



PUBLIC DISTRIBUTION SYSTEM IN ODISHA – A CASE STUDY OF BALANGIR DISTRICT.

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Abstract

Public distribution system (PDS) is a vehicle for ensuring food security for all. This paper evaluates the current system of PDS in the Balangir district of Odisha on the basis several key factors such as access, efficiency, adequacy and preferences. The study is based on both primary and secondary data and used purposive sampling method to collect primary data of 93 household by structured questionnaire across the Balangir district of Odisha. In this study statistical tool like descriptive statistics, correlation and regression are used to examine the relationships between different variables. This study also explores whether the beneficiaries prefer food grain subsidies or cash transfer. The study shows that PDS in Odisha is functioning reasonably well and has significantly improved over the years, but the amount of grain and quality of the commodities provided are far from satisfactory. The household also express strong preference for distribution of food grain over cash.

Keyword- Public Distribution System (PDS), Food grain Subsidies, Food Security

INTRODUCTION

Food security has been a cause of concern for most of the developing and underdeveloped nations. Providing nutrition to the poorest of the poor still remains a major challenge which demands the attention of the State, Civil Societies and other related organizations. Public Distribution System has been operational for more than five decades, yet, barring a few southern states, access to resources and utilization of commodities has been low and it has hardly impacted the nutritional status of the targeted population (¹Khera, 2001a; ²Radhakrishna et al., 1997). In these decades the scheme has been revised and modified to improve performance and to meet the central objective of providing food security to the eligible population of the country. This research evaluates the performance of Public Distribution System and tries to look into

¹Khera, R. (2011a). India's Public Distribution System: Utilization and Impact. *Journal of Development Studies*, 47(7), 1038-1060

²Radhakrishna, R., & Subbarao, K. (Eds.). (1997). *India's Public Distribution System: A National and International Perspective* (Vol. 380). World Bank Publications.

different factors affecting the entire process. The Public Distribution System which was introduced as a positive intervention by the state aims to make essential commodities available to the poor and marginalized sections of the society on a regular basis. It aims to offer the commodities at a price which is relatively lesser than the market price. The major objective of the Public Distribution System was to help the poor, weaker and vulnerable sections of the society against the rising prices of commodities thereby ensuring equality. The Public Distribution System is often termed as means for ensuring food security for all.

The main purpose of Public Distribution was to protect the ever-diminishing interests of the poor and marginalized sections of the society. Several day-to-day essential commodities are made available to the weaker sections of the society through Fair Price Shops (FPS). Though there are proper channels, there are loopholes also in the system which has made the entire system away from its main objective of ensuring food security for all. All the items are made available to the beneficiaries through the FPS and each ration card holder gets a fixed quantity of items allocated to him/her under the scheme at a certain price fixed by the government from time to time. The price at which the items are made available to all is called the issue price. The difference between the market price and the issue price forms the basis on which PDS operates. There are several commodities available under the PDS which are not suitable for the consumers. The failure of PDS is also attributed to the lack of purchasing power of the poor and they are unable to avail the full quota of grains allocated to them, which results in black marketing of the PDS commodities. Lack of proper coordination and monitoring system, lack of information among the various stakeholders involved in the system has resulted in breakdown of PDS at several levels. This has affected the sole motive of ensuring food security of the poor. Therefore, a study on the Public Distribution System is necessary to identify the loopholes in the existing system and devise necessary means to correct them.

Several studies have been conducted in India regarding the Public Distribution System but only a few have focused on Orissa. Orissa being underdeveloped and poor has posed a major threat to the government in ensuring their food security. There is large scale unemployment which has paved way for poverty. Nearly 20% of the state population is sleeping without three squares of meal a day and there are many who are malnourished. Owing to large scale industrialization and deforestation people are losing their livelihood activities and are being unemployed. Food being the basic necessity of human life, the Public Distribution System works towards ensuring that no one goes hungry at any point of time. However, there are certain issues to be dealt when the viability of this system has to be tested on a large scale. The focus should be more on commodities required in a particular context rather than anything given by the government under the scheme. Orissa is a rice consuming state so the government must devise plans to

deliver more quantity of rice rather than giving wheat. There are different plans and policies being implemented regarding PDS throughout the country. In Orissa PDS items are procured in a decentralized manner by several agencies such as Orissa State Civil Supplies Corporation Limited (OSCSC) which in turn procures different items with the help of several agencies such as ³PACS, ⁴MARKFED, and ⁵NAFED. So, under these circumstances when ensuring food security is a major concern and food grains availability is getting less day by day, study of the Public Distribution System becomes necessary for finding out structural, functional and administrative changes in the existing scheme at large.

The goal of PDS does not restrict itself with the distribution of rationed articles. Making available adequate quantities of essential articles at all times, in places accessible to all, at prices affordable to all and protection of the weaker section of the population from the vicious spiral of rising prices is the broad spectrum of PDS. More specifically, the goals of PDS are:

- Make goods available to consumers, especially the disadvantaged / vulnerable sections of society at fair prices;
- Rectify the existing imbalances between the supply and demand for consumer goods; Check and prevent hoarding and black marketing in essential commodities;
- Ensure social justice in distribution of basic necessities of life;
- Even out fluctuations in prices and availability of mass consumption goods; and
- Support poverty-alleviation programmes, particularly, rural employment programmes, (SGRY/SGSY/IRDP/ Mid-day meals, ICDS, DWCRA, SHGs and Food for Work and educational feeding programmes).

Objectives of the Study

1. To study the overall performance of public distribution system in Balangir district
2. To study respondents' opinion about cash transfer in place of subsidized food grains among beneficiaries
3. To see the impact of various relevant variables on the proportion of PDS items.

³Paddy Procurement Centers (PPCs) operated by the PACS

⁴ Odisha State Co-operative Marketing Federation

⁵ National Agricultural Co-Operative Marketing Federations

REVIEW OF LITERATURE

Balakrishnan and Ramaswami (1997)⁶ studied the effect of the quality of products provided under public distribution system on consumer.. The increase in the issue price increases the cost of PDS grain and forces the customers to switch to the open market however the effect is not always direct. Open market was found to be principle source of supply and PDS did not cover most of the households and failed to satisfy the demand. The study suggested increasing the coverage of PDS to maximum households as well as improving the quality of the products so as to compete with the open market as this would help in providing food security for all.

Khera (2008)⁷ studied the Government of India's 1997 criteria for selection of households below poverty line. She found that throughout the country the criteria are static and uniform. She collected primary from 400 random households in 8 villages of Rajasthan and found that one-third of the beneficiaries categorized as BPL were wrongly included and 44 % of the eligible households were excluded. She questioned the practice of using uniform criteria throughout the country without any attention given to diversity in various geographic and socio-economic indicators. She justified the exclusion of eligible households in the BPL list by citing that the State Government is trying to match the poverty targets set by the Central Government Census. She also found that there is a positive correlation between possession of a BPL card and being disadvantaged in several fronts.

Jha and Ramaswami (2010)⁸ in their study, "Can Food Subsidies Work Better: Answers from India and the Philippines" estimate that the breakdown of the total costs of the food subsidy delivered through PDS is as follows 43% are the illegal diversion costs, 28% are the excess costs, 19% income transfer to the non-poor and only 10% is the transfer to the poor.

Ashok Kotwal ,Milind Murugkarand and Bharat Ramaswami (2011)⁹ in their study tried to look into the objections raised against the cash transfer (CT) scheme and to point out the flaws in the present system i.e food grain. The authors have expressed that the identification of poor is not the problem of the present

⁶Balakrishnan, P., & Ramaswami, B. (1997). "Quality of Public Distribution System: Why it Matters." Economic and Political Weekly, 162-165.

⁷Khera, R. (2008)." Access to the Targeted Public Distribution System: A Case Study in Rajasthan." Economic and Political Weekly, 51-56.

⁸Jha, S and B Ramaswami (2010): "How Can Food Subsidies Work Better: Answers from India and the Philippines", Economics Working Paper 221, Asian Development Bank, Manila.

⁹Kotwal, Ashok, Milind Murugkar and Bharat Ramaswami (2011): "PDS Forever?", Economic & Political Weekly, 46(21): 72-76.

system only but is that of the CT system also. However, diversion of food grains is a big problem of the PDS while there will be no incentive to divert food grains under a CT scheme.. On the other hand, the CT scheme would be administratively simpler, more flexible and cheaper to be implemented. But many objections have been raised against a CT system also like, problem of food price fluctuation, cash spent on items other than food and the examples of the success of PDS in Tamil Nadu & Chhattisgarh, then why a new system should be tried. However, the success of these two states cannot be generalized, as the system has failed consistently in most of the states. The study has proposed two models for implementation of CT scheme. First model is the bank account transfer model, which can utilize the existing infrastructure, and the second model is the issue of food coupons based on the biometric identification. The authors conclude that only the entitlement & coverage should be defined by the central government while the decision of delivering or distribution should be left on the state governments.

Himanshu and Abhijit (2011)¹⁰ in their study argue that a universal NFSA is not only desirable it is also a more efficient and feasible way to ensure food security for all. The study observed that there are more exclusion errors in the distribution of BPL cards and significant self-targeting are well known and are strong argument for universalization. The study also claims that targeting has not worked and that universalization is likely to reduce PDS leakages and food security cannot be addressing issues of physical availability, distribution and stock management – it is a matter of access that can be dealt with through transfers, either directly in cash or through coupons or by differential pricing.

Dr.R. Velmurugan (2017)¹¹ analyses a study on customers satisfaction towards public distribution system. The objective of the study has been made to ascertaining the factors associated with Customer's Satisfaction from Public Distribution System and factor influencing their satisfaction. The study was based on primary data by employing interview schedule. Convenience sampling method was used to select the sample. The study tries to identify the factor that enhances customer's satisfaction. The study has been carried Coimbatore District of Tamilnadu. By adopting convenient sampling, feedback obtained from 900 card holders. The collected data are analyzed through Chi-square test. The study concluded that customer satisfaction which is associated with age, occupation, family income, family expenditure, possibility of obtaining goods all over the month, accuracy in weight on goods distributed etc.

¹⁰Himanshu, & Sen. (2011). "Why not a Universal Food Security Legislation?" Economic and Political Weekly, vol XLVI, No 12.

¹¹Velmurgan, Ramaswamy (2017). "A Study on Customers Satisfaction Towards PDS." Journal of Advanced Research in Dynamical and Control Systems 05, no. special issue (July 2017): 26-32.

Neha Sharma (2017)¹² in his study find the gaps that why citizens are not accepting the direct benefit transfer (DBT) scheme. she also evaluate the impact of the scheme on women dependency. She observed that DBT has the potential to control the corruption by reducing intermediate cost. The scheme also improves the purchasing power of beneficiaries and will provide a healthy approach in people's spending behaviour is probably the globally one of the anti-corruption schemes. The study concluded that at implementation level, there still exists scope for improvement. Also, improvement in financial awareness can indirectly help in successful implementation of this scheme.

DATA & METHODOLOGY

This study is based on both primary and secondary data. Secondary data includes books, journals, census report, 64th round NSSO report, working paper and articles. The Primary data was collected from field survey by following the scheduled method. The field work is conducted in the month of May 2019. Specific questions were asked to the PDS in the sample villages. Primary data are collected from 8 villages from Balangir district by using purposive sampling method. Primary data was collected from 93 beneficiaries using structured household interview schedules. Interview schedule contained 55 questions. The first part of the schedule dealt with the demographic profile of the participant and the remaining sections had both open and close ended questions based on the objectives of the study. In data collection personal interview methods using scheduled questionnaire adopted to collect the household information. All the collected data were tabulated and use computer software like Excel and SPSS to analyses the data and after that multiple regression used for the various relevant variables. In this study statistical tool like descriptive statistics, correlation and regression are used to examine the relationships between different variables.

STUDY AREA

Western Odisha is well known for backwardness, mass poverty, and unemployment. Balangir is one of the backward districts has been chosen for the study area because Kalahandi-Balangir-Koraput (KBK) region which is notable for extreme poverty and starvation deaths, the government did away with the targeted food assistance program in 2008 and made the scheme universal. Primary data are collected from 8 villages from Balangir district. In the present analysis 3 Blocks of Balangir district have been selected. They are Degaon, Balangir, Loisinga. From Degaon block the study has selected the village of Jalia and Brahmanipali, from Balangir block Sindorbahal, Chareimara, Beniapal, Fuljharan, Bijlimunda and from Loisinga block Jamuntia.

¹²Sharma, N. (2017). "Impact of Direct Cash Transfer in Liew of Public Distribution System: A Policy Review of Chandigarh India". International Journal of Scientific and Engineering Research, Volume 8, Issue 6.

Table-1 Demographic Profile of Sample Household

sl no	variables	sub category	percentage
1	Gender	male	50.13
		female	49.86
2	Age	0-18	35.5
		18-55	51.68
		55-above	12.79
3	Education	Primary	21.98
		Upper primary	13.35
		High school	21.72
		College	5.49
		illiterate	37.43
4	Landholdings	landless	45.16
		marginal	50.53
		small	2.15
		medium	1.07
		large	1.07
5	Income	0-5000	16.12
		5000-10000	54.83
		10000-15000	22.58
		15000-above	6.45
6	Caste	SC	33.33
		ST	23.65
		OBC	39.78
		GEN	3.22
7	Occupation	Farmer	31.18
		non agricultural	47.31
		private	5.37
		others	16.12
		others	16.12

The above figure shows the demographic status of the study area by using gender, age, education, landholdings, income, caste and occupation of the sample household. From table-1 it has been inferred that 50.13% are male and 49.86% are female which indicates that more number of male participants was involved in collecting their monthly quota of grain from the PDS outlet rather than the females. This gives a general idea that a greater number of males had ration cards issues in their names in place of females. It has been shown that from the all sample villages the maximum percentage of people are in the age of between 18-55 years i.e 51.68% as compare to other age groups. This indicates that a large proportion of the total population are eligible for involves in the productive process or earning some income. The figure also shows that Maximum respondents were illiterate i.e 37.43% and are not aware of their benefits received from PDS supplies. From the selected sample most of the household has marginal land holdings i.e 50.53% and 45.16% has landless. Very few household have medium and large landholdings which also indicates that

most of the household depend upon PDS for their food grain. 54.83% households income ranging from 5000-10000 which shows very poor economic status of the study area. The above figure also shows that 31.18% of people depend upon agriculture.

Table-2 PDS Profile of the Household (percentage)

variables	sub category	percentage
Types	BPL	16.12
	APL	31.18
	AAY	8.6
	Arnapurna	0
	Ration Card	44.08
No of year of possession	02-5	47
	05-7	5
	07-9	3
	9-above	45
Grain sufficiency	no	87.15
	yes	12.84

From the above table it has been shown that majority of PDS card belongs to the ration card (44.08%) followed by 31.18% APL card. Only 16.12% of the entire sample has access to PDS cards belonging BPL category and 8.60% AAY card. Responses revealed that higher numbers of card holder (47%) have owned a ration card since last 2 to 5 years and around 45% have owned the same for more than 9 years. However, lower numbers of card holder (8%) have owned a ration card since last 5-9 years. From the above table it can be concluded that out of 87.15% household felt that the quantity of rice supplied to them is not sufficient to meet family needs and only 12.84% felt that the quantity of rice supplied is sufficient to meet the family needs. So the amount of PDS entitlements should be given by considering the number of family members rather than looking at the individual card holder so that the entire family need can be fulfilled.

Table-3 Preference for Food Grain Subsidies Over Cash Transfer in PDS

Preference of food grain over cash by considering	sub-category	percentage
Distance of PDS outlet	0-4	9.67
	04-08	76.34
	8-above	13.97
Quality of food grain received	poor	2.15
	good	76.34
	average	21.5
Timely opening of PDS outlet in monthly	yes	70.96
	no	29.03
Adequacy of Opening of the PDS Outlet)	yes	96.77
	no	3.22
Attitude of PDS dealer	helpful	78
	unhelpful	2
	indifferent	20
Functioning of PDS outlet	satisfied	79
	reasonably satisfied	19
	dissatisfied	2

From the above table Considering 93 households around 76% of them had their PDS outlet within 4-8 kilometres of followed by 13% of them had their PDS outlet above 8 km from their homes. Still they preferred food over cash which show that distance is not a major factor for choosing food grain over cash. This shows that PDS is termed as a much stronger food security measure for this study area. The above figure it can be seen that 76% of the respondent thought the quality of the grains was good and 22% thought it was average and remaining 2% thought it was of poor quality. This study finds strong evidence that supports the opinion that the quality of grains provided under PDS is good and there is no need for quality improvement and the respondents strongly prefer to food grain over cash. The table points out that despite the number of days of opening of the PDS outlets was 1-2 days; still 70.96% of the respondents felt timely opening of PDS outlet whereas 29.03% did not. This shows that PDS is termed as a much stronger food security measure for this study area. The reason for choosing food grain thus remains ambivalent as maximum percentage of the sample household i.e 96.77% felt adequate opening days of PDS outlet. Attitude of the PDS dealer played an important role. Nearly 78% respondents felt that the behaviour of the PDS dealer was helpful towards them and 20% of them felt indifferent. Remaining 2% felt unhelpful behaviour of PDS dealer. Hence the indifferent attitude of the PDS dealer played an important role in opting for monthly food as they were not able to voice their opinions regarding their monthly entitlement. From the above figure about 79% respondents were satisfied with the functioning of the local PDS and 19% were reasonably satisfied and 2% dissatisfied. As maximum sample household were satisfied with the overall

functioning of local PDS, So functioning of the PDS can be considered an appropriate reason for wanting food grains and discard the cash preference scheme. Considering the alternative to lack of food among the various respondents, all of them were asked about their opinion regarding giving cash for buying food grains per month. It was interesting to know that all of the respondents showed an inclination towards food grain instead of direct cash transfer.

Table.4: Regression of the Various Relevant Variables On the Proportion of the Consumption of PDS items

Variable	Coefficient	t-statistics
Intercept	0.346	5.111*
Size of the family	0.036	2.985*
Average years of schooling	-0.013	-7.730*
Monthly income	0.000002	0.355
Social group	-0.068	-2.029**
Land holdings	-0.013	-1.341
Distance of PDS	0.022	2.913*
Distance of the private shop	-0.033	-0.963

Note: *indicates significance of t-statistics at 1% level.

** indicates significance of t-statistics at 5% level

The proportion of the consumption of PDS item are determined by the independent variables such as size of the family, average year of schooling, monthly income, social group, land holdings, distance of PDS, distance of the private shop. Average years of schooling of the households are taken to capture the education variable. Size of the family, average year of schooling, social group and distance of PDS are statistically significant for the consumption of PDS item. Monthly income, land holdings and distance of the private shop are statistically insignificant to determine the consumption of the PDS item. Size of the family and distance of PDS outlet has positively related to the consumption of PDS item whereas average year of schooling and social group has negatively related. The greater the size of the family, the greater is the dependence on PDS. The more the people are educated, the less is their dependency on PDS items. Similarly the dependency on better class is less than the backward class.

CONCLUSIONS

This present study helped in throwing light on the status of PDS in Odisha. The objectives of this study were to evaluate the overall functioning of PDS in Balangir districts in Odisha and to study respondents' opinion about cash transfer in place of subsidized food grains among beneficiaries. The major findings and solutions have been discussed below.

Rice holds primary importance when compared with the two other produces, namely, wheat and kerosene, because people here are predominantly consumers of rice and very little wheat. Kerosene is used as a fuel for cooking, is the second most important product as it has replaced the need to collect firewood for day-to-day cooking and is thus very important for the respondents. PDS has succeeded in securing minimum food requirements yet it is often insufficient for large families.

Respondents gave positive feedback about the functioning of the Fair Price Shops in terms of timing and opening and largely satisfied with the attitude of the distributors. But another complaint that the distance of the PDS outlet and they want that govt. provides the PDS shop on the village instead of panchayat. Food grain has been chosen by all the respondents as the future forward over cash. As distance of PDS outlet is major problem they still prefer food grain over cash because they are not comfortable in banking system and banks are more distance than PDS shop. Another reason for preferring food is that more than 50% of them are marginal land holding. Thus they have very less agricultural production for which they want food grain. It can be concluded that the quantity of rice supplied to them is not sufficient to meet family needs. The overall performance of the PDS scheme in the Balangir district is appropriate when the existing policies are taken into consideration. It is obvious that the service providers cannot work outside the rules and regulations of the State. There is immense potential in the scheme to emerge as the best food security measure provided issues around corruption, mismanagement and general State apathy is dealt with.

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