



Footprints of Indian Public Distribution System – A historical study

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Abstract:

Human beings have unlimited wants. These wants are categorised into three parts, namely: Necessities, Comforts and Luxuries. Out of these three, necessities constitutes the most indispensable, inevitable requirements of human being, without which, survival itself is not possible. Out of necessities, Food occupies a pivotal place. 2011, census data of India, reveals the fact, that a whopping 22% of the total population living below poverty line, who cannot afford to purchase the essential food grains in the open market, by paying the existing market price. Their condition is sure to go from bad to worse, as they lack necessary purchasing capacity. Government has an important role to play to protect these vulnerable section of the society. To safeguard life and opportunity and to supply few essential commodities to such general mass, at a highly subsidized rate, Public Distribution System or Ration Shop system was evolved. According to this system, government maintains fair price shops and certain essential commodities like Rice, Wheat, Sugar, Kerosene, Edible Oil, Pulses, Salt etc. are distributed at a highly subsidized prices to general masses. Roots of this Public Distribution System could be traced back to after the Bengal famine of 1943.

Key words: Human Wants, Poverty, Malnourishment, Essential food grains, Government system.

Introduction:

The Bengal famine of 1943, was a famine occurred in the Bengal province of British India during World War II. Out of a population of 60.3 million, an estimated 2.1–3 million people including small children, died of starvation or other diseases aggravated by malnutrition, population displacement, unsanitary conditions and lack of health care. Millions were impoverished as the crisis overwhelmed large segments of the economy and catastrophically disrupted the social fabric. Eventually, families disintegrated; men sold their small farms and left home to look for work or to join the British Indian Army and women and children became homeless migrants, often travelling to Calcutta or other large cities in search of organised relief. Bengal's economy had been predominantly agrarian, with between half and three-quarters of the rural poor subsisting in a “semi-starved condition”. Stagnant agricultural productivity and a stable land base were unable to cope with a rapidly increasing population, resulting in both long-term decline in per capita availability of rice and growing numbers of the land-poor and landless labourers. A high proportion peasants were miserably caught in the debt trap, beneath a chronic and spiraling cycle of debt, that ended in debt bondage and the loss of their landholdings due to land grabbing.

Outbreak of second world war, further worsened the condition of the general mass. Financing of military expenses escalated the war-time inflation. Since land was appropriated from thousands of peasants, many workers received monetary wages, rather than payment in kind with a portion of the harvest. When prices rose sharply, their wages failed to follow suit; this drop in real wages left them less able to purchase food. The government first attempted to influence the price of paddy, but instead created a black market which encouraged sellers to withhold stocks, leading to hyperinflation from speculation and hoarding after controls were abandoned.

During this chronic devastating time, the ‘Bengal Chamber of Commerce’ (composed mainly of British-owned firms), with the approval of the Government of Bengal, devised a ‘Foodstuffs Scheme’ to provide preferential distribution of goods and services to workers in high-priority roles such as armed forces, war industries, civil servants and other “priority classes”, to prevent them from leaving their positions. Hence, second world war and Bengal famine can be attributed for the introduction of Public Distribution System, which was primarily devised as a war time rationing measure. Before 1960’s, the distribution through Public Distribution system was pre dominantly dependent on the import of food grains, especially for rice, kerosene and wheat. It was expanded in the 1960s as a response to the food shortages of the time; subsequently, the government set up the Agriculture Prices Commission and the Food Corporation of India to improve domestic procurement and storage of food grains for Public Distribution system. By 1970s, Public Distribution system had evolved into a universal scheme for the distribution of subsidised food and till 1992, Public Distribution system was a general entitlement scheme for all consumers without any specific target.

Objectives of Public Distribution System:

1. To improve the distribution of essential goods.
2. Regulation of prices of essential commodities.
3. To meet the consumption needs of the masses.
4. To maintain the minimum nutritional status at low cost.
5. To inter link production and marketing.
6. To use Public Distribution system as a tool as anti-poverty programme.

Features of Public Distribution System in India

- Essential commodities are distributed through fair-price shops and co-operative society's.
- Free or open market co-exists with the Public Distribution system.
- Buffer stocks are maintained by the government and will be replenished through procurement.
- Prices charged in Public Distribution system are much lower than the market price.
- 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 underprivileged classes lives.
- Government introduced Targeted Public Distribution System (TPDS) on 1st June 1997, through which, Dual Pricing System (D.P.S) in which, government used Below Poverty Line (BPL) and Above Poverty Line (APL) as cut off points for providing food grains. Same food grains will be provided for people BPL and APL at different prices. The Targeted Public Distribution System (TPDS) was introduced with effect from June 1997. Under Targeted Public Distribution system (TPDS), each poor family was entitled to 10 kg of food grains at highly subsidized prices. Later on this quantity was increased to 25 kg per family per month. Under this scheme food grains are supplied at Rs. 4.15 per kg for wheat and Rs. 5.65 per kg for rice for Below Poverty Line families. Central Issue Price for BPL families is 48% of the economic cost and for the Above Poverty Line families 10 kg food grains are supplied at the price which was equal to 100% of the economic cost.
- Subsidy was given by government for its implementation.
- Antyodaya Anna Yojana (AAY) was a step in the direction of making TPDS aim at reducing hunger among the poorest segments of the BPL population. A National Sample Survey exercise pointed towards the fact that about 5% of the total population in the country sleeps without two square meals a day. In order to make TPDS more focused and targeted towards this category of population, the "Antyodaya Anna Yojana" (AAY) was launched in December, 2000 for one crore poorest of the poor families. This AAY scheme aims at providing good grains at a highly subsidized rate of Rs. 2 per kg for wheat and Rs. 3 per kg for rice to the poorest of poor families. Initially 25 kg per family per month was issued. Later on the quantity was increased to 35 kg per family per month. AAY scheme initially targeted 1 crore families living below poverty line. Later on another 50 lakh families were

identified and added. Later on each year the scheme proposes to include every 50 lakh families living below poverty line. Now the scheme covers 2.5 crore families living BPL.

- In September 2013, Parliament enacted the National Food Security Act, 2013. The Act relies largely on the existing TPDS to deliver food grains as legal entitlements to poor households. This marks a shift by making the right to food a justiciable right.

Importance of Public Distribution System:

1. It helps in ensuring Food and Nutritional Security of the nation.
2. It has helped in stabilising food prices and making food available to the poor at affordable prices.
3. It maintains the buffer stock of food grains in the warehouse so that the flow of food remain active even during the period of less agricultural food production.
4. It has helped in redistribution of grains by supplying food from surplus regions of the country to deficient regions.
5. The system of minimum support price and procurement has contributed to the increase in food grain production.

Progress:

The number of fair price shops has increased from 0.47 lakhs in 1960 to 4.99 lakhs in 2008. The P.D.S distribution commodities worth more than Rs.30,000 crore annually to about 250 million families. The main agency providing food grains to the Public Distribution System is Food Corporation of India, which was set up in 1965. The corporation maintains the buffer stock, storage, transport and distribution of food grains. The government of India is giving massive subsidy for the implementation of Public Distribution System For the year 2010-11, government has allocated 62,930 crores for Public Distribution System, which is more than 1% of G. D. P.

Issues Associated with PDS System in India

- Identification of beneficiaries: Studies have shown that targeting mechanisms such as TPDS are prone to large inclusion and exclusion errors. This implies that entitled beneficiaries are not getting food grains while those that are ineligible are getting undue benefits. According to the estimation of an expert group set up in 2009, Public Distribution System suffers from nearly 61% error of exclusion and 25% inclusion of beneficiaries, i.e. the misclassification of the poor as non-poor and vice versa.
- Leakage of food grains: (Transportation leakages) TPDS suffers from large leakages of food grains during transportation to and from ration shops into the open market. In an evaluation of TPDS, the erstwhile

Planning Commission found 36% leakage of Public Distribution System rice and wheat at the all-India level.

- Issue with procurement: Open-ended Procurement i.e., all incoming grains accepted even if buffer stock is filled, creates a shortage in the open market.
- Issues with storage: A performance audit by the CAG has revealed a serious shortfall in the government's storage capacity. Given the increasing procurement and incidents of rotting food grains, the lack of adequate covered storage is bound to be a cause for concern.
- The provision of minimum support price (MSP) has encouraged farmers to divert land from production of coarse grains that are consumed by the poor, to rice and wheat and thus, discourages crop diversification.
- Environmental issues: The over-emphasis on attaining self-sufficiency and a surplus in food grains, which are water-intensive, has been found to be environmentally unsustainable. Procuring states such as Punjab and Haryana are under environmental stress, including rapid groundwater depletion, deteriorating soil and water conditions from overuse of fertilisers.
- It was found that due to cultivation of rice in north-west India, the water table went down by 33 cm per year during 2002-08.
- Methodology to identify poor is not correct. In the process some influential persons are enjoying the benefits of Public Distribution System facilities. As a result, genuinely needy persons are deprived of Public Distribution System benefits.
- Less number of commodities are distributed under Public Distribution System. Only Wheat, Rice and Sugar are concentrated more. But other type of food is neglected.
- Urban biased. The rural areas have not been sufficiently covered by Public Distribution System network.
- Regional disparities exist between different regions in the coverage of Public Distribution System. In some states it is properly developed and in some states it is yet to be effectively developed.
- Existence of malpractice is another threat to Public Distribution System the difference between the prices of open market and Public Distribution System has led to malpractice. Many times the BPL cards are possessed by the dealers themselves and they may sell food grains in the open market to make profit.
- The operations cost of Public Distribution System is very high and the subsidy that the government offers for the implementation of Public Distribution System is very high. For the year 2010-11, government has allocated 62,930 crores, which is very high.

Suggestions for the improvement

- Panchayat Raj institutions must be entrusted with the responsibility of implementing Public Distribution System. Opening up of fair price shops at Gram Panchayat level will help the poor.
- Effective system should be devised to identify the needy and deserving families.
- Removal of restrictions on the inter-state movement of food grains.
- De-centralisation

- An impartial, unbiased agency to monitor the activities of Public Distribution System to be established.
- Ration shops must be opened, where poor live.

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