

CHAPTER III

(Public Distribution System (PDS) of India)

Introduction:

After considering food security as a national objective almost all the countries of the world initiated various public policies to provide necessary safeguards to the people of the nation, particularly to the poor and marginalised section of the society. As like the other countries, Government of India also considered food security as a national objective and initiated the Public Distribution System (PDS) as a public policy to provide assistance for the people of the country, particularly for the peoples living below poverty line (BPL). As a flagship programme of the Government of India, PDS since its inception plays a vital role towards achieving the goal of food security. Since its inception the PDS of India went through various stages. So it is quite pertinent to look insight the public distribution system of India as a social safety net to the people of the country for acquiring food security. This chapter attempts to present the history as well as various phases of PDS in India. In addition to this the public distribution system of Assam has also been analysed in this chapter.

III. 1. Public Distribution System of India:

III. 1.(A) History of Public Distribution System (PDS) in India:

The history of government intervention regarding the food relief can be traced from the efforts of the respective states in providing food or cash assistance during the time of distress famines, scarcities and crop failures. It is the responsibility of the government to provide relief during the time of famine. The degree of this relief definitely depends upon the number of factors such as effectiveness of the government to cope up these situation.

The root of the role of PDS on food security causes from the Kautilya's 'Arthaashastra'. To counteract the effects of famine, Kautilya suggests some methods which are ---

- (a) Distribute to the public on concessional term, seeds and food from the royal stores.

- (b) Undertake food for work programmes such as building forts or irrigation works.
- (c) Share out the royal food stocks
- (d) Commander for public distribution, private stocks of food.
- (e) Seek the help of friendly kings.
- (f) Shift the affected population to a different region.
- (g) Encourage (temporary) migration to another country.
- (h) Move the entire population (with the king and court) to a region or country with abundant harvest or near the sea, lakes or rivers and
- (i) Supplement the harvest with additional cultivation of grain vegetables, roots and fruits, by fishing and by hunting deer, cattle, birds and wild animals. (Majumder 2009)

During the reign of Ashoka, as the imperial authority was powerful and strong, the provincial Governors undertook relief operation in times of distress or famines. Grain was supplied from government and even bullocks were supplied on loan for which farmers has to make payments in subsequent years and in instalments. (Singh,2006) This state of affairs continues till the Mughal period also. History also further tells us that the rulers maintained government granaries in which the Governments share of grain obtained in lieu of land revenue, which was stored and used in times of famine.

The history of the introduction of PDS in India rooted in famines and food scarcities during the entire period of British rule in India. The first one was the Bengal famine of 1770 where an estimated ten million people died in this famine. (Majumder 2009) between 1860 to 1910, twenty major famines were occurred in India. During the British rule the last famine was the Bengal famine of 1943 (Ghose 1999)

The Public Distribution System (PDS) has been always an integral part of Indian overall food policy. Government intervention in the food grains trade started from the Second World War and in large urban areas like Bombay and Culcutta where satisfactory rationing have been done. During the British period, colonial rulers were aware of the need for ensuring adequate availability of food grains both rural and urban high consuming areas of the country. This has been also the broad objective of

the government of India since independence. The nature and extent of government intervention have been varied due to fluctuations in agricultural production (R.N. Chopra 1988)

From the very beginning of the British rule the concept of 'grain reserve' for meeting the distress in the lean year has been initiated. The Famine Commission of 1880 seriously examined the proposal but due to finance as well as management reason they advised against the Government holding the reserve by itself. They gave special emphasis on employment opportunities as they believed that once employment opportunities were organised on a wide scope the food grain supplies would be ensured through private trade (Singh,2006). The respective famine commission reports on 1896-97, 1899-1900 famines, 1945 Famine Commission Report on the Bengal Famine embodied a number of famine relief strategies whose backbone was the organization of massive public work (Dreze 1990)

In 1939 the then British Government of India, first introduced rationing system in Bombay as a measure to ensure equitable distribution of food grains to the urban consumers in the situation of rising prices. The 6th Price Control Conference held in September 1942 laid down the basic principles of a PDS for India. The Food Department, which was set up in December 1942, formulated an All India Basic Plan for dealing with the issues such as procurement, contracts for purchasing agents public distribution, inspection and storage. The basic objective of this policy was to stabilize the food prices (Singh,2006)

The Bengal famine of 1943 shows the extensive deterioration of food situation. To tackle this situation, The Food Grain Policy Committee 1943 was appointed. The said committee recommended for the procurement of food grains from surplus areas, rationing for equitable distribution and statutory price control (Singh,2006)

After independence, in 1947, the government of India was expected to do away controls on production, distribution and prices of food grain. The food grain policy 1947, recommended gradual decontrol in the food grains sector & rationing and necessity for imports to maintain central reserve to guard against crop failures (GOI 1976 Part I). The Commission also recommends the need to increase domestic food grain production by about 10 million tonnes per year till self sufficiency is achieved. By following these recommendation, government of India, removed all controls on

the food grain which was imposed in the wake of Bengal famine and the War (Singh,2006). However the expectation that decontrol would lead to dishoarding of stocks, increase in procurement and stability in prices did not materialize in reality and prices started rising as a result of natural calamities (Singh, 2006). So a reversion to controls was reinforced in September 1948 with the return of controls, procurement of adequate stocks for public distribution got crucial importance (GOI 1976 Part I)

In 1950, the Food Grains Procurement Commission was set up. The Committee besides making other recommendations suggested rationing in all the towns with a more than 50000 population and informal rationing in other towns and some regulated supply of grains in rural areas (Singh, 2006). The Committee also recommended monopoly of food grains trade in the hands of the government, which has been the basis of India's food policy over the years. (Tajmini 2001)

It has been generally argued that two significant factors which had considerable impact on the food control policies of the government of India which are: (i) the framing of Constitution of India (1950) which provided for the creation of a Welfare state and (ii) the concept of National Planning (Singh,2006). Article 47 of the constitution of India included in the Directive Principles of States Policy, provided that the "State shall regard the raising of the level of nutrition and standard of living of its people and the improvement of public health as among its primary duties". This provision is consistent with the welfare state concept.

It is well known that under developed or developing countries like India, it is beyond the capacity of the Governments to provide full employment or other social services which are easily available in the developed countries but it is not impossible in these countries to provide minimum standard of living to the people. The Constitution of India recognised the fact and make provision of basic requirements like food clothing etc. Therefore it is considered important in the direction of establishment of the concept of welfare states.

The second significant factor which had an impact on the economic policies of the Government was the emergence of National Planning. In accordance with the objectives of equality, liberty, justice and fraternity laid down in the preamble to the Constitution of India, the Government of India undertook the task of planning

simultaneously for increased production of wealth and for a more equitable distribution of the wealth produced (Singh,2006). In order to achieve the socialistic objective of planning in India, the policy of economic growth with social justice becomes the guiding principle in laying down the future economic policies in India. Food policy was also, therefore guided by this principle from 1951 onwards. Consequently provision of food to the people in general and to the vulnerable section of the community in particular at reasonable prices, became a important objective of the food policy in India (Singh,2006).

Government of India understand that any scheme of decontrol would involve risks, hence on 8th July 1952, the Government issued the Foodgrains (Licensing and Procurement) Order, 1952. The said order prohibited any individual from engaging in any business which involved purchase, sale or storage for sale of any food grains except under the provision of license issued by the governments (Dandekar,1994)

Government of India again tried to follow the policy of decontrol in 1953-54 and 1954-55 by considering the thought that resorting to a completely free market would solve the food problem. At first a cautious approach was followed towards relaxation of the factors of control which was followed by a deliberate move towards decontrol. Rationing and procurement, fair price shops were abandoned. In the beginning this policy of decontrol showed some success in regard to falling of price level, import cut down, price-support operations were undertaken and some sort of export were also allowed. But this situation did not last long . In 1956, the prices started rising quite rapidly as a result of this exports were again prohibited, sales from governments stocks were accelerated to meet the food deficit, large imports were arranged for, fair price shops were again reopened (Singh,2006).

The Essential Commodities Act 1955 of India empowered the Government with taking steps for regulation of production, supply, distribution and trade in essential commodities for securing equitable distribution. It also empowered the public officials in enforcing the public distribution system (GOI 1976 Part I). The number of commodities declared essential under Essential Commodities Act was 10 items.

In order to get expert confirmation of the policy of partial control based upon massive imports, another Food grains Enquiry Committee was appointed in1957. The said Committee recognised that “the food situation will continue to be difficult for a long

time to come” and argued that “assurance of a continued import on certain quantities of food grains will constitute the basis of a successful food policy for some years to come” (Bora 1982). The said committee also argued for opening of more fair price shops and continuing the Zonal policy of bringing together surplus and deficit areas within zones and controlling prices within each zone (Singh, 2006). By considering the recommendations of the committee Government of India follows the policy under PL-480. The modus operandi of that policy was to import food grains from the United States and to distribute them through a system of fair price shops in almost unlimited quantities and at low prices. It was a successful policy to achieve the twin objectives of bringing down the prices of food grains and to protect vulnerable sections of the population from the effects of high prices of domestic food grains (Singh,2006).

In August 1963, difficulties again emerged. Prices began to rise and production of food grains fall in 1962-63 and 1963-64. Consequently the demand for Fair Price Shops increased and even the assured imports proved to be inadequate to bring down prices and to protect the vulnerable sections from the rise in prices. As a result government has to reinforce the food policy of partial control, consisting of limited procurement and public distribution, partly through rationing and partly through Fair Price Shops (Singh,2006).

Government of India again appointed the Foodgrain Policy Committee in 1966 to review the food situation and to make policy recommendation. The committee reveals that Indian dependence on import was undesirable. In future it may not even be feasible to reliance on imports; there can only be self-reliance. The committee felt that the future food policy should be concerned with the distribution of country’s own supplies and with measures to expand them as fast as possible. It suggested national management of food as the solution of Indian food problem which implies a national plan of supply and distribution of food. It also suggests four means to implement this plan, these are – (1) procurement to ensure necessary supplies (2) control over interstate movement to facilitate procurement and keep prices at a reasonable level (3) a system of public distribution to ensure equitable sharing and (4) the building up of a buffer stock to provide against difficult years. The Committee also recommended to drawing up a national food budget and emphasized the necessity of adherence to it and pleaded for national discipline (Singh,2006)

It is thus evident that the Foodgrain Policy Committee (1966) recommended neither complete control nor a completely free market, rather it recommended partial control, control and distribution. It also permitted private trade and free market with a free market price alongside a system of public procurement and public distribution. It recognized two facts, that it is not feasible to eliminate private trade in food grains and secondly that state that exist as units for legislation and administration are capable of managing their own food problems within their own boundaries (Singh,2006)

Table No : III. 1

Committees Formed by Government of India, Pre Green Revolution Period

Years	Committees
1943	Foodgrains Policy Committee
1947	Foodgrains Policy Committee
1949	Foodgrains Investigation Committee
1950	Foodgrains Procurement Committee
1964	Foodgrain Price Committee
1965	Agricultural Price Commission

Source: Majumder-2009

The Green Revolution of India was able to achieve the goal of economic self sufficiency in the food grain production, which brought about a new dimension in the food grains management. After achieving the food self sufficiency the prime focus of the food grain policy management was on fair procurement price for farmers to provide safeguard them from market anomalies, buffer stocking and control of market prices and public distribution of essential commodities. The Concept of State trading was revived in January 1965, when by an Act of Parliament, the Government of India set up the Food Corporation of India (FCI). FCI performs as an autonomous organization, working on commercial lines to undertake purchase, storage, movement, transport, distribution and sale of food grains and other food stuff (Singh,2006). The plentiful supplies of food grains generated by the Green Revolution were matched by the ambitious target of extending the PDS to cover the entire population both rural and urban (Rao 2001).

The Sixth Five Year plan (1980-85) agreed that the Public Distribution System would “have to be so developed that it remains hereafter a stable and permanent feature of our strategy to control prices, reduce fluctuations in them and achieve an equitable distribution of essential of essential consumer goods.” (Singh,2006) Government of India introduced Essential Supplies Programme intended to expand the PDS through more FPS’s including mobile FPSs, to make available text books and exercise books to students on a priority basis and to promote strong consumer protection movement. The number of FPS’s increased from 2.30 lakhs in January 1980 to 3.02 lakhs in January 1984, while the Central Government had itself took the responsibility of supplying essential commodities like wheat, rice, sugar, kerosene, edible oil etc. the respective state governments had the option to add other items considered essential by them. Effective working of the programme was predicted on ensuring multi- faceted co-ordination of both central and state governments as well as different government agencies. (Programme Evaluation Organization, Planning Commission, 2005)

In 1984, Government of India created the Ministry of Food and Civil Supplies with two departments namely, Department of Food and Department of Civil Supplies, the latter being in charge of PDS. During Seventh Five Year Plan, an Advisory Committee on PDS headed by the Union Minister for Food & Civil Supplies was constituted to review the working of PDS time to time. Consumer Advisory Committee at district, block/tehsil levels also.

Till the drafting of the Approach Paper to the seventh plan, Indian planners never emphasised that a country like India, which is predominantly an agricultural country with a high incidence of rural poverty urgently need a PDS that is oriented to meet the needs of the rural poor. They had perhaps assumed that since foodgrains were grown in rural areas, by virtue of this the rural poor were getting enough to eat. Perhaps they had forgotten that the absence of purchasing power of the rural poor in their hands made this assumption vague. It was only was only after the drafting of the approach to the Seventh Five Year plan 1985-90, published in July 1984, this situation was rethink. The Approach of Seventh Five Year plan argued that “Public Distribution of essential commodities like Foodgrain and Cloth to vulnerable section, especially in rural areas where productivity and wages are low, should serve as an essential complement to the programmes for employment and income generation. Otherwise rise in cash income of the poor can easily be neutralised by the rise in prices of

essential commodities. Public Distribution System of essential commodities to such sections needs to be expanded on a much larger scale than has been done so far (K.R. Venugopal, 1992).

The Public Distribution System of India evolved as a system of management of scarcity and for distribution of food grains at affordable prices. Over the years PDS has become an integral part of Governments policy for management of food economy in the country. PDS is supplement of the total food requirement of the people and it is not intended to make available the entire requirement of any of the commodities distributed under PDS to a household or a section of the society. It is still considered as a principal instrument in the hands of the Government for providing safety nets to the poor and the vulnerable sections of the society. The PDS serves the triple objectives of protecting the poor, enhancing the nutritional status which ensure food security and generating a moderate influence on market prices (Singh,2006). The Focus and Coverage of PDS have drastically changed over the years. Initially during the First World War, civilian consumption was restricted to meet the requirement of defence forces. Subsequently, when droughts were occurred frequently throughout the country, the planners had to rethink and have to made policies to take up food shortages seriously. In order to overcome this shortage, the rationing system comes into existence. Consequently, Fair Price Shops were opened to distribute items of mass consumption in urban areas.

III.1. (B) Rationale of Implementing Public Distribution System in India:

The Public Distribution System of India since its inception attempts to meet the twin objective of food security policy of the Government of India. These are (a) ensuring adequacy or sufficiency in supply of food grains and (b) distributing foodgrains at an affordable price (GOI 1995-96). The PDS aims at safeguarding the consumer from the impact of raising prices of the essential commodities and maintaining the minimum nutritional status of the people of India, particularly to the poor and the under privileged sections of the society. The PDS supplies have a stabilizing effect on open market prices by increasing availability, removing scarcity psychosis and deterring speculative tendencies (GOI 1991-92, Part II).

The Public distribution system as a social safety net is highly recognized that aggregate availability of foodgrains does not automatically recognize to be enough to

ensure the ability to acquire foodgrains. Production does not automatically guarantee consumption. The beginning of initial production is an unknown world explorable to men. The initial output produced by him independent of his own choice and independent of the question of any consensus. It is the individual consumption which becomes a social phenomenon because of (a) the inability of the individual to produce all the commodities he needs (b) the choice neutrality of any particular individual in the sense that if holds good, he will have to produce in excess for others and hence exchange thereof. At the same time it is a fact that location of individuals in the production map shows the location of the same individuals in the consumption map. The relative command of individuals over commodities produced may not satisfy all individuals equally. There may be occurrence of command differentials over commodities produced. These command differentials derived from resource differential (Mazumdar 2009). Mere presence of food in the economy or in the market does not entitle a person to consume it (Dreeze and Sen 1989). The rural poor as well as the urban poor in developing countries with inadequate purchasing power, neither of the categories having regular employment or unemployment benefits are often denied the right to food. For such poor, the existence of right to food and being free from hunger are same (Zhou and Gandhi 2002). Even the ability to buy may not guarantee food security unless there is an efficient distribution system (Suryanarayana 2000). As argued by the 10th Five Year Plan of Government of India, the availability of food grains is not a sufficient condition to ensure food security to the poor. It is also necessary that the poor have sufficient means to purchase food which can be ensured in two ways- by raising the income or supplying foodgrains at subsidized prices. To ensure this, employment generation programmes attempt the first solution, the PDS is the mechanism for the second option (Planning Commission 2002-07, Vol II).

Food security and self sufficiency in food are two different issues, through linked in a national economy in the context of size of population, with different cross sections with and without purchasing power. Macro level self –sufficiency of food does not guarantee of food security (Majumder 2009). Till now for various developing countries of the world, the prime task is to ensure food security of the vulnerable sections of the economy even if it is at the cost of food imports. However , for a large economy like India with a population more than 1200 million, the ability to import

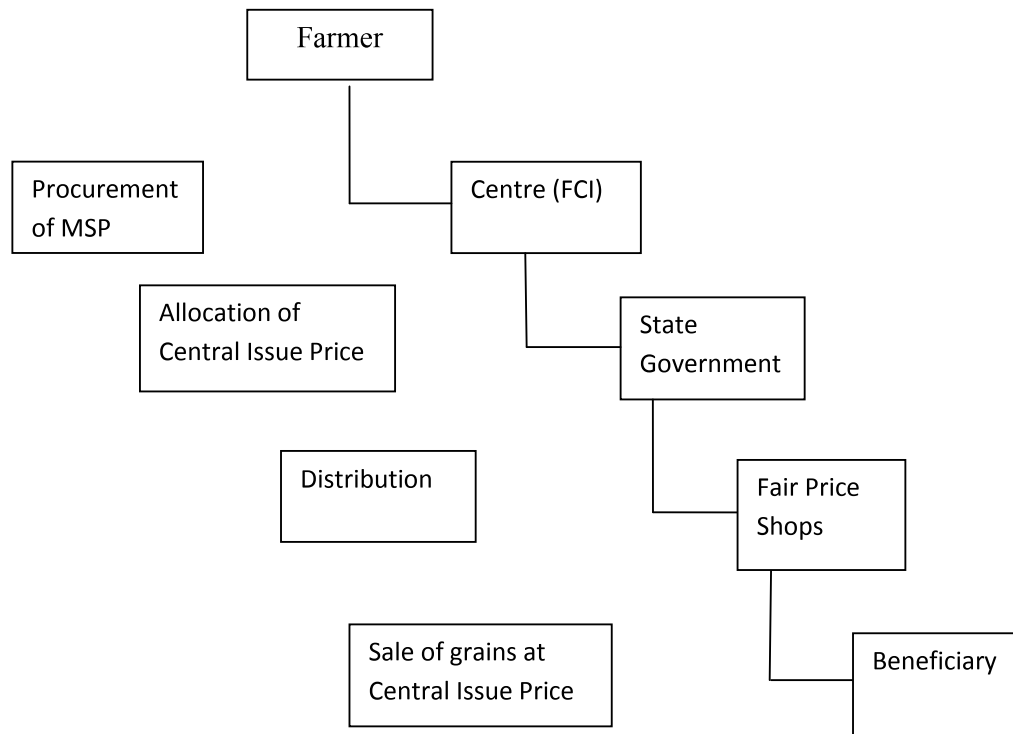
food is limited. The better solution for a large economy like India is not to depend on imports of food to ensure food security because of the absolute consumption requirement of food which may exceed what is exported by the rest of the world. As the advanced countries of the world have shifted away from production of food while the developing countries produce food basically to ensure food feed equilibrium within the national economy. Hence the rationale of the intervention of Government in the food production and distribution from got importance (Majumder 2009).

To execute the Government of India's economic policy to protect the poor, the PDS has remained a major instrument. Public intervention in the foodgrains market at procurement of foodgrains for public distribution and maintenance of buffer stocks, ensure not only short term stability but also long term stability of prices of essential commodities and also protect the interest of the consumers. By procuring the foodgrains PDS also ensure remunerative returns of the farmers by following the policy of Minimum Support Piece (MSP) and provides them incentives to invest more on agriculture and to ensure that in the event of any glut or due to any other reason, the market prices do not fall below the support prices (GOI 1991-92)

III.1. (C) Functioning of Public Distribution System:

Public Distribution System (PDS) of India is operated under the joint responsibility of the Central and the state governments. The Central Government, through FCI, has assumed the responsibility for procurement, storage, transportation, bulk allocation of food grains to the states. The operational responsibility including allocation of foodgrains and other essential commodities within state, identification of families below the poverty line , issue of ration cards and supervision of the functioning of Fair Price Shops (FPS's) rest with the respective state governments (Singh,2006). Under the PDS , commodities such as wheat, rice, sugar and kerosene are being allocated to the states/Union Territories by the Central Government for distribution. Some States/UTs also distribute additional items of mass consumption through the PDS outlets such as cloth, exercise books, pulses, salt, tea etc.

Fig. III. 1. Flow Chart of PDS Commodities



Source:- Sakshi Balani , 2013

III. 1. (D) Revamped Public Distribution System (RPDS):

During the year 1991, after sensitive analysis of hunger deaths in mostly tribal areas of Orissa and Madhya Pradesh on the one hand and adequate stocks of food grain with FCI on the other, Government of India feels that vulnerable areas and the people of vulnerable groups were not targeted properly to ensure food security due to their disadvantageous geographic location, weak PDS infrastructure and low purchasing power (Singh,2006). It was therefore decided to orient the PDS by adopting an area specific approach and as a result Revamped Public Distribution System (RPDS) was emerged. This was done in consultation with State Governments and Union Territory administration. The RPDS was introduced in around 1750 blocks largely tribal, hilly, drought prone and deserted areas (Singh,2006).

The salient features of RPDS were-

- (a) Opening up of new FPS's so that physical access of disadvantaged geographical location beneficiaries is improved.
- (b) Special campaign to be implemented by the State Governments to cancel the bogus ration cards and issue new cards to deserving households.
- (c) To progressively bring more and more FPS's under the system of doorstep delivery of commodities covered under the PDS.
- (d) Setting up of vigilance committees with the participation of local people with substantial representation of women for each FPS at the village level and also at higher levels.
- (e) Improve the supply chain by construction or hiring small intermediary godowns and
- (f) Introduce additional commodities through FPS in these areas.

RPDS covered 1752 blocks which are fall in some area specific programmes as Desert Development Programme (143 Nos), Drought Prone Areas Programm (602), Integrated Tribal Development Projects (1073 Nos) and Designated Hill Areas (69 Nos) were identified as economically and socially backward (135 of them are overlapped). Essential commodities such as wheat, rice, sugar, edible oil kerosene and soft cake were supplied in the selected blocks at subsidized prices. Food grains at the rate of 20 kg per month per family (@ 5 kg per capita) were to be distributed through FPS's. The scheme also emphasised the creation of PDS infrastructure on 50 % subsidy and 50 % loan basis by constructing godowns for food grains and Mobile vans for doorstep delivery of PDS items to the FPS's and for final distribution of these items in geographically inaccessible areas. Vigilance Committees were also formulated at different levels to ensure proper distribution of items under RPDS (Singh,2006).

During mid 1990's, it was decided by the Government of India that the geographical coverage of RPDS would be extended to the entire 2446 Employment Assurance Scheme (EAS) Blocks (GOI 1995-96). Under the scheme of RPDS, foodgrains are allocated to states and Union Territories for RPDS blocks at lower prices of Rs 50 per

quintal lower than Central Issue Price (CIP's) for normal PDS blocks. The State government has to ensure that the retail prices of these commodities in these blocks are not higher than CIP's by more than 25 paise per Kg (GOI 1992-93). The CIP's are fixed by the Central Government for PDS as well as RPDS . The retail end prices for PDS and RPDS are fixed by the State governments by taking into account the transportation cost and the dealers commission (GOI 1995-96).

The Programme Evaluation Organization (PEO) of the Planning Commission evaluated the working of the RPDS on 1995 and indicated that though the scheme was generally beneficial to the vulnerable section of the population, cutting across the regions and states , there were still gaps and constraints in the implementation of the scheme. The PEO (1995) identified four major weaknesses of the RPDS. These were (i) Proliferation of the bogus cards (ii) inadequate storage arrangements (iii) ineffective functioning of the vigilance committee and (iv) failure to issue ration cards to all eligible households. (Dev and Ranade 1997).

III. 1. (E) Targeted Public Distribution System (TPDS):

Following the recommendation of Chief Ministers Conference held in 1996, the Central Government was made an effort to further streamline the PDS. Thus the Targeted Public Distribution (TPDS) was launched in June 1997. The PDS as it was stood earlier has been widely criticised for its urban bias and its failure to serve effectively the poorer section of the population. It was also criticised for its negligible coverage in the states with the highest concentration of the rural poor and lack of transparent and accountable arrangement for delivery (Planning Commission, 2002-2007, Vol II). The vital problem of India was that a sizeable number of marginalized people in the absence of cash income that can be transformed into purchasing power are excluded from the planning process because they do not constitute effective demand. This is true irrespective of the Green Revolution after the mid 1960's in India. Thus the TPDS come to replace the erstwhile PDS from June 1997 (Majumder 1997). This system divided the potential beneficiaries into families Below Poverty Line (BPL) and Those Above Poverty Line (APL). TPDS envisaged that BPL population would be identified in every state and every BPL family would be entitled to a certain quantity of food grains at specially subsidized prices. The BPL population were offer foodgrains at half of the economic cost, on the other hand the APL, who

were not have a certain amount of a fixed entitlement to food grains, were supplied grain at their economic cost. Thus TPDS intends to target the subsidised provision of food grains to 'poor in all areas' unlike the provision of RPDS which laid stress on 'all in poor areas' (Singh,2006).

The Ministry of Consumer Affairs, Food & Public Distribution in 1997 issued the guidelines for the implementation of TPDS. The salient features of TPDS were-

- (a) TPDS proposed to issue of 10 kg of foodgrains per BPL family which was revised to 20 kg from April 2000 at specially subsidized rates. The average lifting of food grains by the state in the last 10 years would be the rate of allocation to the state in the first year. The quantity which is excess of BPL entitlement, known as transitory allocation, would benefit the APL population. But in this case the price is not subsidised.
- (b) Respective states should design the credible financial and administrative arrangements to ensure physical movement of food grains to the FPS's and subsequently issued to the poor.
- (c) Specially subsidised food grains to the beneficiaries of Employment assurance Scheme (EAS), Jawahar Rojgar YOjana (JRY) will be issued at the rate of 1 kg per person per day. Provision of food coupons to the EAS and JRY beneficiaries was also made, which they can exchange for food grains at the FPS's.
- (d) The BPL population in any state could be seen as the provisional estimates of the Planning Commission for the year 1993-94 by the Expert Group Methodology.
- (e) For the selection of BPL population, The Ministry of Rural Areas and Employment made quinquennial survey. Initial identification of beneficiaries should be shouldered upon Gram Panchayats and Gram Sabhas. Urban slum dwellers would generally qualify for selection. Application for non-slum urban areas should be verified. Priority was given to include landless agricultural labourers, marginal farmers, rural artisans and craftsmen, urban slum dwellers and daily wage earners in the informal sector. However the aggregate number of BPL beneficiaries should be within the Expert Group Estimates of BPL population.

- (f) The issue of ration card would give the guarantee of entitlement to its holder to obtain certain essential commodities at a certain scale at certain prices at specified FPS's and in as many instalments during the month.
- (g) It was recommended to all states to paste the photo of all the head of the family on the card.
- (h) New cards could be issued to eliminate the bogus cards which were in circulation.
- (i) Central Government's commitment on subsidised food grains is limited to (i) the quantity necessary for 20 kg per BPL family (ii) the quantity required for EAs and JRY and (iii) the quantity required for transitory allocation. Requirement by states over and above these quantities would be subject to available and at commercially viable prices. Respective states may offer greater quantity or lower prices should bear the additional burden of food grains and fund.
- (j) States should keep the end retail price at the FPS level to their BPL population at more than 50 paise per kg above the corresponding CIP. States were free to mix the margin on APL price within the limit of actual expenses incurred.
- (k) The Central Government was responsible for ensuring availability, acceptability and affordability of food grains and the respective states should ensure accessibility of food grains to the poor through a network of FPS's
- (l) A proper system of monitoring the FPS should be introduced and reports should be obtained every month and if felt necessary, at shorter intervals. A checklist may be used during inspections to make them pointed. Remedial actions should be taken immediately.
- (m) The collector should make weekly review of the bottlenecks faced and the actual off take, especially off take of BPL allocation from the FPS's.
- (n) It was proposed to monitor the actual issue of food grains through FPS's and take that as the consumption of PDS grains of the states instead of lifting from FCI, States should have to send the monthly report to the central Governments without fail.

- (o) The important detail information regarding PDS needed to be displayed at the FPS's. These are- (i) Total number of cards attached to the shop – BPL & APL (ii) monthly allocation made to the shop (iii) last month's issue of the shop (iv) issue prices (v) scale of issue and (vi) authority to report grievances. Local bodies like Panchayats and Nagar Palikas should oversee the FPS's. The President and members of these local bodies should be informed about the allocation and actual off takes of FPS's.
- (p) Vigilance Committees should be formed at Sub -divisions, Districts and State levels. A social audit of working of PDS, in association with the intended beneficiaries would be necessary. At FPS level, two committees may consist of cardholders out of them some should be of woman, the elected president of the panchayat, consumer activists etc. Taluka Committees should be formed with Taluka Supply Officer as Convenor. District Committee should be formed with District Supply Officer as Convener.
- (q) States with assistance of Department of Consumer Affairs & Public Distribution may organise suitable orientation programmes for all staffs engaged in the implementation of PDS. Consumer organization elected representatives, social workers and representative of welfare associations in the localities may be invited to represent the views of beneficiaries.
- (r) Emphasis on creating infrastructure in difficult areas would continue. Provisions of godowns and vans in these areas would be emphasized.
- (s) All possible steps must be taken to ensure that the essential commodities meant for distribution must be reached the poor and should not get diverted to the open market. (Singh,2006)

The TPDS when introduced, was intended to benefit about 6 crore poor families for whom a quantity of about 72 lakh tonnes of food grains was allocated annually (Singh,2006). The quantum of foodgrains in excess of requirement of BPL families was provided to the states as 'transitory allocation' for which a quantum of 103 lakh tonnes of food grains was allotted annually. The transitory allocation was intended for continuation of benefit subsidized food grains to the population living APL as any

sudden withdrawal of benefits existing under PDS from them was not considered desirable.

By considering the unanimous on increasing the allocation of food grains to BPL families and to better target the food subsidy, Government of India increased the allocation of BPL families from 10 kg to 20 kg of food grains per family per month at 50 % of the economic cost and allocation of APL families at economic cost with effect from 1.4.2000. The allocation of APL families was retained at the same level as the time of introduction of TPDS but the CIP of APL were fixed at 100% economic cost so that the entire consumer subsidy could be directed to the benefit of the BPL population.

The number of BPL beneficiaries has been increased w.e.f December 1, 2000 by shifting the base to the population projections of the Registrar General as on March 1, 2000 instead of the earlier population projections of 1995. Due to this, the total number of BPL families is increased to 653.03 lakh as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997. Under the TPDS, the States were requested to issue food grains at a difference of not more than 50 paise per kg over and above the CIP for BPL families (Singh,2006).

III.1. (F) Antyodaya Anna Yojana (AAY)

A National Sample Survey Exercise points towards the fact that about 5% of the total population of the country sleeps without two square meals a day. This section of the people is called “hungry”. In order to make TPDS more focused and targated towards this category of population the Government of India launched a scheme called “Antyodaya Anna Yojana” with effect from 25-12-2000. (Mayilvaganan & Varadarajan , 2012). AAY is a step in the direction of reducing hunger among the poorest segment of the population.

AAY identifies one crore of poorest of the poor families from amongst the number of BPL families covered under TPDS and providing them foodgrains at a highly subsidized rate of Rs. 2/- per kg for wheat and Rs. 3/- per kg for rice. The respective States/ UTs are required to bear the distribution cost, including margin do dealers as well as transportation cost. Thus the entire food subsidy is being passed on to the consumers under the scheme.

The scale of issue was initially fixed at 25 kg per family per month. It has been increased to 35 kg per family per month with effect from April 1, 2002.

III.1. (F) (i) First Expansion of AAY:

In 2003-2004 the AAY scheme has been expanded by adding another 50 lakh BPL households headed by widows or terminally ill persons or disabled persons or persons aged 60 years or more with no assured means of subsistence or societal support with this increase 1.5 crore, which is 23% of BPL identified families have been covered under the AAY.

III. 1. (F) (ii) Second Expansion of AAY:

As announced in the Union Budget 2004-05, another 50 lakh BPL families further expended the AAY by including all households at the risk of hunger. In order to identify these households the guidelines stipulate the following criteria-

- (a) Landless agriculture labourers, marginal farmers, rural artisans, craftsmen such as potters, tanners, weavers, blacksmiths, carpenters, slum dwellers and persons earning their livelihood on daily basis, in the informal sectors like porters, coolis, rickshaw pullers, hand curt pullers, fruit and flower sellers, snake charmers, rat pickers, cobblers, destitute and other similar categories, irrespective of rural and urban areas.
- (b) Households headed by widows or terminally ill persons or disabled persons or persons aged 60 years or more with no assured means of subsistence or societal support.
- (c) Widows or terminally ill persons or disabled persons or persons aged 60 years or more or single women or single men with no family or societal support or assured means of subsistence.
- (d) All primitive tribal households

With this increase, the number of AAY families has been increased to 2 Crore which is 30.66 percent of total BPL households.

III. 1. (F) (iii) Third Expansion of AAY:

As announced in the Union Budget 2005-06, the AAY has further been expanded to cover another 50 lakh of BPL households thus increasing its coverage to 2.5 crore households which is 38 percent of BPL families. As on 31st August, 2011, 243.87 lakh AAY families have been covered by the States and Union Territories under this scheme.

The identification of Antyodaya families and issuing of distinctive Ratio Cards to these families is the responsibility of the concerned state Governments. Detailed guidelines were issued to the State and Union Territories for identification of the Antyodaya families under the AAY and additional Antyodaya families under the scheme is being released to the states and Union Territories on the basis of issue of distinctive AAY Ration Cards to the identified antyodaya families.

III. 1 (G) Implementation of TPDS:

While analysing the implementation of TPDS several issues have to be considered which are- (a) identification of eligible households (b) trends in procurement vis-à-vis production of food grains (c) storage space for food grains (d) food subsidy (e) leakage of food grains (Balani, 2013)

(a). Identification of beneficiaries: Various studies confirm that targeting mechanism such as TPDS are prone to large inclusion and exclusion errors (Balani,2013). This implies that entitled beneficiaries are not getting food grains while those that are ineligible are getting undue benefits. The expert group set by the Ministry of Rural Development on the methodology of conducting the BPL census on 2009 estimated that about 61% of the eligible population was excluded from the BPL list while 25.5 of non poor households were included in the BPL list (Balani, 2013). Table No III (2) categorises states according to varying levels of exclusion of BPL families

Table No: III.2**Categorization of States According to High and Low Exclusion of BPL Families from TPDS**

Level of Exclusion	States
Low Exclusion (Less than 20%)	Andhra Pradesh, Himachal Pradesh, Madhya Pradesh, Rajasthan, Punjab, Tamilnadu
High Exclusion (More than 20%)	Assam, Bihar, Gujarat, Haryana, Karnataka, Maharashtra, Odisha, Uttar Pradesh, West Bengal

Source: Performance Evaluation of Targeted public Distribution System, Planning Commission, 2005

Table No III(3) demonstrates the state wise variation in inclusion and exclusion errors

Table No : III.3.**Distribution of Cardholders among poor and non poor in some states**

State	% of poor with no ration card	%of poor with BPL/AAY cards	% non poor with BPL/AAY Cards
Andhra Pradesh	24.1	66.8	50.3
Assam	25.7	23.3	7.6
Bihar	25.5	21.2	12.6
Chhattisgarh	24.1	47.9	29.4
Gujarat	10.9	48.1	24.2
Haryana	4.4	32.6	15.2
Himachal Pradesh	3.3	45.1	13.7
J& K	7.9	55.1	17.2
Jharkhand	22.1	31.9	17.0
Karnataka	20.7	59.6	36.5
Kerala	10.0	48.4	25.0
Madhya Pradesh	30.0	41.9	22.2
Maharashtra	19.2	39.9	18.4
Odisha	29.3	54.8	29.4
Punjab	15.8	19.5	8.5
Rajasthan	5.0	23.6	12.1
Tamil Nadu	9.0	29.7	15.0
Uttar Pradesh	16.4	22.9	10.6
Uttrakhand	6.1	35.2	12.0
West Bengal	11.2	40.5	20.6
All India	19.1	36.0	20.7

Source: Planning Commission Eleventh Five Year Plan Vol II, 2008, PRS

Another indicator of inaccuracy of beneficiaries is the existence of ghost cards in several states. Ghost cards made in the name of nonexistence people. The existence of ghost cards indicates that grains are diverted from deserving households into open market (Balani, 2013). Table no III (4) shows states grouped according to the level of leakage of grains due to existence of ghost cards.

Table No: III.4.

Leakage of Ghost Cards

Moderate Leakage (less than 10%)	Andhra Pradesh, Haryana, Kerala, Punjab, Tamil Nadu
High Leakage (10% to 30%)	Bihar, Gujarat, Karnataka, Maharashtra, Odisha, Uttar Pradesh, West Bengal
Very High Leakage (More than 30%)	Assam, Himachal Pradesh, Madhya Pradesh

Source: Performance Evaluation of Targeted Public Distribution System, Planning Commission, 2005

(b) Trends in Procurement and Production:

Under the provision of TPDS 75% of Indian population is entitled to food grains assuming 90 crore beneficiaries. (Balani 2013). This has been issued from the procurement of foodgrains by the Centre and States. During the period of 2003-2012 the average procurement of Government has been around 30 percent of the total production of the country, which amounts to almost half of the marketed surplus (total production minus captive consumption by farmer) of wheat and rice . Data also reveals that procurement also increased steadily from 38 million tonnes in 2003-04 to 70 million tonnes in 2012-13, comprising nearly 36 percent of production (Balani, 2013).

The Central Government allocates foodgrains to the states on the basis of the identified BPL population from the availability of food grain stocks and the quantity of foodgrains lifted by states lifted for distribution under TPDS. The allocation to a state changes every year on the basis of the states average consumption over the last three years. During the period of 2003-04 to 2011-12 the offtake of grain has increased in relation to the total amount of grains allotted to states. According to the Commission for Agricultural Costs and Prices (CACP) based on National Sample

Survey (NSSO) data of 2009-2010, consumption under TPDS was only 60 percent of the total offtake. This implies that nearly 40 percent of offtake is being leaked into the open market (Balani, 2013).

(C) Food Subsidy:

The food subsidy is the difference between the cost of procuring food grains and the price at which they are issued to beneficiaries under TPDS, is borne by the Central Government. Over the years, the food security has been increased more than quadrupled from Rs 21,200 crore in 2002-03 to Rs. 85000 crore in 2012-13 (Balani, 2013). The cost of handling foodgrains (MSP and other costs) has increased due to raising cost of production and increasing costs for handling and distributing food grains (Balani, 2013). In addition, since procurement is concentrated in few states, the cost of distributing these food grains to other states has also increased. These combined factors contribute to the raising costs of procurement, on the other hand, the Central Issue Prices (CIP) of cereals such as rice and wheat have remained constant under TPDS since 2002. The widening difference between the raising costs of procuring and handling food grains and CIP has been a major factor for rising subsidy. Table no III (5) and III (6) depicts a comparison of MSP and CIP of Rice and Wheat shows that CIP has been remain constant. On the other hand MSPs increasing continuously. Table depicts that MSP per kg of Rice increased by 120% from 2003-04 to 2012-13 while in case of wheat it has been increasing 114% during this period.

**Table No:III.5
MSP and CIP of Rice/Paddy (Rs/Kg)**

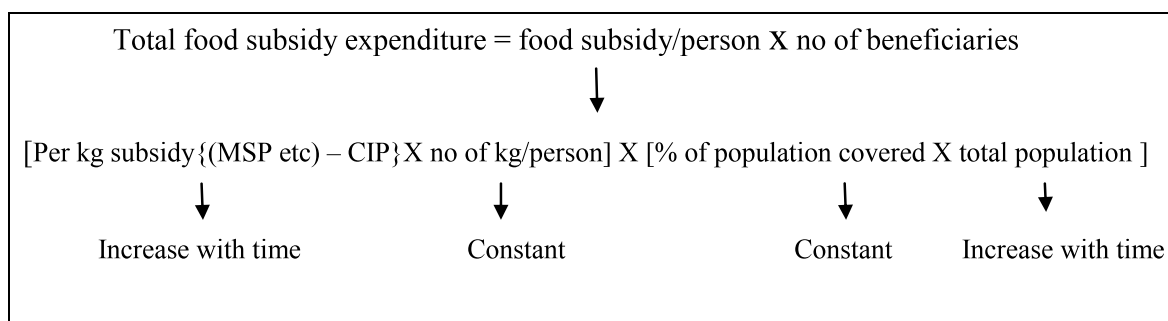
Year	MSP/ Paddy	Derived MSP/Price	CIP		Derived MSP/Price-CIP	
			BPL	APL	BPL	APL
2003-04	5.8	9.3	5.7	8.3	3.6	1.0
2004-05	5.9	9.4	5.7	8.3	3.8	1.1
2005-06	6.0	9.6	5.7	8.3	4.0	1.3
2006-07	6.1	9.8	5.7	8.3	4.1	1.5
2007-08	6.8	10.8	5.7	8.3	5.2	2.5
2008-09	8.8	14.1	5.7	8.3	8.4	5.8
2009-10	9.8	15.7	5.7	8.3	10.0	7.4
2010-11	10.3	16.5	5.7	8.3	10.8	8.2
2011-12	11.1	17.8	5.7	8.3	12.1	9.5
2012-13	12.8	20.5	5.7	8.3	14.8	12.2

Sources: CACP- Food Corporation of India, PRS

Table No: III.6.
MSP and CIP of Wheat

YEAR	MSP	CIP		MSP-CIP	
		BPL	APL	BPL	APL
2003-04	6.3	4.2	6.1	2.2	0.2
2004-05	6.4	4.2	6.1	2.3	0.3
2005-06	6.5	4.2	6.1	2.4	0.4
2006-07	7.5	4.2	6.1	3.4	1.4
2007-08	10.0	4.2	6.1	5.9	3.9
2008-09	10.8	4.2	6.1	6.7	4.7
2009-10	11.0	4.2	6.1	6.9	4.9
2010-11	11.2	4.2	6.1	7.1	5.1
2011-12	12.9	4.2	6.1	8.7	6.8
2012-13	13.5	4.2	6.1	9.4	7.4

Sources: CACP- Food Corporation of India, PRS



During the period of 2007-08 to 2012-13 the food subsidy has been increased 0.5% to 0.8 % of GDP. This rising of food subsidy is due to constant CIP of foodgrains and an increasing MSP. In real term, the subsidy per has increased over this duration (Balani, 2013)

(d). Shortfall in storage capacity of FCI against the central pool stock:

After the required amount of food grains produced, government has to store as a buffer stock. The GOI also aims to create storage capacity for procured foodgrains in procuring states and transfers food grains for surplus regions to deficit regions. While there has been a sharp hike in procurement from 19.6 million tonnes in 2008 to 82 million tonnes in 2012, FCI's storage capacity (both owned and hired) has not

increased to commensurate the growth in procurement (Balani, 2013). In its report the Comptroller and Auditor General (CAG) found that there was a severe shortage of storage capacity available in the country for central pool stock due to the increase in procurement of food grains (Balani, 2013). The CAG report envisaged that with the increasing food grain stocks, FCI's storage gap increased from 5.9 million tonnes in 2007-08 to 33.2 million tonnes in 2011-12. As of 2012, food grains stocks of rice and wheat were 80.5 MT, nearly double the storage capacity available with FCI. The CAG audit also found that the owned storage capacity with FCI remained stagnant, ranging from 15.1 to 15.6 million tonnes during the period 2006-07 to 2011-12 was not enough to accommodate the minimum buffer stock increase of 21.2 to 31.9 million tonnes. This implies that a certain amount of grains is stored in unscientific storage which leading to the rotting of food grains (Balani, 2013).

(e) Leakage of Food Grains:

TPDS suffers from large leakage of food grains during transportation to and from ration shops into the open market. The performance evaluation of TPDS by Planning Commission 2005 found that 36% leakage of rice and wheat at all India level. Table no III (7) and III (8) shows the states with varying leakage of food grains.

**Table No:III.7.
Overall Leakage of Food Grains across States**

Low leakage (less than 25 %)	Andhra Pradesh, Kerala, Odisha, Tamil Nadu, West Bengal
High leakage (25% - 50%)	Assam, Gujarat, Himachal Pradesh, Karnataka, Maharashtra, Rajasthan
Very high leakage (50%-75%)	Haryana, Madhya Pradesh, Uttar Pradesh
Abnormal leakage (More than 75%)	Bihar, Punjab

Source- Performance Evaluation of Targeted PDS, Planning Commission, 2005

Table No- III.8.

Leakage of Food Grains at the Fair Price Shop

Very low leakage (less than 10 %)	Assam, Himachal Pradesh, Madhya Pradesh, Odisha, Tamil Nadu, West Bengal
Moderate leakage (10%- 25%)	Andhra Pradesh, Gujarat, Karnataka, Kerala, Maharashtra
High leakage (25%-50%)	Rajasthan, Uttar Pradesh
Very high leakage (More than 50%)	Bihar, Haryana, Punjab

Source- Performance Evaluation of Targeted PDS, Planning Commission, 2005

III. 1. (h) National Food Security Act – 2013:

As passed by the Parliament, The Government of India has notified the National Food Security Act -2013(NFSA) on 10th September, 2013 with the objective to provide for food and nutrition security in human life cycle approach by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity ([ww.dfpd.nic.in](http://www.dfpd.nic.in)). 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 justifiable right (Balani, 2013). The act provides the coverage of upto 75 % of the rural population and up to 50% of the urban population for receiving subsidized food grains under TPDS, thus it covers two thirds of the total population of India. The eligible persons are entitled to receive 5 kg of food grains per person per month at subsidized prices of Rs. 3/2/1 per kg for rice/wheat/coarse grains. The existing Antyodaya Anna Yojana (AAY) households, which constitute the poorest of the poor, will continue to receive 35 kg of food grains per household per month.

The NFSA act also has a special focus on the nutritional support of women and children. The act also makes the provision to provide meal to pregnant and lactating mothers during pregnancy and six months after the child birth. Such women will also be entitled to receive maturity benefit of not less than Rs. 6000/-. The acts also makes the provision for the children upto 14 years of age to entitled to nutritious meals as per the prescribed nutritional standards. In case of non supply of entitled food grains or meals the beneficiaries will receive food security allowance as per the provision of the Act (www.dfpd.nic.in).

III. (g) (i) Salient Features of NFSA – 2013:

(a) Coverage and entitlement under Targeted Public Distribution System (TPDS):

Upto 75 % of the rural population and 50% of the urban population will be covered under TPDS, with uniform entitlement of 5 kg per person per month. However the existing AAY households which constitute the poorest of the poor will continue to receive 35 kgs of food grains per household per month.

(b) State wise coverage:

Corresponding to the all India coverage of 75% and 50% in the rural and urban areas, State wise coverage will be determined by the Central Government.

(c) Subsidised prices under TPDS and their revision:

Food grains under TPDS will be made available at subsidized prices of Rs 3/2/1 per kg for rice, wheat and coarse grains for a period of three years from the date of commencement of the act.

(d) In case, any states allocation under the act is lower than their current allocation, it will be protected upto the level of average off take under normal TPDS during the last three years at prices to be determined by the Central Government . Existing prices for APL households i.e. Rs 6.10 per kg for wheat and Rs. 8.30 per kg for rice has been determined as issue prices for the additional allocation to protect the average off take during last three years.

(e) Identification of Households:

Within the coverage under TPDS determined for each state, the work of identification of eligible households is to be done by States and Union Territories.

(f) Nutritional support to Women and Children:

Pregnant women and lactating mothers and children's in the age group of 6 months to 14 years will be entitled to meals as per prescribed nutritional norms under Integrated Child Development Schemes (ICDS) and Mid Day Meal (MDM) Schemes. Higher nutritional norms have been prescribed for malnourished children upto 6 years of age.

(g) Maturity Benefit:

Pregnant women and lactating mothers will also be entitled to receive maturity benefit of not less than Rs. 6000/-

(h) Women Empowerment:

Eldest women of the household of age 18 years or above considered to be the head of the household for the purpose of issuing of ration cards.

(i) Grievance Redressal Mechanism:

There is a provision of Grievance redressal mechanism at the District and State levels. States will have the flexibility to use the existing machinery or set up separate mechanism.

(j) Cost of Intra-State transportation & handling of food grains and FPS Dealers margin:

Central Government will provide assistance to states in meeting the expenditure increased by them on transportation of food grains within the state, its handling and FPS's dealers margin as per norms to be devised for the purpose.

(k) Transparency and Accountability:

Provisions have been made for disclosure of records relating to PDS, social audits and setting up of Vigilance Committees in order to ensure transparency and accountability.

(l) Food Security Allowance:

Provision for food security allowance to entitled beneficiaries in case of non-supply of entitled food grains or meals.

(m) Penalty:

Provision for penalty on public servant or authority to be imposed by the State Food Commission in case of failure to comply with the relief recommended by the District Grievance Redressal Officer. (www.pfpd.nic.in)

The TPDS currently covers 65 million BPL and 115 million APL families. Assuming average family size of 4 persons, the TPDS approximately include around 260 million BPL individuals and 460 million APL individuals. The BPL population also includes the AAY families. In terms of proportion of the national population of the TPDS priorities (the AAY beneficiaries) only around 22 percent. The NFS Scheme aims to expand this coverage to 67 percent i.e. around 800 million people. The APL families currently covered under the TPDS that receive ration cards only after the BPL quota has been taken care of will also now be legally entitled to at 5 kg per month at lower issue prices. But part of the food grains to be distributed to the new beneficiaries are redistributed from the current non AAY, BPL families who will receive lower entitlements at cheaper rates (Thakur & Taneja 2014)

The NFSA implements some key changes to the existing TPDS. Comparison of TPDS and NFSA has been given in the table no III (9)

Table No: III.9.

Comparison of existing TPDS with the NFSA

Provision	TPDS	NFSA-2013
Implication for right to food	Set up under administrative order , no legal backing	Provision statutory backing for right to food
Coverage	AAY, BPL and APL	AAY, Priority and excluded
Entitlements per category	BPL and AAY, 35 kg/family/month APL: 15-35 kg/family/month	Priority:5 kg/person/month AAY: 35 kg/family/month
Prices of food grains	AAY Rs3/kg for rice Rs. 2/kg for wheat and Rs.1/kg for coarse grain Other categories differs across states	All categories Rs. 3/kg for rice Rs. 2/kg for wheat and Rs.1/kg for coarse grain
Identification of beneficiaries	<u>Centre:</u> Releases state wise estimates of population to be cover under TPDS. creates criteria for identification <u>States:</u> Identify eligible households	<u>Centre:</u> Released state wise estimates of population to be covered under Act <u>States:</u> . Creates criteria for identification identify eligible households
Centre-State responsibility	<u>Centre:</u> Procurement, state wise allocation transport of grains up to state depots storage. <u>States:</u> Delivery of grains from state depots to ration shop to beneficiary	<u>Centre:</u> Provides food security allowance to states to pass on beneficiaries <u>State and Centre:</u> not responsible for failure to supply food grains during food majeure conditions e.g. war, flood, drought
Grievance Redressal Mechanism	State governments responsible for ensuring monitoring, vigilance committees to be set up at state, district block and ration shop levels	Appoints district grievance redressal officers, establishes State Food Commission and Vigilance Committees at State, district, block and ration shop levels.

Sources: PDS (Control) order 2001, National Food Security Act 2013, PRS

III.2. Public Distribution System in Assam:

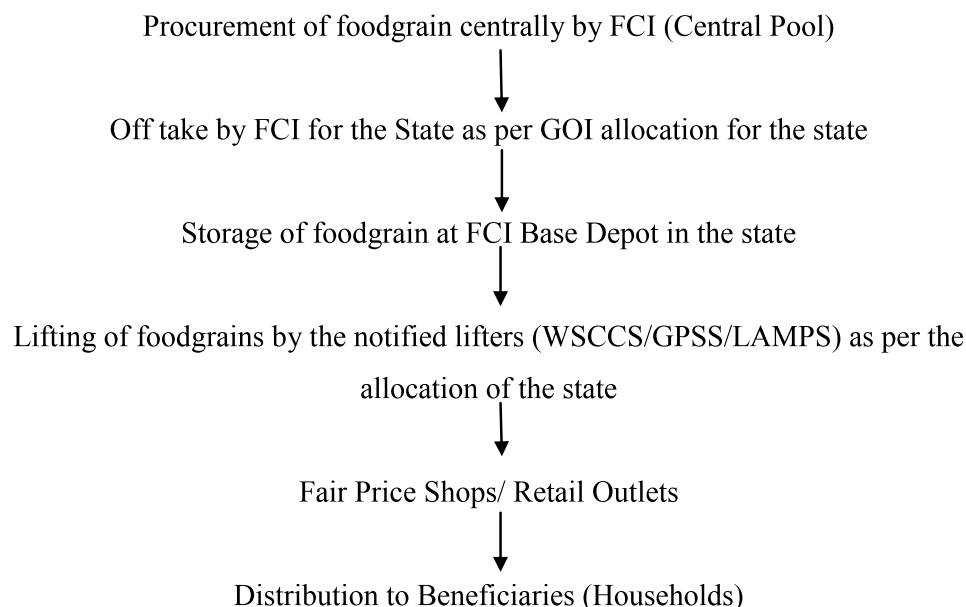
Public Distribution System is a major instrument of the government's economic policy for ensuring availability of food grains at affordable prices as well as to provide food security to the poor. It is generally accepted that availability of food can not ensure food security to the poor who do not have sufficient means to purchase food and hence the PDS mechanism is to provide food to the poor at subsidized prices. Public Distribution system with a network of about 507 lakh fair price shops in India, is perhaps the largest distribution system of its type in the world (GOI, 2013-2014).

As reported earlier, the PDS is operated under the joint responsibility of the central and state governments. The Central Government has taken the responsibility for procurement, storage, transportation and bulk allocation of food grains etc. The responsibility of distribution of food articles to the consumers through the network of fair price shops rests with the State Governments.

In Assam also, PDS is a major instrument of the Governments poverty eradication programmes which is regulated under the provisions of "Assam Public Distribution of Articles Order, 1982." The Food and Civil Supplies Department looks after the allocation and distribution of food grains, identification of families below poverty line, issue of ration cards and supervision and monitoring of stock position and distribution of food articles etc. by the fair price shops. The department is also entrusted with the responsibility of procurement of paddy and rice under 'Minimum Support Price' scheme under the "The Food Management Policy" of the Ministry of Food and Public Distribution of Govt of India to ensure remuneration price to the producers for their agricultural produce and to provide the procured food grains to the consumers fairly at reasonable and affordable price (GOI 2013-14)

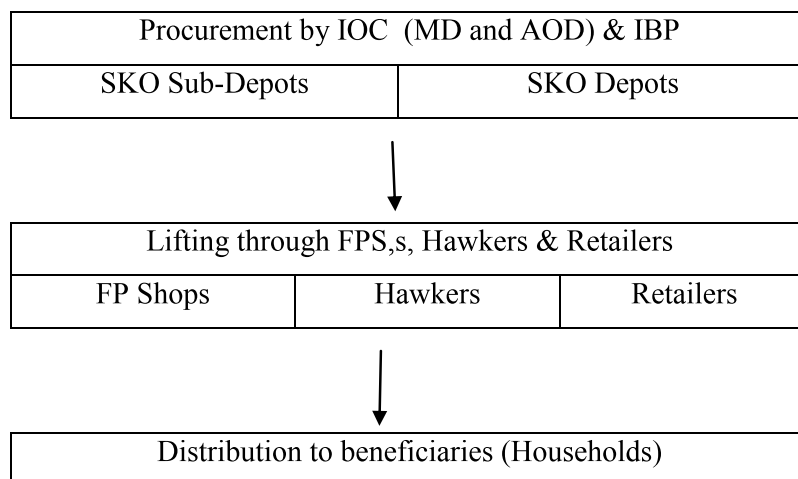
In Assam, PDS commodities are being distributed to 63 lakh households (43.94 lakh APL, 12.02 lakh BPL and 7.04 lakh AAY households) in 33 districts (earlier 27 districts) through 34536 Fair Price Shops (FPS) (Urban 4030, Rural 30506) as on 31.3.2011 (Economic Survey, Assam 2011-12). In respect of Superior Kerosene Oil (SKO), distribution to beneficiaries is made through 12438 hawkers and 3307 retailers in addition to the FPS's after procurement from 385 depots and 95 sub depots (CAG, 2010-2011). The flow diagram of PDS commodities as –

Fig: III (2) (A) Flow Diagram of Foodgrain



Source: Performance Audit of Public Distribution System of Assam , 2010-2011

Fig: III 2 (B) Flow Diagram of SKO SKO



Source: Performance Audit of Public Distribution System of Assam , 2010-2011

The Food Corporation of India (FCI) is responsible for procurement of food grains and their allocation to the states for distribution through Public Distribution System. The quantity of commodities distributed to the BPL AAY and APL families per month and their rates in Assam is shown in the table no III (10)

Table No III.10
Quantity and Rates of Commodities Distributed Per Month Under Different
Schemes in Assam 2012

Commodities	Schemes	Quantity (Per Month)	Rates (Per kg/Lt)
Rice	BPL	35 Kg	7.00
	AAY	35 Kg	3.00
	APL	18 Kg per card	10.00
Wheat	APL	7 Kg per card	8.50
K.Oil	APL	4-5 litre per card	12.00-13.00

Source: Economic Survey of Assam, 2013-2014

III.2 (A) Targeted Public Distribution System:

As like all the States of India, Government of Assam also introduced the Targeted Public Distribution system in Assam from 1997. State Government took the responsibility to identify the poor families and to distribute food grains through the Fair Price Shops in a transparent and accountable manner.

To smoothen the functioning of TPDS in the State, some deliberate measures are being implemented by the State Government in Assam. These are –

- i. Adoption of Citizen Charter.
- ii. Deletion of bogus/ineligible ration cards. (The Department with effect from July 2006 up to 31st December, 2013 has deleted 2.38 lakh bogus/ineligible ration cards in the state)
- iii. Number of Fair Price Shops allotted to various groups in the state. (Out of the total, 37 FPS under TPDS is run by Cooperative in Assam)
- iv. Legal action against defaulters who issued/possessing bogus ration cards.
- v. wheat flour distribution
- vi. Training programme taken up (Training of members of FPS level Vigilance Committee)
- vii. Public awareness campaign taken up. (GOA 2013-14)

Up to February 2013, total allocation of Wheat and Rice for APL, BPL, AAY families under TPDS was 17.30 lakh tonnes for Assam of which 13.68 lakh tonnes were rice and 3.61 tonnes were wheat. The present monthly requirement allocation and release of commodities for PDS for Assam are shown in the table no III (11)

Table No: III.11
Quantity and Rates of Commodities Distributed Per Month under Different Schemes in Assam , 2013

Commodities	Schemes	Monthly Requirement (In MT/KL)	Average Monthly Allocation (In MT/KL)
Rice	BPL	42070	39602
	AAY	24641	24641
	APL	102641	34248
Wheat (Atta)	APL	46137	18697
Sugar	APL	24935	18337*
S.K.Oil	APL	56104	27344

*. Upto May 2013

Source: Economic Survey of Assam 2013-14

To control the malactivities in the PDS allotment and distribution as well black marketing government of Assam took some actions under clauses of 8 & 9 of the PDS (Control) Order, 2001. Table no III (12) highlights the various actions which are taken by the GOA during the period from January 2006 to December 2013 in Assam.

Table No: III.12

**Action Taken Under Caluses 8 and 9 of the PDS (Control) Order 2001 from
January 2006 to December 2013 in Assam**

Year	Number of Inspections	No of Raids Conducted	No of person arrested/prosecuted/convicted	No of FPS licences suspended/cancelled /show cause notice issued/FIR longed
2006	322	309	24	22
2007	2346	630	15	484
2008	9879	607	29	577
2009	6941	456	41	397
2010	2363	349	05	89
2011	3361	1454	200	129
2012	650	258	00	32
2013	501	162	00	14

Source: Economic Survey of Assam, GOA 2013-14

Though all the above measures have been taken up, state is still to take up monthly certificate by Village Panchayat/ Urban local bodies or women Self-help groups on delivery on TPDS food grains of fair Price Shops.

III.2. (B)Fair Price Shops:

The fair price shops are opened taking into consideration of the convenience of the card holders and topography of the area. Number of fair price shops in the state as on 31st March, 2013 was 36905 which decreased by 221 numbers against 37126 number of fair price shops as on 31st March,2012. This fair price shops distributing food articles to APL, BPL and AAY card holders. Table no III (13) shows the district wise fair price shops and AAY/BPL card holders in Assam 2012-2013

Table No – III. 13**District wise Fair Price Shops and AAY/BPL Card Holders in Assam 2012-2013**

District	Type of Card Holder No			
	Fair Price Shops	AAY	BPL	Total
Dhbri	1922	39106	69429	108535
Kokrajhar	1081	22527	40236	62763
Goalpara	847	19723	37147	56870
Bongaigaon	685	16281	26791	43072
Cherang	511	14452	25163	39615
Barpeta	2006	38177	62571	100748
Baksa	795	22879	39901	61680
Nalbari	770	22172	34164	56336
Kamrup Metro	826	8384	16157	24541
Kamrup	1752	41866	77696	119562
Darrang	981	17952	31905	49857
Udalguri	1156	23896	40334	64320
Sonitpur	2030	40831	79098	119929
Nagaon	2837	57936	107885	165821
Morigaon	1178	20532	33175	53707
Karbi-Anglong	869	19152	32356	51508
Lakhimpur	1861	24620	41785	66405
Dhemaji	1409	17188	25035	42223
Golaghat	2124	29415	41877	71292
Jorhat	1608	31354	45161	76515
Sivasagar	2031	31423	47867	79290
Dibrugarh	1721	30762	48910	79672
Tinsukia	1641	33238	47025	80263
Dima Hasao	299	5864	12407	18271
Karimganj	1149	22146	44170	66316
Hailakandi	875	15006	25344	40350
Cachar	2004	37118	69511	106629
Total	36905	704000	1202000	1906000

Source: Statistical Handbook of Assam – 2013

III. 2. (C) The PDS Schemes Implemented in Assam:

(i). The Above Poverty Line (APL) Schemes:

At present 40.87 Lakh APL families are provided with APL rice, SK Oil, Sugar and Iodized Salt as per quantum of allocation in each month. During the year 2012-2013, out of the total allocation under Targeted Public Distribution System (TPDS) up to February 2013, the share of wheat was 3.61 lakh tonnes and rice was 6.62 lakh tonnes for APL families of the State. The APL families are provided with 18 kg of rice per family at the rate of Rs 10.00 per kg and 7 kg of wheat per family at the rate of Rs. 8.50 per kg (GOA 2013-14).

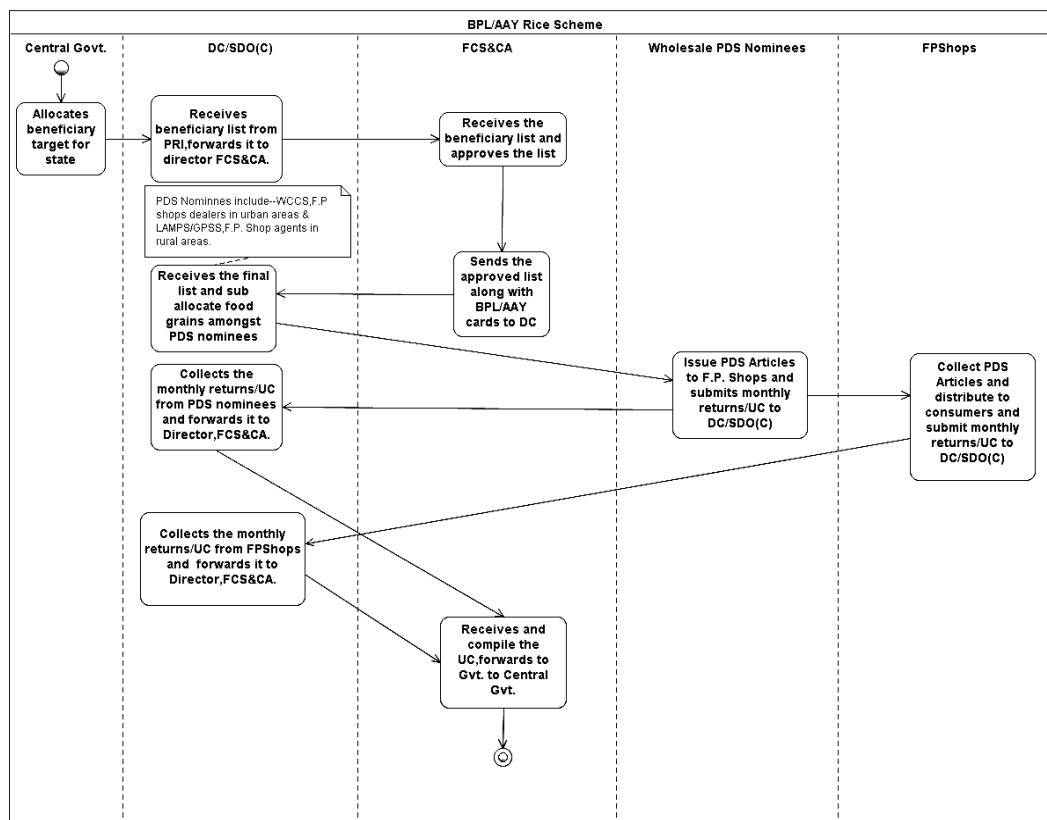
(ii). The Below Poverty Line (BPL) Schemes:

The Government of Assam has achieved the target of selecting 19.06 lakh beneficiaries from BPL families and provided distinct ration cards for assurance of PDS items at subsidized rates. Out of the 19.06 lakh selected beneficiaries 12.02 lakh have FIC cards and take benefits as BPL families and the rest 7.04 lakh of beneficiaries are brought under AAY category families as per the direction and guidelines of the Central Government. Under TPDS, total allocation of rice for BPL families of the State up to February 2013 was 4.36 lakh tonnes against an allocation of 4.75 lakh tonnes in 2011-12. The BPL families are provided 35 kg of rice per family at the rate of Rs 7 per kg (GOA 2013-14).

(iii). The Antyodaya Anna Yojana (AAY):

The AAY scheme is implemented by the State government in Assam since November 2001, as per guidelines of the Government of India. At present there are 7.04 lakh families are identified under AAY category. Under this scheme the selected beneficiaries are provided 35 kg of rice per family per month at a highly subsidized rate of 3 per kg. The transportation charge @ Rs 30.00 per quintal for carrying AAY rice from the food storage depots of FCI to the various outlets for distributing of rice amongst the selected beneficiaries, which is provided by the State Government under non-plan. Total allocation of rice for the AAY category of State was 2.71 lakh tonnes up to February 2013 (GOA 2013-14).

Fig: III.3. Activity Diagram of BPL/AAY



Source- As-Is-Study Report Of Department of Food, Civil Supply & Consumer Affairs (Govt of Assam)

(iv). Mukhya Mantir Anna Suraksha Yojana (MMASY):

Under TPDS, a total of 19.06 lakh families are covered in Assam as per target fixed by the Planning Commission of Government of India based on the population as well as family status of 1993-94 and no extra target for inclusion of more deserving families is taken into consideration by the Central Government. Hence to bring the deserving poor families i.e. lowest strata of APL families under the ambit of food security, Government of Assam launched a unique scheme named as, The Mukhya Mantir Anna Suraksha Yojana (MMASY) up to 2013-14, 20 lakh families were being benefitted under the scheme. Initially 10000 families per Legislative Assembly Constituency were selected by notified Selection Committees under the supervision of the Deputy Commissioner or the Principal Secretary but further the target has been increased to 15000 families per Legislative Assembly Constituency. Such identified

families are being provided 20 kgs of subsidised rice at Rs 6 per kg to each beneficiary upon production of distinctive Ration Card to be issued by the concern department. In rural areas the beneficiaries are selected by the Selection Committee comprising of Block Development Officer, as Chairperson and another five members including one PRI member and one social worker and in urban areas the committee is headed by the local Revenue Circle Officer and another five members to select the Beneficiaries for the scheme. (GOA, 2013-14). Table no III (14) demonstrate the target and achievement of Mukhya Mantir Anna Suraksha Yojana-

Table No: III.14

Target and Achievement of Mukhya Mantir Anna Suraksha Yojana

Year	Fund Allocated (Rs. In lakh)	Financial Achievement (Rs in lakh)	Target (in Nos)	Physical Achievement (In Nos)
2010-11	12029.19	998.99	1500000	1500000
2011-12	500.00	500.00	1890000	1890000
2012-13	4980.11	4980.11	2000000	1973425
2013-14	10010.00	1045.92	2000000	1973425

Source: Economic Survey of Assam- 2013-14

III.2. (D)The National Food Security Scheme:

As per the provision of the National Food Security Act 2013, food security scheme has been implemented in the state of Assam since December 2015. Under NFSA 2013, 84.17% of rural population and 60.35 % of urban population (as per census 2011) of the state are covered to distribute rice at highly subsidized rate of Rs. 3.00 per kg. The total population benefitted under NFSA 2013 in the state is 2.52 Crore. There are two categories of beneficiaries under NFSA 2013- (i) AAY Beneficiaries provided 35 kg of rice per family at Rs 3.00 per kg (ii) Priority household beneficiaries provided 5 kg of rice per member at Rs 3.00 per kg. Government of Assam provide state subsidy @ of Rs1/ above the Central Issue price and hence now the beneficiaries under the scheme are entitled to receive rice at Rs2/kg. The transportation cost and commission for the above is borne by central and state governments.

III. 2. (E) Village Grains Banks (VGB) Scheme:

To provide food security to the BPL families, Government of Assam has implemented the village Grain Banks Scheme by setting up 100 nos of Grain Banks in Chronically flood and natural calamities affected areas for every 40 poor families. Every VGB were allotted 40 quintals of Grade A rice at Rs 1150 per quintal. The total expenditure for each bank is Rs 60000 which includes cost of rice, transportation cost, training, storage weighing equipment's and administrative cost. Out of the targeted 100 Village Grain Banks, 88 Village Grain Banks, have been formed till now. The fund for the Village Grain Banks is shared by both the Central and State Government under Non plan head (GOA, 2013-14).

III.2. (F) Randhan Jyoti Scheme:

Randhan Jyoti Scheme is implemented in Assam since August 2003. The state has already implemented 1st , 2nd , 3rd and 4th phase of the scheme by providing LPG connection at free of cost to 168222 number of person selected from BPL families in order of preferences of widow, women members of Self-Help groups and any other female members of the BPL families of lower income groups. This scheme is sponsored by the State government.

III. 2. (G) Aamar Dukan:

The Scheme Aamar Dukan was launched by the then Honourable Minister of Food and Civil Suppliers & Consumer Affairs on 24th December, 2010. Aamar Dukan is an Assamese term meaning our shop to denote a notified Fair Price Shop in Assam, which besides providing the regular subsidized item under the PDS in India to the ration card holders, also sells some other essential commodities at reasonable rates fixed by the State Food, Civil Suppliers & Consumer Affairs Department to the general consumers under an initiative of the State Government to strengthen the PDS. Presently 3812 number of selected Aamar Dukan are functioning in Assam. Under this scheme, the state government makes an attempt to tame spiralling prices of essential commodities and make them available to the common people at “significantly less” prices compared to that in the open market. Items such as Onions, potatoes, mustard oil, refined oil, soya oil, dal, atta, suji, maida, soap, milk, tooth

brush, tooth paste, hair oil, etc. are some of the near about 21 notified items which are kept by the Fair Price Shop keeper in the Aamar Dukan.

During the financial year 2014-15 a total of Rs 600 lakh has been provided to 755 numbers of Aamar Dukan @ Rs. 66225 per Aamar Dukan with two fold objectives of enhancing infrastructure and for providing better services. Financial assistance of a total find of Rs 500 lakh has been provided for financial assistance to another 755 numbers of 'Aamar Dukan' during 2015-16 (www.fcs.assam.gov.nic.in)

Although various schemes are implemented by the state governments for effective implementation of PDS in Assam as well as to ascertain the Food Security of the poor and marginalized sections of the society, still the performance of PDS in Assam is not satisfactory. Studies reveal that when Assam has been facing acute shortage of food grain owing to poor agricultural practices and low productivity, huge quantum of food grains allotted to Assam under the PDS continued to be siphoned off to the black market (Talukdar 2013). An evaluation project of National Council for Applied Economic Research (NCAER) 2008, taken from the Ministry of Food, Consumer and public Distribution System (PDS) showing percentage diversion of rice from PDS quota, allocation and off take of rice for years 2007-08, 2008-09 and 2009-10 under TPDS, reveals that 44.97 percent of rice allotted to Assam under PDS for BPL families, 83.28 percent of the PDS rice meant for APL families at the entire 100 percent of PDS wheat has been diverted and sold in the black market (Talukdar, 2013)

Assam has been topped in the list in terms of diversion of PDS food grains to the black market as the report prepared by NCAER, which was presented during the meeting of Core Group of Central Ministers and Chief Ministers under the Ministry of Food, Consumer Affairs and Public Distribution Department of Food and Public Distribution held in New Delhi on 8th April, 2013 (Talukdar, 2013). The NCAER study also reveals that actual target group in the state which is living in the lowest strata of society despite the fact that the off take of food grains by the Assam Government remains very high. The figures relating to off take and the percentage of diversion shown by the NCAER evaluation have clearly shown the government's failure to nail the racketeers involved in the process (Talukdar, 2013).