CHAPTER II
REVIEW OF LITERATURE

INTRODUCTION

In the last 50 years of existence of the PDS, various studies have been made by both officials and academicians and large volume of literature has grown around the same. Articles have appeared in a number of journals throughout the period examining and commenting upon the different facets of the system. A number of books have published. Many research projects have been undertaken. Governments both at the Central and State levels have constituted committees which have come out with voluminous reports on the working of the PDS. Five year plans, budgets and economic surveys of the Government of India have also dealt with the objectives as well as the impact of the PDS. In this chapter an attempt has been made to examine various studies relating to food security, insecurity and effectiveness of public distribution system both chronic and transient. Increased food production is considered to be a necessary through not a sufficient condition for improving food security for the poorest segments of the population. The concept of the food security has undergone considerable modification in recent years, food availability and stability were considered good measures of food security till the seventies and achievement of self sufficiency was accorded high in the food policies of developing countries. Numbers of studies have been done on PDS in India. Important studies are presented here. It is possible to examine all these literature and present a summary of the same in this chapter. Hence, an examination of the more important studies only has been attempted here, especially in the backdrop of the present
study of the effectiveness of the public distribution system. The following paragraph highlights these in the chronological order.

Agro-Economic Research Centre (AERC-I3 (1957) Madras, has examined the impact of Government's food control measures on the agrarian economy of the erstwhile-Madras Presidency for the period 1938 to 1953. In general, it perceived the food control measures as "necessary evils" and the rationing of food as a positive service, especially when food availability remained very low and food prices rules very high.¹

Agro-Economic Research Centre, (1965) Madras, has examined the actual working of the Fair Price Shops in the Southern Region, covering the three States of Tamil Nadu, Kerala and Andhra Pradesh. The study could not identify the really poor among the consumer households since income statements were not available. It was found that the open market prices could not be brought down by Fair Price Shops operations as at the Fair Price Shops supplies of food grains were only limited.²

Krishna Raj (1967) in his major evaluation of the study, he analysed the effectiveness of the Government's food grain operations. He found that the share of the Public Distribution System was only of the order of 10 per cent of the total demand and that it met only a very small portion of the needs of the Economically Vulnerable sections. He also found that it did not provide much price relief to the Economically Vulnerable Sections. He constructed 3 feasible alternative models for the Government to provide a given level of per capita consumption (These models were the subject of much criticism in the later years). He emphasised the need to establish a "two market two price systems" and the importance of laying down some criteria for the determination of the target groups of the Public Distribution System.³
Madalgi (1967) in his study, he examined the recommendations of the Food grains Policy Committee (1966) for the formulation of a National Food Budget. He emphasised the need for developing a rational basis of "National sharing" through such a budget in terms of equality of sacrifice, and equality of enjoyment. He underlined the significance of "Central Pool Allocations". 

Janarthanan (1968) in his study, he examined the rice levy scheme in Tamil Nadu and worked out the procedures and methods of procuring paddy and rice upto the level of rationing commitment by the State Government. He emphasised that the levy scheme should be progressive and rational and should also satisfy all the four canons of taxation (canons of equity, ability, certainty and convenience). A scientific assessment of marketable surplus was made for working out the levy rates and the total quantum of feasible public procurement in Tamil Nadu.

Uma and Leles (1973) in the study pointed out the significance of the relationship between the private trading activities and the Government's food policies. It confirmed that the grain trade in India operated efficiently within the technological and policy confines. It concluded that if Government's policies could be made to facilitate investment in the new storage and transport sectors and could be made to encourage technological improvement, the traditional market structure will be able to function economically and still more efficiently. This study did not examine the question of how to solve the food problem of the weaker sections under the free market system, given the real problem of extreme economic inequality in the society.

Khusro (1973) in his study, he stated that the PDS aims at protecting the vulnerable sections of the society by encompassing them in the distribution network. One
of the objectives of PDS is to ensure price stabilisation of food grains which is executed through buffer stock operations as an instrument. It is a fact in an underdeveloped agricultural production system that agricultural production varies not only between one year and another but also within a year. This lead to income destabilisation if prices are rigidly fixed.⁷

Ramamurthy (1974) in his study, he examined the levels of poverty and destitution in Tamil Nadu vis-a-vis the trends in the production and distribution of wage goods (cereals, pulses, sugar, tea and cotton) for the period 1960-61 to 1970-71. Ramamurthy emphasised the significant role that the Public Distribution System could play in the eradication of poverty and destitution in Tamil Nadu after establishing that the Public Distribution System is superior to all other anti-poverty measures.⁸

Gulati and Krishnan (1975) undertook a major study of the Public Distribution System in India and came out with a proposal to maximise the benefit for the Economically Vulnerable Sections. According to them the Economically Vulnerable Sections consisted of the entire urban households and the non cultivating rural households, including the agricultural labourers. This group covered 53.6 per cent of the population. For ensuring this objective, about 50.6 per cent of the net cereal output of the country has to be channelized through the Public Distribution System. This was found to be not feasible and later on it was scaled down to about 30 per cent. Gulati and Krishnan also studied the levy procurement system and found the inequitable in its spread of the burden on the farmers.⁹

Arvind Gupta (1977) in the study stated the policy development aspects of the Public Distribution System in the country. He found that the Economically Vulnerable
Section suffered severe erosion in their real incomes during 1967-75 which caused a reduction in their physical consumption of food grains, in spite of the Public Distribution System supplies. He brought out the differences in the expected role of the Public Distribution System at the conceptual level and the actual role at the operational level. He advocated "direction approach" for protecting the Economically Vulnerable Section under which the Government will supply the entire needs of the Economically Vulnerable Sections at affordable prices. After examining the practical aspects he finally suggested Public Distribution System coverage of 30 per cent of the rural population and 10 per cent of the urban population. He however, did not seriously study the question of Government subsidy involved in such a system.  

Rajapurohit (1978) in his study, he stated the segments of the population who consumed less than the State average quantity of cereals were treated as the target group. The study suggested the exchange of superior cereals like rice and wheat with coarse cereals like Jowar, Ragi and Bajra through open market operations and distribution of coarse grains through the Public Distribution System. For ensuring economic viability of the Public Distribution System the study suggested: (i) kind payments in all public works programmes; and (ii) introduction of credit card system by the co-operatives "so that the cards holders may lift the grains now and pay later".

Subbarao (1978) in his study, he examined the economic efficiency of the paddy rice marketing system as it operated in the West Godavari district of Andhra Pradesh. This analyzes of the impact of levy policies on rice acreage and rice output which suggested that the procurement price had not significantly affected producers' incentives
because it had been much below the open market and was also lower than the reported cost of production of paddy except during 1975-76.\textsuperscript{12}

Subbarao (1979) in his study, he examined the functioning of the producer levy scheme, the extent of levy evasion and the question whether compulsory levies (dual price system) entailed any income loss to the farmers. Since in his study, he worked out maximum about the estimates of farmers, it was concluded that farmers got compensated for the lower procurement price through an increase in the Open Market Price.\textsuperscript{13}

Shubh Kumd (1979) in his study, he stated the impact of the Public Distribution System on the levels of food consumption and nutrition to the Economically Vulnerable Sections in Kerala. The study specifically brought out the welfare implications of the scheme. The relationship between food consumption levels and the levels of ration rice distribution revealed that ration rice contributed about 34 per cent of calories and 33 per cent of proteins in the diet. The positive correlation observed between ration rice purchase and income level remains consistent with the consumption behaviour of the Economically Vulnerable Sections and also remains consistent with the large price differential between the subsidised price and the Open Market Price of rice. This study was based on the response of 120 card holders in one District of Kerala. It examined the viability of Fair Price Shops. Lastly it found the prevalence of a number of malpractices in the Fair Price Shops to counter which the cardholders suggested a system of rewards and punishments.\textsuperscript{14}

George (1979) in his study, he examined the impact of the Public Distribution System from a number of angles and perspective for the food-deficit state of Kerala. The analysis of impact of ration system in Kerala showed the following three important
beneficial effects (i) improvement in the consumption levels, especially of the Economically Vulnerable Sections (ii) contribution to positive income redistribution, both among the producers and the consumers; and (iii) benefits the State Government from the Central Government transfer payments through food subsidies. His analysis indicated that the gains that accrued to Kerala were much greater than the expenditure incurred by the Central Government in terms of consumers’ subsidy. In a comparative analysis, rationing strategy proved superior to direct income transfer strategy with reference to the short term objectives of increasing the consumption levels of the Economically Vulnerable Sections and affecting a positive income Redistribution from the rich to the poor. The food subsidy scheme was also found to be comparatively more cost-effective in achieving the consumption objective than a general income transfer policy. The most important among the empirical findings was the observed reduction of skewness in the food consumption levels of different income groups. However, the empirical coverage of the study was limited to just 100 households.\(^\text{15}\)

Subbarao (1980) in his study, he assessed the Public Distribution System performance in Andhra Pradesh. The study found that while nearly two-thirds of the population in Andhra Pradesh (mainly the agricultural labourers and the tribal population in chronically; deficit districts) were denied access to the Public Distribution System rice, the State Government contributed sizable quantity of rice to the central pool which yielded a substantial amount of revenue from the Central Government in the form of subsidy.\(^\text{16}\)

Garg and Vipi (1980) in his study, he examined the functions and the management of the Food Corporation of India for the period 1965 to 1980. The study
mainly enquired whether the objectives of the Food Corporation of India could be realized up to the satisfactory extent, especially without incurring undue and high costs of operations. The costs of all the Food Corporation of India activities were found to be far in excess of those of the private traders. The study found the functioning of the Food Corporation of India highly uneconomical and unjustifiable.\(^{17}\)

Amte (1980) in his thesis, he evaluated the Public Distribution System based on the findings of higher price differentials, greater degree of levy evasion, declining cereal production, and the un-remunerative procurement price offered by the State Government. Amte concluded that the objective of providing inducement to greater production by the farmers was not fulfilled in Maharashtra. A strong urban bias in the Public Distribution was also observed by him; for example, Bombay City alone claimed 25 to 45 per cent of the total Public Distribution in Maharashtra. Nagpur and Pune were given preferential treatment under the Public Distribution System. The study found that burden of Government operations fall more on the poor in the rural districts than on better-off consumers in the urban areas. The important findings that emerged from the detailed analysis of the field survey data were; (i) the system of levy assessment with only area under crop and land revenue as bases as a highly faulty procedure; (ii) malpractices in the fixation of levy demand (iii) highly irrational attitudes of the Government officials; (iv) unreasonable price differences between the public procurement prices and the Open Market Prices; (v) high degree departmentalisation of trading and business activities; (vi) lack of proper propaganda and information sharing; and (vii) general indifference of the Government officials. The study also proposed an alternative model to reform the existing schemes thoroughly. Among the possible options, the middle course of partial
state trading, operated through the co-operative was considered as the best policy option for translating the objectives of food policy into reality. The study worked out certain norms for viability of the Fair Price Shops System. But it made no effort to study the beneficial impact of the Public Distribution System on the consumers.\textsuperscript{18}

Kurien (1981) in his study, he examined the food situation in India with reference to the socio-economic aspects of the food problem. He found that increased under nutritional problem coexisted with a growing food output. The conflicts arising out of the differences between the objectives of the private production system and that of the Public Distribution System were examined by him. His study underlined the deplorable reality that in spite of the huge buffer stock with the Government, even the quantitative problems could not be solved. He concluded that this only reflected the helplessness and ineffectiveness of public policy and the public Distribution System in India.\textsuperscript{19}

Bora (1982) in his study analysed the managerial and administrative issues of the Public Distribution System in Maharashtra. He found that the cultivators disliked the levy system but the consumers preferred the continuance of the Public Distribution System even after the food availability has greatly increased.\textsuperscript{20}

Amartya Sens (1982) in his study, he concentrated on the three serious conflicts encountered (or battles persistently waged) by the Economically Vulnerable Sections even during the non-famine situations. Sen remarked thus "India's so-called self sufficiency in food goes hand in hand with a quarter-perhaps a third of the rural population as persistent losers in food battles, suffering from regular hunger and systematic malnourishment.\textsuperscript{21}
Prabha (1982) in her study, she pointed out the procurement of paddy in Tamil Nadu. She concluded that the farmers do get fully compensated for the lower public procurement price by the increase in open market prices for their remaining supplies. She also found that the volume of public procurement was inversely related to the differences between the public procurement price and the open market price. She also studied the Public Distribution System in Tamil Nadu. In it, she examined only the rice distribution aspects and excluded other commodities like wheat, sugar and kerosene. She constructed two models with the primary objective of providing a given level of per capita consumption through the Public Distribution System. She recommended the target group approach.²²

George (1983) in his study, he compared the major results and conclusions with those of his earlier study on the Public Distribution System in Kerala and concluded that the Public Distribution System has positively contributed to the reduction of food problem through greater protection of the Economically Vulnerable Sections.²³

Archarya (1983) in his study, he pointed the concept of food security undergone considerable modification in recent years. Food availability and stability were considered good measures of food security till the seventies and achievement of self-sufficiency was accorded high priority in the food policies of developing countries. Energy intake of the vulnerable groups is now given prominence in assessing food security. Historical Evolution of food security and evaluation of the concept of buffer stock policy and its implications, have been studied. It covered various issues relating to provision of food security system in India. It was noted that price stabilization was beyond the capability of
the buffer stock policy, and suggested to include coarse grains in the buffer stocks. But it is not practicable because of their high preservation costs in the godowns.\(^{24}\)

Poduval (1984) in his study, he examined the functioning of the Public Distribution System in Tamil Nadu. In his overall assessment, Poduval concluded that in respect of accessibility to food or entitlement to food grains, the Public Distribution System supplies in Tamil Nadu were highly inadequate to make any impact on the consumption levels of Public Distribution System consumers. He concluded that Tamil Nadu Civil Supplies Corporation has prevented the Open Market Price from falling below the Open Market Prices.\(^{25}\)

Bhagabat Mishra (1985) in his study, he evaluated the Public Distribution System in Orissa State. He found that the lower and inadequate off take, limited population coverage (67.5 per cent) and the limited influence of the public procurement in reducing the Open Market Price of rice showed that the price policy was not fully beneficial to the consumers. The study further found the Public Procurement Prices, in general, were not beneficial to the producers also. The analysis of the enforcement of various control orders and food laws in Orissa gave ample evidence that the administrative machinery lacked the required competence to run the Public Distribution System effectively. The study of Mishra concluded that the failure and shortcomings of the Public Distribution System in Orissa outweighed the gains and benefits for the consumers.\(^{26}\)

Suryanarayana (1985) in his study, he stated the operation of Public Distribution System in Vizagapatnam District of Andhra Pradesh. His study showed that, in general, the proportion of Public Distribution System off take declined as the income of the households increased. It found that the income elasticity of rice was low. The study also
recognised the significance of estimating the consumption requirements of at least the target groups in order to protect them from the adverse effects of rise in prices and scarcity situation. It prescribed that the projected requirements should be the minimum quantity of Public Distribution System - distribution in the State and Government should formulate the public procurement policy accordingly. The impact of rationing of consumption and income was also analysed by estimating the extent of gains realized by the selected households because of their Fair Rice Shop purchase. The study finally found that the Public Distribution System gains were found to be distributed unequally in the different sampled areas and also among the different groups within a region; in particular, greater gains accrued to the urban consumers.  

Bragadha (1986) in his study, he examined the impact of Public Procurement of paddy and rice on various aspects of the food economy in Tamil Nadu. The low level of Public Procurement, the inadequate supply of rice by the Public Distribution System and the absence of buffer stocking were the major issues of analysis carried out by Bragadha. She concluded that the Public Procurement Operations should be used with due caution and care by the Government agencies as they are powerful and influential weapons capable of hurting both the producers and the consumers of food grains.  

Indian Institute of Public Administration (1987) in its study presented a "Status Report" on the Public Distribution System in India, covering the period upto 1986-87. The papers of Bhabatosh Datta, Kamal Nayan Kabra and Anil Chandy Ittyerah and of Barbara Hams discussed the problems and issues of the Public Distribution System and offered certain alternative strategies to be adopted for achieving the maximum effectiveness of the Public Distribution System.
Gilbert and Etienne (1988) in his study, he pointed out the relationship between growth and poverty through the analysis of village survey data. He concluded that the Public Distribution System and the other Government programmes resulted in marked improvement in the living conditions of the poor in the advanced regions of the country; but in the sluggish regions owing to certain socio political and techno economic factors and processes such improvement has not taken place. The study by Gilbert Setienne confirms that the welfare intervention programmes such as the Public Distribution System when implemented along with the growth-oriented programmes of the Governments, positively contributed to the reduction in the intensity of the problems of food and poverty.30

Poduval (1988) in the study, he analysed the functioning of the Public Distribution System in the context of certain important issues in the Agricultural Scenario of Tamil Nadu. He found that it is the landless labourers and marginal farmers who suffer most from lack of accessibility to food. According to him "public distribution has to be supplemented by programmes seeking to provide the poor with employment and incomes".31

Annadurai (1988) in his study, he made an assessment on the working of the Public Distribution System in Tamil Nadu for the period 1950 to 1986. He found that Public Distribution System Supplies about 20 per cent of the actual consumption of rice by the public. On the basis of the analysis of secondary data, Annadurai hypothesised that the Public Distribution System in Tamil Nadu has generated beneficial effects on the Public Distribution System consumers, and underlined the significance of empirical
verification of the secondary data in any beneficiary - oriented public intervention programme.\textsuperscript{32}

Tyogi (1990) in his study, he pointed out the problems of management of the Food Economy with special reference to the Public Distribution System. He found that the positive aspects of the management were high output growth, prevention of famines, and increase in the physical and economic access to food. However, he found that the per capita distribution of food grains in different States did not correspond to the below-the-poverty line population. An interesting finding was that, either owing to smaller quantities of Public Distribution System distribution or owing to greater differences between the open market prices and Public Distribution System prices or both, the Public Distribution System has made the consumers worse off - they had to pay a higher average price than what they would have paid in the absence of a dual market system! He found that, without Government subsidies, in Public Distribution System prices would be much higher than the open market prices. He advocated targetisation of the Public Distribution System beneficiaries, removal of the public distrust of the private trade, maintenance of 40 per cent of the buffer stock in the form of foreign exchange reserves etc.\textsuperscript{33}

Ittyerah and Kabra (1990) in their study, they analysed the utilisation of and access to the Public Distribution System in India. They found the utilisation index for rice was very low and that for sugar was very high. According to them about 80 per cent of the sample households were generally satisfied with the Public Distribution System while 20 per cent were not.\textsuperscript{34}

Singh (1991) in his study, he analysed the Public Distribution System in Bihar. He stated a number of serious deficiencies in the system. He prescribed a package of
measures to improve the working of the system. He emphasised the important contribution of the Public Distribution System towards poverty alleviation in rural areas.\textsuperscript{35}

Government of India (1991 - 1992) stated that in India, around 10 percent of total outputs of selected essential commodities are supplied through the PDS per year. As PDS supplies are made at concessional rates, central government had to spend over Rs. 2,000 crore on subsidising distribution of wheat and rice alone in the early 1990s.\textsuperscript{36}

Venugopal (1992) in his study, he indicated the record of food production, the unfair distribution of food grains among the population. He discovered that some States which did not produce enough food grains had a far better record of providing food for the poor than certain states which had surplus. He also found that the rural poor have not been benefitted to any significant extent by the present Public Distribution System. He stressed the need to involve the community in food management. Finally he proposed an alternative Public Distribution System more in favour of the poor by dovetailing the Rural Development and Rural Employment Programme while at the same time ensuring availability (though not at lower prices) for the urban non-poor.\textsuperscript{37}

Government of India (1992 - 1993) indicated that, the several weaknesses emerged in the public distribution system which diluted the essence of the system to benefit the vulnerable section. The financial liabilities of the state government in maintaining this system have increased. Leakage and black marketing in PDS items have also increased the full impact of PDS in containing inflation.\textsuperscript{38}

Government of India (1992 - 1993) reported that the PDS as a social safety net has to be understood in the sense of this limited perspective. The perspective as
announced by the government of India is that essential commodities such as rice, wheat, imported edible oils, sugar and kerosene are distributed at prices below the market prices through a network of fair price shops. The government accepts this as an essential element of governments’ safety net for the poor.\textsuperscript{39}

Geetha, and Suryanarayan, (1993) in their study, they have reviewed the objectives of food policy pursued in different, five-year plans. They examined inter-state PDS disparities, and their implications for the current ongoing PDS reform. Their study confirms the general impression that there have been significant disparities in the state-wise PDS quantities, be it with respect to total population or population covered by the PDS. This is largely in conformity with the objects of global coverage as enunciated in the sixth plan. Part of the reason seems to be the lack of proper infrastructure for the PDS in some states and hence their inability to lift their allotted quota, by the centre. Thus PDS revamping is not merely a question of targeting but also involves the creation of the necessary infrastructure.\textsuperscript{40}

Deepak Ahluwalia (1993) in the study, stated the results as there are no easily identifiable criteria that determine central allocations of food grains across states in normal years. There is however, evidence to suggest that during drought year some consideration is given to the price environment and relative poverty levels across states. There is no evidence of any serious urban bias. Use of the programme is, by and large, fairly widespread in the rural areas of Andhra Pradesh, Kerala, Karnataka, Tamil Nadu, Maharashtra and Gujarat. On targeting, the current practice of universal eligibility has to change if the PDS is to act a viable safety net. Leakages are a major problem in the PDS.\textsuperscript{41}
Ahluwalia (1993) according to him another problem with the PDS is the amount of leakages of food grains and other commodities in the form of losses in the transport and storage and diversions to the free market. According to some estimates, a little more than a 3\textsuperscript{rd} of the food grains sugar and half of the edible oil, 38\% of wheat, 36\% of rice, 39\% of sugar and 55\% of edible oil does not reach the actual users of PDS. The major part of the leakages is due to the diversion of food grains to the free market. Sometimes, shop owners make bogus entries in the ration cards. \textsuperscript{42}

Bhagawati and Srinivasan (1993) have also suggested a shift to a system of food stamps that enables the holders of these stamps to pay for part of the cost of the purchases from the open markets. They suggest that food stamps be issued only to persons belonging to a target group, with the value of food stamps fixed in nominal terms or indexed to some commodity. \textsuperscript{43}

Government of India (1993 – 1994) reported that there is now a realization that the PDS as it has now evolved may actually be serving only a limited proportion of the poor and that there are large variations in the coverage between the states. Thus, the target setting and subsidy question should receive attention for solution. In view of the GOI, two major aspects of PDS that need a national consensus are (i) the norms of excluding the non-poor and (ii) limiting the open-ended subsidy because of FCI operations. \textsuperscript{44}

Bhalla (1994) in his study, examined the first component for accelerating growth in food production through substantial investments in rural infrastructure, including irrigation, power, rise arch, extension and development of new technology. The second component of food system of procurement, storage and public distribution of food grains
with the main objective of providing food to consumers at reasonable prices and keeping prices of food at reasonable levels through open market operations or through imports. At present, procurement is undertaken by the Food Corporation of India at minimum support procurement prices fixed by the government and is then distributed through the PDS, which consists of a large chain of fair price shops spread over rural and urban areas. The final component of food management is food stocks, which enable the functioning of PDS and help to stabilize prices through open market operations. The PDS has suffered from several limitations. First, it has not been able to cover a large section of the poor, particularly in rural areas and has failed to serve poor states like Bihar and Orissa. Second, since the PDS has been open-ended and is not targeted to the poor, the food subsidy has become excessively large. It tends to become even larger because of the inefficiency of the via (a) changes in the rate of growth and consequently employment (b) prices of wage goods and the general rate of inflation, and (c) Government policies affecting prices of food grains and food subsidy.45

Suryanarayana (1994) in the study, he pointed that in Tamil Nadu the PDS position is worst in term of procurement. The total production is of the order of about 10 lakhs tonnes only and there is very little open market for this, since the production appears to be generally locally consumed. Fourthly, the dietary habits of the people are fast changing against coarse cereals and in favour of superior cereals.46

Parikh and Vyas (1994) also suggested on grounds of cost-effectiveness that the PDS be substituted by employment-generation schemes; like Jawahar Rozgar Yojana (JRY), Employment Assurance Scheme (EAS) and Integrated Rural Development Programme (IRDP). Based on his calculations on the value of subsidy obtained from
cereals distributed, Kirit Parikh concludes that PDS delivers meagre support to the poor. According to him, a targeting programme such as Employment Generation Schemes would deliver much more benefit to the poor than PDS does through cereals. He advocates that food coupons should be given only to the workers under Employment Generation type programmes in order to lift them above the poverty line.\textsuperscript{47}

Government of India (1994 – 1995) indicated that the PDS aims at ensuring stability in the food grains market when open market prices of food grains fluctuate less because of steady availability, in the hands of the Government. This removes scarcity psychosis and checks speculative tendencies. The disadvantages and vulnerable sections of the society are the targets of this PDS. The Government also pledges to pay attention to distress areas like drought prone areas, desert areas, tribal areas, urban slum areas and selected hilly areas.\textsuperscript{48}

Rao (1995) says "the persistent weaknesses observed in FCI operations are a clear symptom of over-centralization. While efforts to tone up the personnel and working of the corporation need to be undertaken, the more fundamental task is to reorganize the food security system itself on a decentralised basis. In the event of such a reorganisation, FCI with its specialised experience and expertise would be in a position to play a major supporting role to help the decentralised food security system to become operational.\textsuperscript{49}

Government of India in the tenth plan (1995) the document admits that there is overflowing stock of food grains in the country. This means that the distribution of food grains is not managed properly and the areas of food shortage are still unable to receive support from the Government overflowing stocks.\textsuperscript{50}
Government of India (1995) stated in the evaluation study on Essential Supplies Programme 1985, which reveals the major weaknesses and deficiencies of PDS did not exist in either the lack of sufficient coverage or want of necessary administration machinery in certain operational inadequacies such as irregular supply (to the FPSs and in turn to consumers) and poor quality leading to non-drawls, no lifting of sanctioned quotas by the FPSs in the rural areas, general pessimism expressed by the FPS dealers about the profitability of running FPSs, under weighment, etc.\(^{51}\)

Nawani (1995) in his study, he examined the Public Distribution System in India and stated that it cannot be sustained at increasingly higher costs in its present form. He strongly advocated targeting of the beneficiaries by excluding many categories of current cardholders. He gave suggestions for a more rational allocation of foodgrains by the Government of India to various states. Finally he suggested that the central issue price should be linked to the inflation rate. But in order to play a price stabilisation role, it should be increased every year by a certain percentage rate which is less than the inflation rate.\(^{52}\)

Government of India (1995 - 1996) in its report stated that the reason does not lie perhaps in changing issue prices, but in the level of these prices set. The central issue prices of food grains for PDS / RPDS are fixed deliberately much below the economic cost of food grains with a view to making food grains available to PDS consumers at reasonable prices.\(^{53}\)

George (1996) in his study concluded that the major criticisms of the distribution system relate to three aspects: (1) there is a sectoral bias towards urban areas; (2) there is
a regional bias; and (3) the leakage in the system introduces class bias especially when it
does not provide food security for the poor class.54

George (1996) in his study, he indicated that the amount of food subsidy depends
on a number of factors such as procurement volume, PDS off take, storage levels and
efficiency, gap between issue price and procurement price, handling efficiency of the
various organizations and interest charges. In this context a general discussion on reduced
food subsidy has come across with number of suggestions. These suggestions directly or
indirectly involve one or more of the following measures: (1) restrict the volume handled
through PDS by means of effective targeting and reduced leakages; (2) match the
procurement, both in terms of commodity composition and volume, with distribution
target so that storage levels can be controlled; (3) increase the efficiency of handling
operations, especially the operations of the Food Corporation of India.55

Parthasarathy (1996) in his study, he pointed out that the most important social
security need of the poor is food security. But, food security cannot be ensured without
access to adequate purchasing power for the wage earners. Since, the means of obtaining
purchases is employment at a minimum wage, employment security is essential for
achieving food security. According to him, in India, chronic food insecurity persists, it
was found to be strongly related to poverty. Though there is a moderate success in
combating transitory food insecurity. Structural adjustment is expected to have effect on
food security, integrate the domestic market with the international market; the poor may
be hurt in the transition since cereals are by far the major and cheapest source of calories.
Raising the real income of the poor to enable them to buy more food, though an
important instrument of improving nutrition would be a slow process. Hence there is a need for better targeted Public distribution system and nutrition support programs.⁵⁶

Pattanaik (1997) in his study, he stated that the poverty alleviation and eradication of hunger are two main objectives of the rural development programme in India. Amongst various program for poverty alleviation and mitigation the Public Distribution System (PDS) is the one. PDS eradication aims at of rural poverty and inequality by providing justice to the poor.⁵⁷

Parikh (1997) in his study at national level, he stated a measure of food security would be production, trade and availability of food grains. The average per capita availability of food grains is an indicator of food security at the national level. At the household level, food insecurity is mainly due to poverty and poverty is due to lack of employment. He argues a national wide Employment Guarantee Scheme (EGS) with increased wages and easy access to all can provide individual level food security against both chronic and transient hunger to the employable hungry. This can be done at a cost of about Rs. 14775 crores per year. The long term solution is of the core economic growth that can provide productive employment to all. To create skills among the people and to enable them to take up jobs more investment is required in education. The short term measure used to reduce food insecurity is the various schemes of subsidized food distribution, such as the public distribution system.⁵⁸

Government of India (1998 – 1999) reported about the revised scheme introduced in the distribution known as Targeted Public Distribution System (TPDS). This shows a deviation from the earlier ones in the sense that from now on the distribution of food grains would be operated under two – tier system of delivery to households, those Below
Poverty Line (BPL) and those Above Poverty Line (APL). The families are planned to receive food grains at heavily subsidised prices.\(^5^9\)

Choudhry and Rajarutty (1998-2003), NIRDs study on leakages in PDS found that not drawing and partially drawing of quota was substantially contributed for leakages.\(^6^0\)

Ghose and Ajit Kumar (1999) in the study at the national level, stated that food crisis in British India were not precipitated by absolute shortage of food caused by uncontrollable vagaries of nature.\(^6^1\)

Hanumantha Rao (2000) conducted a study in Tata Economic Consultancy service, to know how much supplies were diverted from the system. It was found that there was the diversion of 36 percent wheat, 31 percent of rice and 23 percent of sugar. The report found no correlation between the frequencies of the use of enforcement acts and extent of diversion.\(^6^2\)

Suryanarayana (2000) has criticized the evaluation of the PDS in terms of monetary benefit to the household. He contends that the value of PDS is more as an instrument of food and nutrition security even though the restructuring of the PDS was done on the basis of poverty criteria.\(^6^3\)

Swaminathan Madhura (2000) in his study an important feature of the PDS is that the responsibility for implementation, monitoring and for enforcement of legal provisions relating to public delivery rests with the state government.\(^6^4\)

Ravi Srivastaava (2000) in the study pointed that the multiplicities of agencies, poor co–ordination and low administrative accountability have combined to cripple the delivery machinery.\(^6^5\)
Swaminathan Madhura (2000) TPDS is intended to target the poor people, the subsidy spent by the government for the scheme should be beneficial to the poor people and naturally they should utilize the benefits by purchasing the allotment of food grains under the scheme.66

Indrakant (2000) using data collected in 1994-95 in five villages in Andhra Pradesh with diverse socio economic characteristics, shows that in several cases households that were entitled to a ration card did not have one. Instead, contrary to what seems to happen in other Indian states, in the selected villages complains about low quality of PDS supplies were not frequent.67

Rao (2000) says that while the Public Distribution System is ostensibly for the benefit of the poor, it is not targeted on the poor and has shown little concern to extend its reach to areas where food distress is widespread among the poor. A food security system should have a dependable provision to ensure that the poor have the capacity to pay for the food grains made available to them. This is not the case in India. Employment programmes and PDS operate as separate activities. A link between them could have improved the access of the poor to food grains while food subsidy is growing, one cannot be sure that it is really going to the poor.68

Swaminathan Madhura (2000) Dangers of Narrow Targeting. The major question is that in the absence of secure information about the income of the every family, how should the government stamp the ration cards eligible for PDS supplies? The process would be difficult because only 9% of the total labour force work in the organised sector and 91% is in the unorganised sectors. It, therefore, appears very difficult, if not impossible to restrict the PDS food grains to the population below the poverty line. The
process of identification of the people below the poverty line and segregating them from those above poverty line is not clearly spelt out in the altered TPDS policy of 2000. This could as well result in the error of exclusion which was stated earlier in the critique of targeting policy.  

Ruddar Datt (2000) in his study, he emphasise PDS to help large section of poor by providing enduring food subsidy and it has been suggested that it would be more appropriate to emphasis strategy which reduces poverty.

Swaminathan Madhura (2000) in his study he concluded that the fall in purchases from the PDS is the narrowing price differential between PDS and market prices. Although, distribution of food grains through the PDS has risen in the last few years, it remains below the peak of 1991.

Jha Shikha and Srinivasan (2000) in his study he says that FCI carries out all the operations on behalf of the Central Government, and takes care of all aspects of the system from procurement, renting of warehouses, and storage to allocation to states. The net costs that it incurs in this operation over and above sales realisation through PDS is reimbursed to it by the Central Government and is referred to as 'food subsidy' in all government documents. The FCI maintains a buffer stock in order to stabilise grain prices and to provide minimum support prices to protect the farmers.

Thomas Mooji (2001) in his study, he analyzed that the situation of PDS and food security. He highlighted the fact that Government of India allocates food grain, under PDS on different basis. The paper also reveals the system is handled by the corrupt officials and this result into poor delivery of food grains, which BPL cards have been distributed is unsatisfactory.
Bhaskar Dutta and Bharat Ramaswami (2001) stated that the responsibility for operating the PDS is shared between the central and state governments. The central government procures, stocks and supplies grain and absorbs the costs of these operations. Once the grain is allocated to the states, it is the job of the state government to ‘lift’ the grain and distribute it to the retail PDS outlets across the state. Hence, the PDS performance depends on food grains operations of the central government as well as the distribution of subsidized grain by state governments.74

Swaminathan and Misra (2001) in their study concluded that under the TPDS each household is entitled to 20 kilograms of food grain per month. This falls short of individual or households irrespective of size. Thus the gap between actual need and availability under TPDS is given more for larger family.75

Government of India (2002 – 2007) indicated that the Public Distribution System (PDS) in India facilitates the supply of food grains to the poor at a subsidize price. However, doubts have been raised about the efficacy and cost-effectiveness of the PDS, especially in the light of the growing food subsidy and food stocks. The PDS needs to be restructured and there is a need to explore the possibility of introducing innovative ideas such as smart cards, food credit/debit cards, food stamps and decentralized procurement, to eliminate hunger and make food available to the poor wherever they may be in cost-effective manner.76

Government of India (2002 – 2007) stated about the Kerosene supplied through PDS and is intended for the poor. However, there is large-scale diversion of this commodity and subsidized kerosene is used for adulteration with diesel. The subsidy on kerosene is thus cornered by the non-poor. A study of four states carried out by Indira
Gandhi Institute for Development Research (IGIDR), Mumbai shows that there is huge leakage of kerosene meant for PDS. It is irrational, therefore, to continue to subsidies kerosene at such high rates and continue its distribution through the PDS.\(^7^7\)

Ramaswami and Balakrishnan (2002) in their study concluded that higher incomes of the poor will increase demand for food and hike up food prices.\(^7^8\)

Alessandro Tarozzi (2002), stated the main proclaimed task of the PDS is to provide food security to poor households, but there is a widespread consensus across researchers that corruption, inefficiencies, and limited scope are preventing the system from reaching its goal. The existing literature, though, has so far only provided a descriptive characterization of the program, analyzing the programs coverage of the Indian population across different socioeconomic groups and geographical areas, and providing estimates of the implicit subsidies offered by the system\(^7^9\).

Nakkiran (2004) in his study of the effectiveness of Public Distribution System in rural Tamil Nadu. He pointed out the dissatisfaction over the quality and quantity of goes available was high among the respondents in weaker section.\(^8^0\)

Swaminathan and Pedro Medrano (2004) in their study stated that the selectivity of TPDS has brought in its wake other problems such as the faulty identification of the poor. Instances of exclusion of genuinely poor households around all over the country. Leakages, Diversion, Vested interests along with supply of poor quality of grains supplied have eroded the creditability of the system. Problems have been compounded by weak financial arrangements at the state and district levels.\(^8^1\)
Majurnder Bhaskar (2004) stated the PDS aims at insulating the consumer from the impact of rising prices of these commodities and maintaining the minimum nutritional status of our population.⁸²

Government of India (2005) made evaluation of the working of the RPDS, it 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, availability of services to FPSs, inadequate facilities for storage at FCI telling upon the quality of grains, FPS level gaps in opening time, working, regularity of distribution and communication to consumers, Vigilance Committees not being able to serve their purpose meaningfully and non consideration of socio-economic and cultural situations regarding preferences of commodities.⁸³

Planning Commission (2005) concluded that the estimated 4.6 million tonnes of TPDS grains purchased by poor households – with and without BPL or AAY ration cards corresponds to 15.5% of the total off-take of TPDS grains (29.65 million tonnes). This means that for each kg of subsidised grains bought by the poor, the off-take from the central pool was 6.4 kg. This estimate is considerably higher than the 2.4 kg estimate for 2003-04.⁸⁴

Planning Commission (2005) conducted a survey based on household interviews, found that purchases of TPDS grains are curtailed by both supply- and demand-side constraints.⁸⁵

Nakkiran (2004) in his study he says that Public Distribution System is considered as principal instrument in the hands of government for providing safety net to the poor
and the downtrodden. The system serves triple objectives namely protecting the poor, enhancing the nutritional status and generates a moderate influence on market prices.  

Government of India (2005) reported about the transparency measures, it highlights the details that needed to be displayed at the FPS are; i) total number of cards attached to the shop–BPL and APL, ii) monthly allocation made to the shop, iii) last month’s issue from the shop, iv) issue prices, v) scale of issue, and vi) authority to report grievances.  

Government of India (2005) reported that the two pivotal issues that relate to the implementation of TPDS are; a) evolving a method for the identification of the poor that minimizes errors and economizes resources; and b) instituting a delivery system that is effective and efficient. The forgoing analysis suggests that corrective measures are required in both these areas for realization of the objectives of TPDS.

Government of India (2005) make note of certain findings, suggest to a large section of the population (particularly daily wage earners) who have been kept out of the target group because of their income levels, are potentially food insecure households. Similarly, many poor marginal/small farmers who produce a part of (or full) their cereal consumption needs and have been issued BPL cards.

Sabina Alkire and Suman Sheth (2008) in their study, pointed out the Indian Government has already undertaken initiatives to identify families that are poor in many dimensions at the same times. Among them, in 2002 the rural families were categorized as living below poverty line (BPL) on the basis of 13 kinds of deprivation. As in previous BPL (1992, 1997, 2002) the rural families identified as BPL were eligible for government
support such as subsidized food, or electricity and schemes to construct houses and self-employed activities.\textsuperscript{90}

Bhargava (2008) in his study evaluated that concerns are always raised that providing unconditional cash (or subsidised food) to poor households will lead to reduced labour supply. That is conceivable, but on the other hand, it is well established that higher incomes lead to improved diet quality in India, especially intake of proteins and micronutrients, which boosts labour productivity significantly.\textsuperscript{91}

Shah (2008) in his study stated that it is not clear how transfers of cash to the poor would allow them to buy grains from the open market in times of steep inflation. The solution is to index the transfers to the real price of basic food items, which is technically simple, but politically sensitive.\textsuperscript{92}

Deaton (2008) has shown that the official price indexes used to estimate real growth of MPCE in rural (especially) and urban areas understate food price inflation between 1999-2000 and 2004-05. Applying his revised indexes would mean that real average MPCEs were lower, and that the poverty prevalence in all-India in 2004-05 was 30.6\% rather than the official 27.5\%, and also that the decline since 1993-94 was 5.4 rather than 8.5 percentage points.\textsuperscript{93}

Khera (2008) identified that the finding is puzzling, but an explanation could be that among all poor households, those who have been issued BPL or AAY cards are even poorer than those lacking these cards. It may also be that the cardholders cut down on cereal purchases and use the income transfer embedded in the subsidised grains to buy more other food items. Further study on the basis of unit-root data may resolve the
puzzle. It is interesting though that a sample study of 400 households in Rajasthan came to the same conclusion.\textsuperscript{94}

Planning Commission (2008) estimates the TPDS subsidy to average poor households holding BPL cards at Rs 81.5 per month in 2004-05. This estimate is higher than the estimate presented above, at Rs 30, which refers to the average for all poor households, with and without BPL or AAY cards.\textsuperscript{95}

Aiahanna and Mahadevappa (2009) in their study, they suggested that the purpose of public distribution system was to act as a price support programme for the consumer during the period of food shortage in the year 1960. It was also cited as an instrument of price stabilization and become a countervailing force against private traders for preventing the black marketing in India. As a result of this it could achieve the dual purpose like providing essential commodities such as rice, wheat, sugar, edible oil and kerosene at subsidized prices and assuring the price stability for the agricultural products like wheat, rice, sugarcane, etc.\textsuperscript{96}

Pravas Ranjan Mishra and Prafulla Kumar Rout (2009) in their study pointed out that the distribution system undertaken by the government or any public agency is termed as ‘Public Distribution System’. It is an aspect of the demand and supply management. Its’ aim is to meet the basic needs of the vulnerable sections of the community who cannot afford at the prevailing market price. Public distribution by its very nature encompasses the essential items of mass consumption such as food grains, sugar, kerosene, controlled cloth, washing soap, tea, match boxes, candles etc. Now a day’s public distribution of essential commodities has become the principal feature of the developing economies. All the developing nations are facing scarcity of essential
commodities and hence it has become the responsibility of the governments to provide these commodities to their citizens at reasonable prices in time.\textsuperscript{97}

Angelucci and De Giorgi (2009) in their study concluded that scrapping this system should hence lower prices. It may also be that cash transfers have (positive) externalities in that ineligible households benefit as well through various channels. A study of the Mexican Oportunidades has found evidence of this.\textsuperscript{98}

Mehrotra (2010) in his study pointed out that a member of the Planning Commission has published a paper arguing for replacing five subsidy schemes with CTs.\textsuperscript{99}

Balchand (2011) says that Poor households holding BPL or AAY cards purchased some 30\% of the total TPDS grain sales (estimated at 12.17 million tonnes), while other poor households managed to buy another 8\%, or one million tonnes.8 Out of total TPDS grain sales, poor households hence bought about 38\%. As the poor accounted automatically included are the homeless and others who are completely destitute (3-4\%). Other households are to be assessed according to seven indicators and ranked in order of priority in the BPL list. All-in-all, with the new guidelines, 46\% of rural households are expected to be included in the BPL list.\textsuperscript{100}

Basu (2011) says that, The Chief Economist at the Ministry of Finance has given the nod for replacing food subsidies with cash or food coupons, although with some reservations. The GOI and the Planning Commission seem split, however, and have yet to commit either to a CT scheme or to a thoroughly reformed PDS.\textsuperscript{101}

Himanshu and Sen (2011) proposed scheme, there would be three constituencies entitled to purchase subsidised grains at different prices. Based on projected demand for
PDS grains at these prices, the authors estimate the annual outgo subsidy required at Rs 794 billion. The lowest of these pure subsidy estimates could be financed within the current overall food subsidy budget, but would leave nothing for other programmes. Moreover, none of the estimates include the running costs of an enlarged semi-universal PDS.\textsuperscript{102}

Brij Pal (2011) in his study it has been found in many states that ration cards are being mortgaged to ration shop owners and the beneficiaries are not aware about their rights. It is suggested that there should clear cut policy regarding ration cards. All card holders must be motivated and should be made aware about their rights.\textsuperscript{103}

Anshu Singh and Vinit Kumar (2011) stated that the Public distribution system has an obvious relationship with anti-poverty issues because only such a system can have the infrastructure to deliver essential commodities to meet their minimum food requirements of BPL households, to control prices in the open market and to deliver food grains to beneficiaries of welfare and anti poverty programmed. Public distribution system serves two purposes first in controlling prices and protecting the consumers from exploitation by the leading community.\textsuperscript{104}

Sarbapriya Ray and Ishita Aditya Ray (2011) stated that food security means availability, accessibility and affordability of food to all people at all times. The poor households are more vulnerable to food insecurity whenever there is a problem of production or distribution of food crops. Food security depends on the Public Distribution System (PDS) and government vigilance and action at times, when this security is threatened.\textsuperscript{105}
Gairola (2011) in this study, he pointed out that the Public Distribution System in the country facilitates the supply of food grains to the poor at a subsidized price. Essential items such as selected cereals, sugar and kerosene at subsidized prices to holders of ration cards is the objective of efficient Public Distribution System. The PDS also helps to modulate open-market prices for commodities that are distributed through the system.

Gundegowda and Nagaraj (2011) in their study, they indicated that, Public distribution is very essential to the developing countries like India. But this system has been weakened for several reasons for effective and transparent implementation of this needs suggestions. Profit of margin given to FDD is very less. This may lead to malpractices and diversion. The government should enhance the present margin amount. Enforcement may be passed to initiate strict actions against malpractices. Establishing of gowdons in a conspicuous place is one of the reasons for improper implementation of this scheme.

Bhat and Bhat Arshad Hussain (2012) in their study, they stated the main objectives of the PDS can be summarized as follows: i. Maintaining price stability. ii. Raising the welfare of the poor (by providing access to basic foods at reasonable prices to the vulnerable population). iii. Rationing during situations of scarcity, and iv. Keeping a check on private trade.

Bhat and Bhat Arshad Hussain (2012) stated that the Public Distribution System is the largest food subsidy programme in India, and perhaps in the world. It reaches out to nearly 10.5 crore households in the country and provides subsidized food grains through a network of Fair Price Shops (FPS).
CONCLUSION

In this chapter, all the earlier studies dealing with the evaluation of Public Distribution System. There is no particular study regarding the effectiveness of PDS and its impact on BPL families. Hence, the researcher has made this attempt for the present study.
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