A SUMMARY OF CONCLUSIONS
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6.1 Introduction

It appears that State intervention in the food grain market is inevitable to protect the vulnerable sections of the population in particular and others in general, from the harsh effects of rising food prices and supply scarcities due to natural and artificial reasons. Accordingly, State and Central Government in India have been engaged in public distribution of food grains. It needs to be examined whether the intended beneficiaries received benefits through the Public Distribution System as the Government has historically concentrated on mostly short term food scarcities rather than evolving it as a long term policy.

6.2 Summary

There are two distinctively different views on the performance of Public Distribution System in India. Some studies have come to the conclusion that Public Distribution System has benefited the poor and increased the consumption
level of the poorest of the poor. Some other studies have come to the conclusion that it has failed to provide food security to the poor people. It is successful in the States where there is people’s awareness and efficient functioning of the consumers’ co-operatives like Kerala and West Bengal. In States like Maharashtra, Bihar and Orissa, the Public Distribution System has failed due to lack of awareness among most of the people about the scheme. In this study, we have critically examined whether Public Distribution System has urban bias? Whether food security has been assured to the Poor People? And to what extent poor people are benefited from the Public Distribution System in the Study Area.

6.3 Main Findings

1) It is found that over the past few years, the world’s attention has been focused on the myriad issues surrounding food security in its many dimensions. A large section of the population is suffering from hunger and malnutrition, due to lack of purchasing power. Therefore, Public Distribution System should be integrated with other anti-poverty programmes, particularly those offering employment and micro credit. Without adequate purchasing power, the poor would not be in a position to acquire food grains even if they have access to the Public Distribution System.
2) There are two distinctively different views on the performance of Public Distribution System in India. One section believes that public distribution system has not been effective in achieving its goal of ensuring food security to the poor. The other school thinks otherwise. It is found that Public Distribution System has been successful where there is people's awareness and efficient functioning of the consumers' co-operatives in States like Kerala and West Bengal. In States like Maharashtra, Bihar and Orissa, the Public Distribution System has failed due to lack of awareness among most of the people about the schemes.

3) It is found that in Karnataka State each family would receive 105 kilograms per year, which is less than 9 kilograms per month (an average household consists of 5.2 members, as per N.S.S. 1990). That means an average household with a ration card would receive 1.75 kilograms per person per month through rationing system. If we take food grains requirement as 500 grams per person per day, the quantity supplied through PDS is inadequate.

4) It is evident from the field investigation that the availability of rice, wheat, sugar, edible oil and Kerosene per household showed an increasing trend in Urban and Rural areas among the poor households and Public Distribution System off-take a decreasing trend among rich in Urban and Rural areas. It is obvious from field investigation that Public Distribution
System is significant among poor both in urban and rural areas. The per capita availability of PDS off-take showed an increasing trend in urban and rural areas among poor.

5) The field investigation revealed that the per capita availability of rice, wheat, sugar, edible oil and kerosene showed is increasing among poor in urban and rural areas. Decreasing among rich in urban and rural areas.

6) As regards rationing and the impact on consumption and income, it is clear from the field investigation that the benefit derived through the Public Distribution System off-take of rice, wheat, sugar, edible oil and kerosene and loss incurred because of Open Market purchases across the regions in the urban and rural areas showed that the percentage of total gain for poor is increasing in urban and rural regions. The total percentage of gain showed a decreasing trend among rich class and their dependence is open market has been increasing.

7) It is evident from the field study the average income of the fair price shop dealers of urban areas is Rs.2,210/- per month and an average expenditure on rent, salary of the sales assistant, transport, electricity, stationery and unspecified expenditure comes around Rs.2.54/- on an average. The net income of the dealer is Rs.1,956/- per month. In rural areas, the average income of the fair price shop dealer is Rs.2,550/- per month and an average
expenditure on rent, salary of the sale assistant, transport, electricity, stationery and unspecified expenditure come around Rs.243/- on an average. The net income of the fair price shop dealer is Rs.2,307/- per month.

8) The field investigation showed that 72 per cent of respondents in urban and 54 per cent of the respondents in rural regions are satisfied with timings of fair price shops.

9) It is evident from the field investigation that there was no urban bias found in the system, and respondents are satisfied with functioning of the fair price shops in urban as well as rural regions.

10) As the households have reported dissatisfaction about the commodity coverage under the PDS, new commodities such as Dal, Soaps, Medicine, Cloth, Ragi, Tooth Paste, Matches, Tea Powder etc., are required to be covered by the system.

11) Additional required quantum of food grains needs to be provided particularly to the vulnerable sections so that they need not depend on the vagaries of open market for basic minimum needs.

12) As regards whether the Public Distribution System has helped the poor or non-poor, the 47 per cent of the urban households expressed that Public
Distribution System has helped the poor. In rural area, 66 per cent of the households expressed that Public Distribution System has helped the poor.

13) Regarding the quality of the Public Distribution items, sizeable numbers of the households expressed their satisfaction with quality of the Public Distribution items. However, a vast majority is wholly dissatisfied with the quality of edible oil in urban area. The rural households they are happy about quality of Rice and Sugar. However, as regards to Wheat and Edible Oil, more than half of the respondents echoed their dissatisfaction.

14) It is evident from the field investigation that the respondents in urban areas, both rich and poor house holds, expressed their satisfaction about PDS network. In rural area, an overwhelming majority of poor households are dissatisfied where as many as 70 per cent rich are satisfied with distribution network in rural area. Dissatisfied respondents belonging to richer category are considerably lower as compared with poor respondents.

15) As regards the quantity of food grains supplied in urban areas is found from the field investigation that 70 per cent of the rich families expressed their satisfaction, 66 per cent of the poor families expressed their satisfaction with the quantity of the Public Distribution items and they expect the Government authorities to provide them in larger quantities than what is being done presently. In rural areas also a very large majority of rich
households are satisfied. Poor households however seem to be unhappy with quantity of items. 66 per cent of the households consider the quantities to be inadequate. This reveals that both in urban and rural areas, poor households expect to get more quantities of PDS items.

16) It is found from the field investigation that in urban area, 20 per cent of the poor households suggested that fair price shops should be kept open throughout the month with time regularity and they are in favour of Consumer Advisory Councils to guide and improve the Public Distribution System. 30 per cent of households felt a strong need for ensuring checking of weights and measures. In rural areas, 46 per cent of the households suggested fair price shops should be regularly kept open and favoured setting up of Consumer Advisory Council and 28 percentage of the households suggested weights and measures should be regularly inspected by government agencies, and 50 per cent suggested that supply of fine rice through the fair price shops, 28 percentage of poor households of rural areas prefer daily supply. Therefore, poorest of poor house holds in rural as well urban areas daily are in favour of daily supply of public distribution items. Poor people and daily wage earners would be able to avail the facility of public distribution system. Thus majority of people in all the areas suggested supply of goods under public distribution system daily. It can therefore be concluded from the above analysis that efforts must be
made to make available the essential items through public distribution system at short intervals at least weekly, to enable the poorer sections of rural and urban population to realize the gains from public distribution. Unless the system is strengthened in this direction, it may end up serving the cause of only a small section of the population. Need of weights and measures should be regularly inspected by the Government agencies.

6.4 Conclusions and Policy Implications

It is common knowledge that there is abundant food in the World but a large proportion of the population suffers from hunger and malnutrition. Several developing countries including India, have achieved food self-sufficiency but a large section of the population still faces the risk of food insecurity. Thus, there is food security at the International level, at the Country level for several countries and at the Regional level on the average, but there is insecurity for individuals in the World, particularly in the developing countries. The main reason for this insecurity is lack of purchasing power. While several alternatives could be worked out in the short run to increase income, the PDS makes food accessible and transfers income in the form of subsidy. However, as compared to other alternatives, if the PDS could be managed properly, it can have a direct positive impact on nutrition. There are several policy implications for better management of the Public Distribution System.
1) Though the 6th and 7th Plans stressed the need to strengthen and make the PDS a permanent feature, in view of leakages and heavy fiscal and administrative costs, PDS could be replaced gradually by the Food Stamp Scheme or other Subsidy Measures as is done in Sri Lanka and Pakistan.

2) In the intervening period, it should be gradually made target oriented for a small section of the population i.e. for the poor. This group could be helped for a period of 3-5 years and then a new target group could be selected. However, the continuation of the PDS for an indefinite period would be an indication of inadequate efforts in the development of the economy or biased strategy for income and employment.

3) If efforts to supply coarse cereals are made, the PDS will serve the poor people because these commodities are largely consumed by the very poor. This calls for an effort to increase the production of coarse cereals.

4) The distribution strategy should be such that bureaucratization is reduced. It could be in the form of coupons or food stamps which could be utilized in any retail store. This would avoid administrative problems and access to food would be easier.

5) The PDS could be complemented with other group oriented nutrition programmes.
6) The PDS should be considered as a short-term substitute for provision of access to food by providing purchasing power through development and employment schemes.

7) The PDS could be used as a device for buffer stock operations. When production of food grains falls, sale from stocks should be undertaken, whereas if production increases, stocks can be increased by purchasing from the open market.

8) Detailed knowledge about the management of the PDS and its indirect effects on labor, productivity and supply, income distribution and marketing prices is not available. Careful research on these aspects is required in order to formulate more informed policy.

9) Restructuring of the Public Distribution System is the move towards decentralized governance through the Panchayat Raj institutions.

10) The goal of decentralized governance is to entrust the process of agricultural and rural development to the rural people along with matching devolution of financial resources and decision making power.

11) Government would help in placing the anti poverty programs on a strong foundation of local participatory institutions. These institutions in turn, would be in a position to tackle effectively the critical tasks in eradicating poverty, namely identification of felt needs and priorities of the poor.
12) However, it is only fair to note that the policy support needed for restructuring the Public Distribution System could remain weak and fitful.

13) Achieve tight targeting of the benefits of the public distribution system on the poor.

14) To make it a more effective instrument for providing food security to the poor.

6.5 Recommendations

The increasing Poverty and Rising prices cannot be effectively dealt without strengthening the Public Distribution Systems on all fronts such as, economic, organizational, and administrative. Therefore, Government has to conduct from time-to-time, field investigations to assess the efficacy of the PDS in operation and incorporate improvement into the system, so that the benefits of the distribution through PDS reaches only the targeted groups, to save the poor from hunger and malnutrition. Panchayat Raj Institutions should be more actively associated with PDS.