS reforms: The Supreme Court-appointed Wadhwa Committee discovered that several states had undertaken computerization and other technologically-based improvements to TPDS. During TPDS, technology-based reforms helped stop food grain leaks.

Every household in Tamil Nadu has access to subsidized food grains thanks to the State's widespread PDS.

Through digitalizing ration cards, GPS delivery tracking, and SMS-based citizen monitoring, states like Chhattisgarh and Madhya Pradesh have introduced IT techniques to simplify TPDS.

Cash Transfers vs PDS

The National Food Security Act of 2013 calls for changes to the TPDS, including programmes like cash transfers for the distribution of food benefits.

DBT, or direct benefit transfer, seeks to:

- lessen the necessity for extensive physical transportation of foodgrains
- provide recipients with the freedom to choose their consumption baskets

- increase dietary variety
- minimize leaks
- make better targeting possible
- encourage financial inclusion

Problems with Indian PDS System

Beneficiaries' identification:

Research has demonstrated that targeting strategies like TPDS will likely result in significant inclusion and exclusion errors. It suggests that eligible beneficiaries who do not receive food grains receive improper benefits.

An expert panel formed in 2009 estimated that the PDS had a nearly 61% error of exclusion and a 25% mistake of inclusion of beneficiaries, or the misclassification of the poor as non-poor and vice versa.

Leaks in transportation and black marketing by owners of Fair Price Shops contribute to the leakage of food grains.

When moving food grains to and from ration shops and into the open market, TPDS experiences significant leakages of those commodities. For example, a 36% leakage of PDS rice and wheat was discovered at the all-Indian level during a TPDS evaluation by the former Planning Commission.

Open-ended procurement, or accepting all incoming grains even if buffer stock is full, is a procurement problem since it leads to scarcity on the open market.

Storage problems:

A performance audit by the CAG has shown that the government's storage capacity is seriously lacking.

Lack of sufficient covered storage is unavoidably a concern given the rising acquisition and instances involving decaying food grains.

By encouraging farmers to switch land from producing small grains consumed by the poor to Rice and Wheat, the minimum support price (MSP) discourages crop diversification.

Environmental concerns:

It has been determined that an excessive emphasis on achieving self-sufficiency and a surplus of food grains, which require a lot of water, is environmentally unsustainable.

Environmental stress is present in agricultural states like Punjab and Haryana, which includes rapid groundwater depletion, worsening soil and water conditions, and excessive fertilizer use.

It was discovered that over 2002 to 2008, the water table in northwest India decreased by 33 centimetres due to rice farming.

Latest News on PDS System in India

- Particularly in the states that served as the foundation for the initial Green Revolution—Punjab, Haryana, and western Uttar Pradesh—the demonstrations against the Farm Bills have primarily been perceived as a problem for farmers.
- When India is ranked 94 out of 107 nations in the Global Hunger Index, there have been reports of concerns that this may influence the procurement system and may even disrupt the supply of foodgrains in the public distribution system.
- Recent claims have been that the Public Distribution System (PDS) is not yet available in the distant bordering areas of Raizyabari, generating issues for at least 3000 users in the Tripura district of Dhalai.
- According to recent media reports on PDS, the Covid-19 pandemic appears to have uncovered severe flaws in the Cuttack district's PDS because 6,726 suspected "ghost" beneficiaries aren't reported to have used their rations or received aid.

Benefits and Drawbacks of PDS

Advantages of PDS System in India

- **Protects recipients from inflation and price fluctuations**
- Ensures that benefits are exclusively used for the food grains
- It provides food security for the poor in India.
- The program contributes to reducing poverty levels in India.
- The program provides that no one dies from hunger.
- It provides the availability of food at affordable and subsidized rates.
- The poor have more choices when they have cash in their hands.

Disadvantages of PDS System in India

- Low food grain consumption per household
- Subsidized food grain is highly leaking and being diverted.
- Ration shops do not supply enough food grains to meet the needs of the poor.
- There is a lack of quality in the food grains.

- As a result, the PDS does not reach the needy poor sections of society because corruption is involved in identifying low-income families.
- Ration shop managers sell the food grains on the black market at higher prices than they supply to the poor.

Required improvements in existing PDS

PDS is one of the most extensive government welfare programs, assisting farmers in getting fair prices for their products and enabling those in lower socioeconomic brackets to purchase reasonably priced food.

- Technology-based solutions can be used to increase its efficacy, as shown by some of the State's achievements in this area. Another suggestion is to move toward DBT but use caution.
- The Reserve Bank of India (RBI) has warned states considering switching to cash transfer to be cautious when implementing the migration in its report on State finances.
- The Economic Survey 2016–17 emphasized enhanced infrastructure and increased prudence when switching to DBT from subsidized PDS supplies.