

# Food Security Through Public Distribution System In India

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*One of the principle objective of the Government of India is to bring about inclusive growth in general and, in particular, attain targets of Sustainable Development Goal (SDG-2), that is, “End hunger, achieve food security and improve nutrition and promote sustainable agriculture.”<sup>1</sup>*

*Food security is a multidimensional situation which is very complex. The notion of food security has emerged over time. It is influenced by number of factors across various sectors. The alarming indication of rising food insecurity and high levels of diverse forms of malnutrition are a clear warning that there is urgency for considerable efforts in accomplishing the SDG on food security and improved nutrition. India must consciously try to achieve ‘Zero Hunger Challenge (ZHC)’ by 2030.*

*The Public Distribution System (PDS), which is the largest food distribution network, helps to distribute essential goods at subsidized rates. In 1997, the PDS was restructured to target those most in need. Its effective and efficient functioning is essential for bringing about food security. But since there are large number of food insecure people in India, it shows implementation gaps and missed targeting in the PDS. This paper attempts to analyze failures of PDS in addressing food security situation in India.*

## 1. Introduction

India is home to 18 percent of world’s population. With almost 195 million undernourished persons in the world, India has almost half of world’s hungry people. According to one of the UN reports, almost 4 out of 10 children in India are not meeting their full human potential because of undernutrition and they consume less than 80 percent of minimum food requirement impacting reduced learning capabilities and increased risk of chronic diseases.<sup>2</sup> Taking this into consideration food security has turned up as a foremost issue in India.

UN World Food Programme (WFP) is the world’s greatest humanitarian organization battling global hunger. With the mantra of “saving lives, changing lives”, WFP is dedicated to support governments in completing their targets under SDG-2 by 2030. WFP encourages core principle of “inclusive growth”— ‘leaving no one behind in attaining the furthest for holistic development of a country or a state.’<sup>3</sup>

## II. Food Security and Food insecurity

In 1996, the World Food Summit characterized Food Security as a state “when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meet their dietary needs and food preferences for an active and healthy life”<sup>4</sup> (FAO ‘Policy Brief: Food Security’, Issue 2, 2006).

Food insecurity is a state of restricted access to safe and healthy food<sup>5</sup>. Food insecurity is more severe in low-income communities, especially those who are in poor health.

According to the International Food Policy Research Institute, in 2015, India positioned 80 out of 104 countries in terms of the severity of hunger when measured by the Global Hunger Index.<sup>6</sup> This was worse than Sri Lanka and Bangladesh (ranked 69 and 73, respectively), but better than Pakistan (ranked 93). Furthermore, 15 percent of Indians were undernourished, defined as chronic calorie deficiency. The impact of poverty on children under five years was severe: 15 percent suffered from wasting, 38.8 percent from stunted growth, and mortality was 5 percent.<sup>7</sup> This level of deprivation means that a significant proportion of India’s future workforce starts life with its physical and mental health seriously negotiated. For an emerging power, the lack of food security for so many Indians, especially the young, is a matter of serious concern.

Different components of food security are:

1. **Food Availability:**  
Aggregate availability of physical supplies of food from domestic production, commercial imports, food aid and national stock should be sufficient.
2. **Access To Food:**  
Household livelihoods should provide adequate access for all members of the family to those food supplies which are through home production, market purchases, or transfers from other sources.
3. **Utilization:**  
Utilization of food supplied should be suitable to meet the explicit dietary and health needs of individuals within household.

### III. Public Distribution System (PDS) in India

The PDS of India has a crucial role to play in decreasing food insecurity by acting as a safety net by allotting essentials at a subsidised rates. The core ambition of the Public Distribution System (PDS) in India was to act as a price support programme for the consumers in the period of food shortage during 1960s. It acted as an equipment of price stabilisation and became a balancing force against private merchants who were wanting to manipulate the situation of scarcity to get more and more profit. The basic aim was to cater essential produce such as rice, wheat, sugar, edible oil, soft coke and kerosene at subsidised prices.

The government has set up a network of around 5.33 lakh Fair Price Shops (FPS) commonly known as 'ration shops' (Economic Survey 2017-18, Vol 2). Food grains are provided to the people through these shops at highly subsidised prices. Thus, through these FPS or the Public Distribution System (PDS), the government seeks to develop food security system for the underprivileged. However, the PDS is narrowed mainly in cities and urban areas while the poverty stricken individuals largely live in the rural areas. Public distribution system does not prevail in all rural areas.

In short, even after 50 years of development and even after accomplishing food self-sufficiency, the country is yet to set up a sound and productive food security system. Only after the mid-1980s, the coverage of the PDS was extended to rural areas in some states. It, thus, attained the position of a welfare programme. An effort was made to extend subsidised food grains in 1985 to all the tribal blocks covering about 57 million people. With more than 23 crore ration card holders in the country as on March 2019, the PDS in India is perhaps the largest distribution network of its kind in the world (Economic Survey 2017-18, Vol 2). In several employment generation programmes, subsidised food grains are distributed as part of wages.

#### Targeted Public Distribution System (TPDS)

The functioning of the PDS has been condemned for the following:

- a) For its inability to serve below poverty line (BPL) community,
- b) For its inclination for metropolitan areas,
- c) Negligible coverage of poor states which have large population of the rural poor, and
- d) Wide leakage of PDS food grains procured from Food Corporation of India in the open market and supply of inferior quality grains in ration shops.

According to Niti Aayog (Planning Commission), the Government attempted to streamline the system by declaring special cards to BPL families and selling food grains at uncommonly subsidised prices with effect from June 1997. Under Targeted Public Distribution System (TPDS), each poor family was designated to 20 kg of food grains at highly reduced prices.<sup>8</sup>

To increase the extent of benefit to the poor, the allocation of BPL and Antyodaya Anna Yojana (AAY) (which constitute about 2.5 crore poorest of the poor household)(Economic Survey 2017-18) families was increased from 10 kg to 20 kg per month at 50 per cent of the economic cost from April 2000. The appropriation of Above Poverty Line (APL) families was maintained at the 10 kg level fixed in 1997 at the price which was equivalent to 100 per cent of the economic cost. The main desire was to direct the subsidy to BPL and dampen APL families to benefit from PDS. As a consequence, it was expected that 65.2 million BPL families would gain a kind of income transfer.

In 2012, allocations for the AAY and BPL families are being made at 35 kg per family per month. At 4.15 per kg for wheat and 5.65 per kg for rice, the Central Issue Price (CIP) for BPL household is 48 per cent of the budgetary cost.

#### IV. Major Deficiencies of TPDS

The major deficiencies of TPDS<sup>9</sup> include.

##### 1. High Exclusion and Inclusion Errors

The Programme Evaluation Organisation's (PEO's) study (2005)<sup>10</sup> authorizes large-scale elimination and incorporation errors in most states. It also questions the BPL techniques used for recognition of households at state level. There are two problems here:

- a) Central allocations should be revisited because there is a significant mass of households just Above the Poverty Line.
  - b) A second problem is the use of BPL method for identifying households by the states. This identification differs from state to state. For example, some of the south Indian states do not pursue the official poverty ratio for reducing the ration cards. In Andhra Pradesh, more than 70 per cent of the households have ration cards. This is one of the argument for high inclusion errors in Andhra Pradesh.
- ##### 2. Non-viability of FPS

The virtual omission of the APL people has led to a big decline in offtake. With less ration cards to distribute, lower turnover, and maximum limits on the margins that can be owed to BPL customers, the net profits of FPS owners and dealers are lower under the TPDS than previously. Since there are economies of scale here, for example, with respect to transport, delivery of smaller quantities is likely to make many shops unviable. When FPSs are economically cheaper, there are less incentives to swindle.

##### 3. Failure in Fulfilling the Price Stabilisation Objective

One of the goal of the PDS has consistently been to ensure price stabilisation in the country by assigning grain from cereals-surplus to cereals-deficit regions. Targeted PDS has declined the efficacy of this objective. This is because under TPDS, the demand of cereals is no longer determined by State Governments but on allocations decided by the Central Government (based on poverty estimates prepared by the Planning Commission). The new system of allocation has led to imbalances between actual allocations and allocation necessary to meet the difference between cereal production and requirement.

##### 4. Leakages and Diversion

Undoubtedly, in many parts of India, the current system of TPDS has leakages and diversions of grain to the open market due to lack of transparent and accountable delivery system. As the Programme Evaluation Organisation (PEO)<sup>11</sup> study (2005) brings up, 'the split of leakages in off take from the Central Pool is especially high, except in the States of West Bengal and Tamil Nadu.' Further, in terms of leakages through ghost BPL cards, there are fewer issues in Andhra Pradesh, Haryana, Kerala, Punjab, Rajasthan and Tamil Nadu than in other States.' At the FPS level, leakages were observed to be high in Bihar, Punjab, and Haryana.

Thus, in the words of R. Radhakrishna, in India's Public Distribution System: A National and International Perspective<sup>12</sup>—

"The conclusion is inescapable. PDS has continued to be an expensive and greatly untargeted programme. The central issue, thus, is: how to advance the efficacy of PDS in transferring food to the poor cost-efficiently. The policy actions should differentiate between the very poor and fairly poor, and undertake at developing the efficiency of PDS in transferring food to the former since the ultra-poor suffer not only from chronic food insecurity but are also critically exposed to the risk of ambiguity both in the food and labour markets."

#### V. Flaws in Food Security System

The food security system in India suffers from the following instabilities:

##### 1. Benefits Small Section of Population

The food security framework, which works through the PDS, is intended for urban poor. It has not made its existence felt in rural regions where majority of people are poor. Thus, the food security system profits only a limited category of the poor population.

##### 2. Urban Bias

The food security system operates *via* a network of FPS under the PDS. PDS network is mainly in urban areas. It does not cover all villages.

##### 3. Burden of Huge Food Subsidy

The food security system provides food grains to the poor people at low prices. The government purchases food grain from FCI at procurement price. Then the government sells these grains at issue price that are much lesser than the economic cost of food grains. Food subsidy is the difference between economic cost and issue price of food grains. This food subsidy is an enormous concern on government's budget.

##### 4. High Price of Food grains

The government frequently raises the issue price. Thus, buyers pay high price for food grains at FPS.

5. **Leakages From PDS**  
Generally, there is black marketing of FPS commodities. The crooked officials of FPS trade grains to the shopkeepers and make money out of illegitimate sale of goods. The poor people endure due to synthetically created lack of goods at FPS.
6. **Inefficient Operations of FCI**  
FCI's operations are inefficient and often corrupt—the operations of FCI include procurement of food grains and their distribution, storage and transportation of food grains. Inefficient operations of FCI leads to more cost to the government in the form of subsidy bill. The government passes on the pressure of extra subsidy bill to buyers in the form of more tax.
7. **Regional Discrepancies in Distribution of Profit of PDS**  
The Public Distribution System (PDS) has not benefited all the states and regions in an equitable manner. A few states like Maharashtra, West Bengal, Tamil Nadu, Kerala and Andhra Pradesh have utilized maximum usage of Centre's allotment to benefit their community through PDS, alternatively states like Uttar Pradesh, Rajasthan, Bihar and Madhya Pradesh have not favoured their people.
8. **Flaws in Procurement Policy**  
A key element in the food security system is the government's procurement of food grain for building up buffer stock. The government has been continuously raising procurement price to please strong farmers' lobby and thus, catering to the vote bank policy. Therefore, grains are in abundance in the godowns of FCI. This surplus buffer stock carry heavy cost (about 25 per cent of total subsidy bill) for storing, saving and transporting the food grains. The government must make a prompt move to address the shortcoming in its procurement policy.

## VI. Major Schemes/Programmes to Achieve Food Security

Agriculture being a state subject, the elementary obligation for expanding agriculture production, boosting productivity, and researching the vast untapped potential of the sector rests with the state governments. However, in order to complement the efforts of the state governments, a number of centrally financed and central-states schemes are being achieved for strengthening agricultural production and productivity in the country, increasing the income of the farming community and bringing food security. These are (Economic Survey, various issues)<sup>13</sup>:

1. **National Food Security Mission (NFSM)**
  - a) The NFSM, launched in 2007, is a crop development scheme of the Government of India. It aims at additional production of 25 million tonnes of food grains by the end of 2016-17- that is, 10, 8, 4 and 3 million tonnes of rice, wheat, pulses and coarse cereals respectively.
  - b) The scheme is being implemented for 2014-15 in 619 districts of 28 states.
  - c) The Mission consist of a judicious mix of demonstrated technological components covering seeds of developed variety, soil ameliorants, plant nutrients, farm machines and plant protection measures.
  - d) Crops like coarse cereals and commercial crops have been included in 2014-15.
  - e) Substantial achievements under the NFSM have been documented during the course of implementation of the programme such as new farm process, distribution of seeds of high yielding varieties of rice, wheat, pulses, and hybrid rice, and evaluating area with soil ameliorants to improve soil fertility for higher productivity.
  - f) To promote the use of bio-fertilizers, subsidy on them has been raised from 100 per Kg to 300 per Kg.
2. **Macro Management of Agriculture (MMA)**
  - a) The MMA Scheme was updated in 2008 to boost its efficacy in complementing the efforts of the states towards intensification of agricultural production and yield.
  - b) The updated MMA scheme has formula-based allocation criteria and serves assistance in the form of grants: loan to the states/ UTs on 90:10 ratio basis, except in case of the north-eastern states where the central contribution is 100 per cent allocation.
  - c) Out of the total outlay for the Eleventh Plan, i.e., Rs. 5,500 crore, funds to the tune of Rs. 3,845 crore have been utilised to the states/UTs during the first four years of the Plan period. An expense of Rs. 780 crore has been accepted for 2011-12, out of which an amount of Rs. 772 crore has been discharged to states till February, 2012.
3. **Rashtriya Krishi Vikas Yojana (RKVY)**
  - a) The RKVY was floated in 2007-08 with an expenditure of Rs. 25,000 crore in the Eleventh Plan for offering incentives to states to upgrade public investment to accomplish 4 per cent growth rate in agriculture and affiliated sectors during the Eleventh Five Year Plan period.
  - b) The states have been provided Rs. 14,598 crore under the RKVY during 2007-08 to 2010-11. Allocation under the RKVY during 2015-16 is Rs. 18,000 crore.

- c) The RKVY format grants taking up national arrangements as sub-schemes, allowing the states resilience in project selection and implementation. The sub-schemes combine Bringing Green Revolution to Eastern Region; Unified Development of 60,000 Pulses Villages in Rainfed Areas; Advancement of Oil Palm; Initiative on Vegetable Clusters; Nutri-cereals; National Mission for Protein Supplements; Increased Fodder Development Programme; Rainfed Area Development Programme; and Saffron Mission.
  - d) The RKVY links 50 per cent of central aid to those states that have advanced up percentage of State Plan expenditure on agriculture and affiliated sectors. States have indeed increased allocation to agriculture and allied sectors from 4.88 per cent of total state plane expenditure in 2006–07 to 6.04 per cent of in 2010–11.
4. National Mission for Sustainable Agriculture (NMSA)
    - a) The NMSA aims at enhancing food security and protection of resources such as land, water, biodiversity, and genetic resources by developing strategies to make Indian agriculture more resilient to climate change.
    - b) The government in its budget 2014-15 has taken the following steps:
      - i. The Pradhan Mantri Krishi Sinchayee Yojana, with allocation of Rs. 1000 crore.
      - ii. Neeranchal, to give impetus to watershed development in the country.
      - iii. The National Adaptation Fund for Climate Change, with an initial sum of Rs. 100 crore.
      - iv. A Soil Health Card to every farmer.
  5. National Food Security Act, 2013 (NFSA)
    - a) The National Food Security Act, 2013 (NFSA) is an important initiative for food security of the people. So as to make receipt of food grains under TPDS a lawful right, Government of India has executed NFSA which came into power w.e.f. 5<sup>th</sup> July 2013.
    - b) The Act administers for coverage of up to 75 percent of the rural population and up to 50 percent of the urban population for accepting subsidised food grains under Targeted Public Distribution Systems (TPDS), at Rs. 1/2/3 per kg for coarse grains/wheat/rice respectively at 35 kg for every family each month to families covered under Antyodaya Anna Yojana (AAY) and at 5 kg per person each month to priority families.
    - c) During the Year 2016-17, Rs. 2,500 crore has been provided to State Government as Central aid to meet the expenditure obtained on intra-state movement of food grains and fair price shop dealer's surplus.

### Way Forward

Although, today, India is self-sufficient in food production, the PDS ensures that Indian's have enough calories to survive, but it fails to ensure the nutritional diversity that is essential for maintenance of a healthy life. Sincere efforts to be made to improve the efficacy of PDS so that the 2030 agenda for Sustainable Development, which aims to end hunger and all forms of malnutrition is a top priority. To ensure food security, water mismanagement should be stopped and climate warming should be controlled. More data, specially at district level, should be collected for better understanding, stock taking and policy recommendations.

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