CHAPTER-2
TARGETED PUBLIC DISTRIBUTION SYSTEM:
AN OVERVIEW

Improving food security at the household level is an issue of great importance for a developing country like India, where millions of poor suffer from persistent hunger and malnutrition and others are at the risk of doing so in the future. There are several ways in which food security can be improved such as, employment programmes and others. PDS is the one and main among various strategies to control and improve food security of the poor in India.

PDS in India has been in operation in some form or the other, since the outbreak of the Second World War in 1939. Now it has gained ground throughout the country. The PDS evolved as a major instrument of the government’s economic policy for ensuring availability of foodgrains to the public at affordable prices as well as for ensuring the food security of the poor. PDS with a network of about 4.89 lakh fair price shops (FPSs) is, perhaps, the largest distribution network of its kind in the world. At present, this system is serving about 6.52 crore BPL families and the needy section of population in India. Foodgrains and other essential commodities are being distributed through this system to the poor households at highly subsidized prices.

PDS is operated under the joint responsibility of the Central and the State/UTs governments. The Central Government has taken the responsibility of procurement, storage, transportation and bulk allocation of foodgrains etc. The responsibility for effectively distributing the same to the consumers through the network of FPSs lies with the State/UTs governments. The operational responsibilities including, allocation within the State/UTs, identification of families below poverty line, issue of ration cards, supervision and monitoring of FPSs, rest with the State/UTs governments. Thus, the PDS is a joint operation of Centre and

3 Ibid, p. 129.
State/UTs Governments in direction to achieve the target to benefit the poor in India by providing foodgrains and other essential commodities at highly subsidized and affordable rates.

2.1 Operation of TPDS at Central Level

PDS at Central pool is operationalised by the Ministry of Consumer Affairs, Food and Public Distribution, Government of India, which has two Departments, namely, the Department of Food and Public Distribution and the Department of Consumer Affairs. The Department of Food and Public Distribution of the Ministry deals with the operation of PDS formulate and implement policies to regulate and control the PDS with special focus on the poor.\(^5\)

The main functions of the Department of Food and Public Distribution are:

- To formulate and implement the national policies relating to procurement, movement, storage and distribution of foodgrains;
- Implementation of PDS with special focus on the poor;
- Provision of storage facilities for the maintenance of Central reserves of foodgrains and promotion of scientific storage;
- Formulation of national policies relating to export and import, buffer stocking, quality control and specification of foodgrains;
- Fixation of statutory minimum prices of foodgrains and other commodities like sugar etc., price control and fixation of Central Issue Prices of such commodities.\(^6\)

The Department of Food and Public Distribution is charged with the prime responsibility of the management of food economy of the country. The twin objectives of the Department are to ensure (i) Remunerative rates to our farmers for their production and (ii) the supply of foodgrains at reasonable prices to the consumer through the PDS.\(^7\) In discharging its various functions, the Department has under its administrative control three Public Sector Undertakings, viz., Food Corporation of India (FCI), Central Warehousing Corporation (CWC), Hindustan

\(^5\) Ibid, p.2.
\(^6\) Ibid.
\(^7\) www.fcamin.nic.in/dfpd_html/index.asp (Visited on 28/12/2007).
Vegetable Oils Corporation Limited (HVOC), two attached offices, namely, Directorate of Sugar and Directorate of Vanaspati, Vegetable Oils and Fats, and subordinate offices, viz., National Sugar Institute, Kanpur; Save grain campaign offices; Indian grain management research institute, Hapur and its three field stations.8

At State level, PDS is operated under the directions and supervision of Department of Food and supply of State governments. Main functions of these departments are following:

- Obtain allotments of Wheat and Rice from the Central Government each month;
- Authorize State Agencies to lift and distribute the allotted stocks;
- Plan and execute the distribution arrangements;
- Enforcement of rules and regulations under Essential Commodities Act, 1955;
- Monitor the availability and prices of foodgrains at State level.9

Thus, operational responsibilities of PDS within States rest with the State governments. State governments with the help of District Administration and alongwith other authorized agencies, execute, control and coordinate the distribution at State level.

District Administration plays an important role in functioning of the distribution system. At district level, there is an administrative set-up defined to operate PDS in district. The District office of Department of Food and Supply of State governments directs and controls the PDS at district level in accordance with rules and regulations of State government, with help of its other subordinate offices. Functions of district administration can be understood as under:

- Overall supervision of allotment and distribution at district level,
- Ensuring Public Participation in orderly functioning of the PDS network,
- Authorizing FPSs/Agencies to distribute PDS items to the consumers,

• Issuing ration cards to the consumers in accordance with the guidelines provided by the State governments.10

In brief, district administration is an important tool to provide PDS services, in an efficient, transparent and accountable way, to the consumers.

A well targeted and properly functioning Public Distribution System is an important constituent of the strategy for poverty alleviation. The PDS, as it was being implemented earlier had been criticized for its urban bias and its failure to serve effectively the poorer section of the population. A need was felt for quite some time to review PDS and make it more focused.

The Targeted Public Distribution System (TPDS) replaced the erstwhile PDS from June 1997. Under the new system a two-tier subsidized pricing system was introduced to benefit the poor.11 The essential features of TPDS are:

1. Government of India is committed to make available foodgrains to the States to meet the requirements of foodgrains at specially subsidized prices to population falling Below the Poverty Line (BPL families),

2. The States would also receive the quantity needed for transitory allocation to Above Poverty Line population (APL families),

3. The State governments are to streamline the PDS by issuing special ration cards to BPL families and selling essential articles under TPDS to them at specially subsidized prices, with better monitoring of the delivery system.12

2.2 Scale of Issuing Foodgrains under TPDS

Since 1997, the scale of issue of the BPL families has been gradually increased from 10kg. to 35kg. per family per month. The scale of issue was increased from 10 kg. to 20kg. per family per month with effect from 01-04-2000. The allocation for APL families has been retained at the same level as at the time of introduction of TPDS (i.e. 10kg. per family per month). The allocation of foodgrains for BPL families has been further increased form 20 kg. to 25 kg per family per

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10 Ibid.
11 http://fcamin.nic.in/dfpd/Event listing.asp? Event ID = 26 and section = PDS and Parent ID = 0 and Parent = 1 and Check = 0
12 Ibid.

27
month with effect from July, 2001. The scale of issue under APL, BPL and AAY has been revised to 35 kg. per family per month with effect from 1-4-2002 with a view to enhancing the food security at the household level. Currently, the Central government has proposed to reduce the quantity of foodgrains supplied to APL families under PDS. The present scale is 35 kg. per family per month and the proposed scale will be 20 kg. per family per month. All this will be done to decrease the increasing subsidy burden on government.

TPDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society.

2.3 Foodgrains/Items Distributed under TPDS

Presently under the TPDS, the commodities namely wheat, rice, sugar and kerosene oil are being allocated to the States/UTs for distribution. Some States/UTs also distribute additional items of mass consumption through PDS outlets such as cloths, exercise books, pluses, salt and tea etc. The State governments are legally free to include other commodities for distribution considered by them as essential for mass consumption in their region other than those identified by the Central government. They can make necessary arrangements for the procurement of such items on their own or through the agencies nominated by them.

2.4 Central Issue Prices of Foodgrains

Wheat and rice are issued from Central pool to State governments/UTs at uniform ‘Central Issue Prices’ (CIPs) for distribution under the TPDS. The CIPs of foodgrains are fixed below the economic cost. The Central government bears a huge subsidy burden on this account, especially for making available foodgrains at highly subsidized rates under BPL and AAY categories. After streamlining and

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15 www.fcamin.nic.in/dfpd/eventDetails.asp
16 Ibid.
17 I.K. Bhandari, op. cit., p.36.
restructuring of the PDS with focus on the poor (TPDS), two different CIPs were fixed, one for BPL families and the other for APL families.\(^\text{18}\)

The present CIPs of foodgrains, being supplied under TPDS are as under:

**Table 2.1**

**Central Issue Prices of Foodgrains**

(Figure in Rs. per kg.)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Category of Household</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>APL</td>
<td>BPL</td>
</tr>
<tr>
<td>Wheat</td>
<td>6.10</td>
<td>4.15</td>
</tr>
<tr>
<td>Rice</td>
<td>8.30</td>
<td>5.65</td>
</tr>
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The table shows the CIPs of foodgrains distributed under TPDS to APL, BPL and AAY families respectively, under these CIPs, foodgrains in scale of 35 Kg. per family per month, are being distributed to the beneficiaries of the TPDS.

The Central Issue Prices for wheat and rice for BPL families is Rs. 4.15 per kg. and Rs 5.65 per kg. This has remained constant since 01.07. 2002 and has not been increased since last six years, taking into account their low purchasing power. This is approximately 48 percent of the economic cost of FCI. The CIPs for AAY families has also remained unchanged.\(^\text{19}\)

The end retail prices of foodgrains and other items are fixed by States/UTs after taking into account margins for wholesalers, retailers, transportation charges, levies and local taxes etc. Under TPDS, the States are required to issue foodgrains at a margin of not more than 50 paise per kg. over and above the CIPs for BPL families.\(^\text{20}\) In case of distribution of foodgrains to AAY families, no addition in CIPs, is made, because the States/UTs themselves bear the additional charges of Rs.

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\(^{19}\) http://fcamin.nic.in/dfpd/Event listing.asp? Event ID = 26 and section = PDS and Parent ID = 0 and Parent = 1 and Check = 0

0.5 for transportation or other charges (i.e. the end retail price is to be remained at Rs. 2 per Kg. for wheat and Rs 3 per kg. for rice). But now, the Government is planning to increase the CIPs of the foodgrains (wheat and rice) being distributed to APL and BPL families. The projected CIPs can be as; Rs. 6.25 a kg. for wheat and Rs. 6.50 a kg. for rice for BPL and Rs. 8.75 a kg. for wheat and Rs. 9.10 a kg for rice for APL families. No change will be made in CIPs for AAY families. And the objective behind this proposed increase in CIPs of foodgrains is to minimize the burden of subsidy about 2000 crores (subsidy burden is about Rs. 25000 crores per year).

2.5 Food Subsidy

Food subsidy is provided in the budget of the ‘Department of Food and Public Distribution’ to meet the difference between the economic cost of foodgrains and their sales realization at Central Issue Prices for TPDS and other welfare schemes. In addition, the Central government also procures foodgrains for meeting the requirement of buffer stock. Hence, part of food subsidy also goes towards meeting the carrying cost of buffer stock. A provision of Rs. 23986 crores was made in budget estimates of 2006-07. This also includes a provision of Rs. 367 crores as buffer subsidy. There is a provision of Rs. 25696.20 crores for food subsidy in budget estimates of 2007-08.

Now, the government is planning to decrease the rising subsidy burden because several studies pointed out that the benefits of the subsidy are not reaching to the targeted population. Prime Minister, Dr. Manmohan Singh said that Centre and States need to restructure subsidies on the food and PDS fronts. Mr. Singh said that Government will have to work on building a political and national consensus on the subsidy issue.

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21 Ibid.
24 Ibid.
26 The Hindu, New Delhi, November 12, 2007, p.15.
2.6 Distribution of Levy Sugar under PDS

Levy Sugar is being distributed under the PDS and it is an essential commodity under the Essential Commodity Act, 1955. Government has been following a policy of partial control and dual pricing of sugar. Under this policy, a certain percentage of sugar produced by the sugar factories is requisitioned by government as compulsory levy at a price fixed by government in each sugar season (the levy obligation now stands at 10 percent of the production with effect from March 1, 2002). That levy sugar is distributed under the PDS. The non-levy, free sale sugar is allowed to be sold as per the quantity released by the government as per the free sale sugar release mechanism.27

In order to ensure better targeting, levy sugar supply under the PDS has been restricted only to BPL families except the North Eastern States, Hill States and Island Territories, with effect from February 1, 2001.28 The minimum per head per month quantum of levy sugar allotted under PDS was increased from 425 gms. to 500 gms. with effect from February 1, 2001. The scale for special categories States, Hilly States, Island Territories, is 700 gms. per person per month. The retail issue price of levy sugar has been fixed at Rs. 13.50 per kg. with effect from March 1, 2002, which is continuing.29

2.7 Distribution of Kerosene Oil

Kerosene is being distributed under PDS. Kerosene oil is used both as a lighting material and a cooking medium by poor households as cooking mostly in urban areas and as lighting material mostly in interior rural areas. The supply to the State governments, on the basis of allocation made by the Central government, is arranged by public sector oil companies either from domestic production or by imports. It is also sold at subsidised prices.30 The government bears a subsidy of approximately Rs. 13 per liter to make it available to consumers at a price of Rs. 9 to 10 per liter.31

27 http://fcamin.nic.in/dfpd/Event listing.asp?section = sugar percent 20 and percent 20 edible percent 20 oil and id_pk = 100 and parent ID =0.
28 Ibid, 3.
29 Ibid, 7.
30 www.fao.org/docrep/x0172e/x0172e06.htm-33k.
31 Dainik Bhaskar, Panipat (Haryana), March 9, 2007, p. 5.
From the foregoing discussion, it emerges clearly that mainly four items (namely, wheat, rice, levy sugar and kerosene oil) are being distributed under PDS in accordance with the CIPs and scales as per described by the Central government from time to time.

2.8 **Antyodaya Anna Yojana (AAY)**

AAY is a step in direction to make TPDS aimed at reducing hunger among the poorest segments of the BPL population. A National Sample Survey exercise points towards the fact that about 5 percent of the total population in the country sleep without two square meals a day. This section of the population can be called as "hungry." In order to make TPDS more focused and targeted towards this category of population, "The Antyodaya Anna Yojana (AAY)" was launched in December, 2000 for one crore poorest of the poor families.32

AAY contemplates identification of one crore poorest of the poor families from amongst the number of BPL families covered under TPDS within the States and providing them foodgrains at a highly subsidised rate of Rs. 2 per kg. for wheat and Rs. 3 per kg. for rice. The States/UTs are required to bear the distribution cost, including margin to dealers and retailers as well as the transportation cost. Thus the entire food subsidy is being passed on the consumers under the scheme.33

The scale of issue that was initially 25 kg. per family per month has been increased to 35 kg. per month per family with effect from April 1, 2002.34

The AAY scheme has been expanded in 2003-04 by adding another 50 lakh BPL households. With this increase, 1.5 crore (i.e. 23 percent of BPL) families have been covered. AAY was again expanded with effect from 1st August, 2004 by another 50 lakh BPL families by including, inter-alia, all households at the risk of hunger. And as announced in the Union Budget 2005-06, the AAY has further been expanded to cover another 50 lakh BPL households. With this increase, 2.5 crore households (i.e. 38 percent of BPL) have been covered under the AAY.35

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32 www.fcamin.nic.in/dfpd/event details.asp.
33 Ibid.
34 Ibid.
In order to identify these households, the guidelines stipulate the following criteria:

A. Landless agriculture labourers, marginal farmers, rural artisans/craftsmen such as potters, weavers, blacksmiths, carpenters, etc.

B. Persons earning their livelihood on daily basis in the informal sector like, porters, coolies, rickshaw pullars, cobblers, destituates and other similar categories irrespective of rural or urban areas.

C. 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.

D. All primitive tribal households.

The identification of the Antyodaya families and issuing of distinctive Ration Cards to these families is the responsibility of the concerned State governments. Detailed guidelines were issued to the States/UTs for identification of the Antyodaya families under the AAY and additional Antyodaya families under the expanded AAY. Allocation of foodgrains under the scheme is being released to the States/UTs on the basis of issue of distinctive AAY Ration Cards to the identified families. The present monthly allocation of foodgrains under AAY is around 7.27 lakh tones per month.

In brief, the AAY is the new scheme under TPDS through which foodgrains are being distributed to 2.5 crore of poorer families (38 percent of BPL families in the country) at highly subsidized and affordable prices.

2.9 Achievement of TPDS

The Targeted Public Distribution System is serving about 6.52 crore BPL families (including 2.5 crores AAY families) through its large network of about 4.89 lakh FPSs. Foodgrains are being distributed to these targeted section of the society, at very reasonable and subsidized prices. Here are some theoretical descriptions, which can be explained such as:

- After June 1997, PDS has become pro-poor,
- The urban bias has been completely eliminated as a larger proportion of BPL families is living in rural areas,

36 www.fcamin, nic.in/dfpd/event Details.asp.
37 Ibid.
• Though PDS is supplemental in nature but now the enhanced allocation of foodgrains fulfills around 50 percent of the foodgrains requirements every month of an average BPL household,

• The CIPs of foodgrains for BPL families has not been revised since 25-07-2000,

• Helpful in bridging the demand – supply gap in food deficit States.  

• Price control of essential commodities.

• In accordance with the commitment of the government to create a hunger free India and to reform the PDS so as to serve the poorest of the poor, the AAY scheme was launched in December 2000. The CIPs for AAY category were kept lowest i.e. Rs. 2 a kg for wheat and Rs. 3 a kg for Rice. The number of AAY households have been increased to 2.5 crores.

• The implementation of the AAY scheme has been a success. The off take of Foodgrains under AAY is always about 90 percent.

• The government is spending about Rs. 25,000 crores on subsidy annually to make TPDS a success.

• Central government also providing financial assistance to states/UTs and other authorized agencies for the betterment of their PDS network and even for improving the skill of officials dealing with the PDS operation etc.  

The above-mentioned description can be understood as achievements of TPDS. But it is just the theoretical picture of the system, the reality is far from it.

2.10 Evaluation of TPDS

A well functioning distribution system can be the means to ensure adequate physical access to food at affordable prices at the household level. But it is clear that the TPDS has not been effective in ensuring food security to the needy. There are many problems with it, the most relevant among them are the following:

• Lack of cooperation of States in implementing the guidelines of the Central government to strengthen the distribution at FPSs level.  

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39 http://fcamin.nic.in/dfpd/Event listing.asp? Event ID = 26 and section = PDS and Parent ID = 0 and Parent = 1 and Check = 0.
41 Dainik Jagran, Hissar (Haryana), October 25, 2005, p. 10.
• Due to black-marketing about 66 percent of foodgrains not reach to the poor in North India. And in Bihar the data is about 75 percent. Corruption is the main factor responsible for the failure of PDS.42

• It is reported that seven lakhs tunes of sugar meant for the PDS disappeared from government godown in Maharashtra. That’s why Arun Firodia stresses on dismantling the PDS and issuing entitlement stamps (food stamps).43

• As an evaluation, by the Planning Commission points out, the present system of targeting in PDS has excluded large section of the needy population of our country. 57 percent of BPL households (according to the study) are not included in the PDS.44 In other words, targeting has led to the large-scale exclusion of genuinely needy persons from the PDS.

• A report says that Rs. 31,500 crore worth of grain supposed to be channelised though the PDS has been siphoned off and has made its way into the open market illegally. Last year alone Rs. 11336.98 crore worth of foodgrains for PDS was diverted into the market. Every year, the poor are cheated out of 53.3 percent of wheat and 39 percent of rice.45

• The North-East is in a class of its own. Of the eight States here, not even a grain of wheat supplied to six- Sikkim, Meghalaya, Manipur, Mizoram, Nagaland and Assam reaches the targeted poor. In the North-East (except Arunachal and Tripura) 100 percent of PDS wheat is diverted.46

• Rs. 31,500 crore PDS scam is an act of treason. Obviously, the PDS has become a State-sponsored largesse for black marketers, a lot that includes corrupt babus, ration shop owners, and various other people.47

• Again, a panel set-up by the Food Ministry has found that around 36 percent of wheat for the poor is diverted to the open market. The same is with rice and sugar where the diversion rates are 31 and 26 percent respectively. Delhi has one of the highest wheat diversion rates (53 percent) in the country.

42 Amar Ujala, New Delhi, April 1, 2006, p.5.
45 Hindustan Times, New Delhi, September 18, 2007, p.08
46 Times of India, New Delhi, September 18, 2007, p.1.
Wheat diversion in Punjab and Haryana is around 53 percent. According to the study the diversion is comparatively low in South India.\(^{48}\)

- Chief Justice of India, K.G. Bala Krishan stated that the poor has been hit hard by “deep rooted corruption” in PDS, adding that corruption and police inaction is forcing people to take the law into their own hands.\(^{49}\)

- The Centre has asked the West Bengal Government to be alert against diversion of foodgrains, meant for PDS, reportedly to Bangladesh.\(^{50}\)

- Studies by the National Council for Applied Economic Research (NCAER) and ORG. MARG confirm that TPDS is a big failure. The study estimates that 40 percent of the rations cards meant for the BPL population, are held by those who are not poor. The study points to the existence of about 23 million fake ration cards, including 11 million in Uttar Pardesh alone. Some of these are perhaps used to siphon off APL grain. TPDS has helped neither BPL nor APL card holders. It is one of the biggest rent-seeking programmes of the Government.\(^{51}\)

- There are problems relating to quality of foodgrains supplied under PDS. Recently, the Chief Minister of Rajasthan has accused the Union Food Ministry of providing substandard, imported red wheat to the State for distribution under the PDS. It is stated that imported red wheat is not suitable for human consumption.\(^{52}\)

- In Tamilnadu, PDS rice hawked on streets. Ration rice, currently being sold at a subsidized rate of Rs. 2 per kg, in Tamil Nadu, has joined the list of products being handled by street hawkers, who are buying it at Rs. 4 per kg from FPSs and selling it for Rs. 6 in rural areas of Southern districts. Rations rice is sold in black market and smuggled to Kerala also. It is a multi-crore business.\(^{53}\)

- During a PDS review in Delhi, the fact came to light is, people owning Honda City cars, Blueline Bus Owners, teachers running a coaching centre

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\(^{48}\) Hindustan Times, New Delhi, October 9, 2007, p. 6.

\(^{49}\) Ibid, October 10, 2007, p. 8.

\(^{50}\) the Hindu, New Delhi, October 17, 2007, p. 1.


\(^{52}\) Hindustan Times, New Delhi, January 10, 2008, p. 6.

and owning a flat in an upmarket colony, are being issued BPL ration cards. This shows that ineligible households are taking PDS benefits illegally.\textsuperscript{54}

- Rotten wheat was not only stored in the godowns, but was also sent for consumption through the PDS, that's why the common mass has lost faith in the PDS system.\textsuperscript{55}

- In striving for efficiency by the means of narrow targeting, households that should be entitled to basic food security through the PDS, have been lifted out.\textsuperscript{56}

Thus, after studying the above-mentioned examples it can be said that the TPDS is a big failure, because this system does not reach out to the poor. A decade ago, India moved from a system of universal coverage to one of providing subsidized grain to the poor and non-poor at different prices. This kind of targeting was seen as a way to address the food and nutritional needs of the 220 million below the poverty line, but that has not happened.

Finance Minister, Shri P. Chidambaram has rightly said that there are gross inefficiencies in the Public Distribution System.\textsuperscript{57} So, the need of the time is to amend the distribution system in order to make it more beneficial to the real needy section of the society. And for this, cooperation and coordination between the Centre and the States /UTs is most required.

### 2.11 Measures Taken to Strengthen the TPDS

The Central government has taken various steps in direction to provide PDS services to the targeted and needy section of the society in a transparent and efficient way. Here are some measures and strategies, which are in existence and can mainly be discussed:

- Citizen Charter,
- PDS (Control) Order, 2001,
- Vigilance Committees,
- Area Officers' Scheme,
- Essential Commodity Act-1955,

\textsuperscript{54} Hindustan Times, New Delhi, April 7, 2008, p.1.
\textsuperscript{55} Hindustan Times, New Delhi, May 1, 2008, p.4.
\textsuperscript{56} The Hindu, New Delhi, May 7, 2008, p. 10.
\textsuperscript{57} The Times of India, New Delhi, January 2, 2008, P. 14
2.11.1 Citizens’ Charter

The Citizen Charter was issued in November 1997 for adoption by the State governments and the same was revised in March 2006. This Charter is intended to be a model for the State government/UTs. It contains, inter-alia, basic information of interest to the consumers, model procedure and time schedule for the PDS services. It also contains information about – entitlement of BPL families, fair average quality of foodgrains, information regarding FPSs, procedure of issuing ration cards, inspection and checking of FPSs, right to information, vigilance and public participation in operation of distribution.58

2.11.2 PDS(Control) Order, 2001

In order to maintain supplies, securing availability and distribution of essential commodities, PDS (Control) Order, 2001 has been notified on 31st August, 2001. The order mainly contains provision with regard to the following issues:

(i) Identification of BPL families,
(ii) Issuing of Ration Cards,
(iii) Scale and CIPs of foodgrains,
(iv) Licensing the FPSs and guidelines about distribution,
(v) Duties of FPSs holders,
(vi) Monitoring the PDS operation,
(vii) Definitions of various PDS authorities and elements etc.59

The Order requires all the States/UTs to ensure that the BPL and AAY families identified are really the poorest of the poor. It also requires the States/UTs to get the list of BPL and AAY reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families. Contraventions of the provisions of the Order are punishable under the Essential Commodity Act, 1955.60

60 Ibid.
The PDS (Control) Order, 2001, has been amended in June, 2004. Some commencements are following:

1. Any ration card holder desirous of obtaining extracts from the records of a fair price shop owner may make a written request to such owner alongwith deposit of the fee specified by the Government. Within fourteen days from the date of receipt of a request and the specified fee, the FPS owner shall provide such extract of record to the ration card holder.

2. Any person aggrieved by an order of the designated authority denying the issue or renewal of the licence to the FPS owner, or cancellation to the licence may appeal to the Appellate Authority within thirty days of the date of receipt of the order and the Appellate Authority shall, as far as practicable, dispose the appeal within a period of sixty days.

3. The designated authority of the State government shall ensure delivery of one copy of allocation order made to fair price shop simultaneously to gram panchayats or nagar palikas or vigilance committees or any other body nominated for monitoring the functioning of the FPS by the concerned State government.

4. The State government shall appoint an officer of that government not below the rank of Additional District Magistrate of a District as 'Appellate Authority' for exercising the powers conferred upon and discharging the functions assigned to him under this order.61

2.11.3 Vigilance Committees (VCs)

Vigilance Committees are made to control and regulate the distribution system and to make it more accountable and transparent. The Central government has been requesting the State governments from time to time to activate these committees and reconstitute them, if not done so already, by associating members from amongst the card holders, consumers activists as well as peoples representatives.62 Even the Citizens' Charter has been emphasized on the constitution of these committees at the panchayat/ward, block/mandal/taluk, district and State/UT level. In the guidelines issued on June 1999 for the involvement of the

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61 http://fcamin.nic.in/dtpd/Event listing.asp? Event ID = 30 and section = PDS and Parent ID = 0 and Parent = 1 and Check = 0.
Panchayat Raj Institutions (PRIs) in the implementation of TPDS, it is mentioned that the gram panchayat/gram sabha should be encouraged to form FPS committees. In the guidelines issued during 2005, the States/UTs were requested to actually involve the members of the PRIs in the VCs.\(^6\)

At present, VCs are functioning at FPS level, Block level, District level and State level in most of the States, and helping the Government to control and investigate various shortcomings in running of the PDS.\(^6\)

**Involvement of PRIs in PDS Operation**

As above mentioned, the Central Government through its guidelines, issued in June 1999 and again during 2005, emphasized States/UTs to involve the PRIs in VCs. According to the guidelines issued, these institutes can play an important role to ensure smooth functioning of PDS in their respective areas and can be helpful as a measure of social audit.

Here are some points, where PRIs can play their significant role and their role is required more:

1. In identifying the targeted population,
2. To keep a watch on functioning of FPSs,
3. Addition and deletion of Ration Cards,
4. In issuing licence of FPSs to a right person,
5. Redressal of grievances related with working of PDS at FPS level etc.\(^6\)

**2.11.4 Area Officers Scheme**

The government has introduced the Area Officers Scheme in the Department to provide a mechanism to coordinate with the State governments/UTs for regular and effective review and monitoring of FPSs in States/UTs. Senior officers from the Department of Food and Public Distribution are appointed as ‘Area Officers’ for different States under this scheme. ‘Area Officers’ are required to visit their allotted States with an element of surprise and objectivity and make assessment about the functioning of PDS by visiting FPSs, stock agents, FCI depots, meeting beneficiaries etc. The scheme has resulted in better coordination and understanding between

\(^6\) Ibid.

\(^6\) Ibid.

Central government and States/UTs for effective monitoring and implementation of PDS.\textsuperscript{66}

2.11.5 The Essential Commodities Act, 1955

To protect the interest of consumers, especially of vulnerable section with the legislative protection, the government has developed a legal framework for running the PDS on efficient lines. The Essential Commodities Act, 1955 is an important and main legislation governing the production, procurement, price control and distribution of foodgrains and other essential commodities in India. This Act was enacted in 1955 and further amended in 1976 to ensure quick and more effective action against the anti-national and anti-social activities of traders, such as, those who indulge in black-marketing, profiteering ad hoarding of essential commodities. In brief, this Act controls and coordinates the distribution system of essential commodities in the country.\textsuperscript{67}

2.11.6 Standard of Weights and Measures

The Directorate of Weights and Measures in the Ministry of Consumer Affairs, Food and Public Distribution is responsible for establishing standards of weights and measures based on the international system of units since its inception. It is also functioning as a nodal point for all activities relating to metric change and regulatory control on weights and measures. The enforcement of the standards, however, is done by the States/UTs in accordance with their own laws on the subject.\textsuperscript{68}

The National Physical Laboratory, New Delhi, is the sole body, which is responsible for the realization, establishment, custody, and maintenance and updating of national standards of weights and measures. The Government of India Mint, Mumbai is responsible for the manufacture of standard measures and working standards.\textsuperscript{69}

2.11.7 Meetings/Conferences/Regional Conferences

Meetings/Conferences are being organised by the Government/Ministry from time to time to strengthen the PDS. The discussion and arguments held in these Meeting/Conferences are proved beneficial in developing new policies and strategies

\textsuperscript{67} I.K. Bhandari, op. cit., p.32.
\textsuperscript{68} Ibid, P.33.
\textsuperscript{69} Ibid, p.34.
for the betterment of the PDS. During 2005-06 five regional conferences were held in this regard. Moreover, Government constitutes many committees from time to time to review the performance of PDS and also to make recommendations for efficient execution of it.\textsuperscript{70} Here are some recent examples:

A. A conference of State Food Ministers/Food Secretaries was organized on 29-03-2006 at New Delhi for the purpose of strengthening of TPDS. The minutes of the meeting have been sent to all the concerned for taking necessary action thereon,\textsuperscript{71}

B. A committee, under the Chairmanship of L.N. Vijaya Raghavan, Principal Commissioner, Food And Civil Supplies, Government of Tamil Nadu has also been constituted to review the performance of TPDS,\textsuperscript{72}

C. As a step towards streamlining the PDS operation, instructions were issued to all States/UTs to display prominently, name of the State, destination, commodity, agents name in the wind shield and rear side of the trucks/vehicle carrying PDS articles from FCI godowns to FPSs.\textsuperscript{73}

The above said are the measures, taken by the government of India, to strengthen the TPDS. Moreover, the government is operating various Central sector plan schemes and amendments are being made in existed measures for the betterment of the PDS operation.

2.12 Plan Schemes for Strengthening the PDS

Various plan schemes are being operated for strengthening the PDS infrastructure in the States/UTs. Some of these are as under:

1. Training, Research and Monitoring,
2. Computerization of PDS in States/UTs,
3. Village Grain Bank Scheme etc.

2.12.1 Training, Research and Monitoring

In order to strengthen and upgrade the skills of personnel engaged in management of the PDS, the Ministry operates a plan scheme, which provides financial assistance to States/UTs administrations for training their personnel.

\textsuperscript{71} http://fcamin.nic.in/dfpd/Event listing.asp? Event ID = 26 and section = PDS and Parent ID = 0 and Parent = 1 and Check = 0.
\textsuperscript{72} Annual Report (2006-07), op. cit., p. 3.
\textsuperscript{73} Ibid.
scheme was introduced in the 6th Five-year plan and still continues. It provides financial assistance for following:

(A) Training programmes for junior and middle level officials of the States/UTs engaged in supply management of essential commodities through PDS.

(B) Training programmes for officials of the State Civil Supplies Corporations.

(C) Seminars/Workshops for senior level officials of the States/UTs engaged in supply management of essential commodities and Central Ministry/Organizations concerned.

(D) Evaluation and research studies on various aspects of the PDS.\(^74\)

During training programmes government of India will provide assistance @ Rs.500 percent per person per day. Maximum assistance per training programmes would be Rs.50,000. The assistance for Lectures/seminars dependes from case to case. Recently members of PRIs, NGOs and VCs have also been included for training purposes.\(^75\)

Over the years, various States/UTs have carried out various training programmes, seminars and studies. In the year 2003-04, a research study ‘Evaluation study of TPDS and AAY’ was commissioned under this scheme. The concerned agency has submitted its report to the Department in 2005-06 and the government has accepted the report. During 2005-06, two more studies in this regard have been awarded to different institutions for concurrent evaluation. The outlay for the year 2006-07 for this scheme is Rs.60 lacs.\(^76\)

2.12.2 Computerization of PDS operations in States/UTs

The Computerization of PDS operations’ would be an improvement on the existing ration cards, i.e. the present manual system of making entries, etc. will be done electronically. The system will have personal details of all members of the family, including their entitlement.

\(^{75}\) http://fcamin.nic.in/dfpd/Event listing.asp?section=plan percent 20 schemes and id_pk=15and parent ID=0.
The entire network of PDS from taluk/block to State level will be linked. The scheme would facilitate the transparency and efficiency in implementing PDS of foodgrains and help in arresting the problem of bogus ration cards. The scheme is in lieu of ‘Smart Cards Scheme’ (Smart Cards Scheme was dropped in 2005-06, under which house holds were proposed to issue these cards for buying food grain under the TPDS). The Planning Commission has made a token provision of Rs.5 crores for the proposed new scheme for the year 2006-07.77

2.12.3 Village Grain Bank Scheme

A Centrally sponsored scheme of grain banks’ in tribal villages was launched during 1996-97 by the Ministry of Tribal Affairs in 11 States. The main objective of the scheme is to provide safeguard against starvation during the period of natural calamity or during lean season. During 1996-97 to 2004-05 Ministry of Tribal Affairs released Rs. 10.26 crores for establishing 4858 grain banks.78

On the direction of Prime Minister’s office, the scheme was transferred to Ministry of Consumer Affairs, Food and Public Distribution, on 24-11-2004 (to be operated from 1-4-05). The revised village grain bank scheme for establishment of village grain banks in chronically food scarce areas was approved by Ministry of Finance on 15.2.2006 for the year 2005-06 and 2006-07 subject to its evaluation in the 11th Plan. During 2005-06, Rs. 1976 crores have been sanctioned for 3282 village grain banks and during 2006-07, Rs. 41.58 crores have been sanctioned for 6721 village grain banks. An amount of Rs. 16.81 crores has been projected for establishment of 2000 grain bank during 2007-08.79

Village panchayat/gram sabha, self-help groups or NGOs etc. identified by the State governments, shall be eligible for running the grain banks.80 The scheme envisages inclusion of all willing BPL/AAY families in the villages, which will be identified by the State government in food deficit areas. The quantity to be lent and the period of repayment will be decided by the group themselves. To ensure

77 http://fcamin.nic.in/dfpd/Event listing.asp?section = plan percent 20 schemes and id pk=15and parent ID=0.
79 Ibid.
80 http://fcamin.nic.in/dfpd/Event listing.asp?section = plan percent 20 schemes and id pk=15and parent ID=0.
recovery of grain lent, it is proposed to tie the scheme with the entitlement of the member under TPDS.\textsuperscript{81}

The above said are the main plan schemes of the Central government for successful implementation of TPDS. Besides this, there are many schemes, such as – establishment of godowns by Central Warehousing Corporation and others proposed plan schemes of various institutes, which are working under the administrative control of the Ministry/Department.

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\textsuperscript{81} Ibid.