



FOOD SECURITY AND PUBLIC DISTRIBUTION SYSTEM (PDS) IN INDIA: AN ANALYSIS WITH A FOCUS ON KERALA STATE

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Abstract

Food is the most vital aspect for human survival and nothing else is as important as food. World over, six million children die each year from hunger and related causes, almost 200 million children under 5 years of age are underweight due to lack of food and about two billion people suffer from various forms of micronutrient malnutrition. Food security is belied to exist when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. Considering the case of Kerala, one of the states in India with the highest levels of achievements in the fields like literacy, education, health, and other socio-economic parameters, this paper makes an analysis of the food security situation in Kerala, issues related to transition from the erstwhile public distribution system (PDS) to the present targeted public distribution system (TPDS), and lastly makes suggestions for enhanced performance of the food security situation in the state.

Key Words: *Food Security, Public Distribution System (PDS), Targeted PDS (TPDS).*

Introduction

Food is the most vital aspect for human survival and nothing else is as important as food. World over, six million children die each year from hunger and related causes, almost 200 million children under 5 years of age are underweight due to lack of food and about two billion people suffer from various forms of micronutrient malnutrition (Shaw, 2009). Globally, food security has been recognized as one of the most fundamental of all human rights and numerous international conventions, declarations and resolutions have been held on the subject. The concerns regarding meeting food security needs of an increasing human population found resolution in the seminal work of Malthus (1798) An Essay on the Principle of Population. In the early 1990s, 20 per cent of the developing world's population was chronically undernourished (Clapp and Cohen, 2009). One of the key Millennium Development Goals (MDG) targets set by the global community at the 2000 United Nations Millennium Summit was to cut that figure to 10 per cent by 2015. Despite these developments, food insecurity and under nutrition continues to remain unacceptably high. This paper looks into the food security scenario in respect of Kerala state in India with special reference to the efficacy of targeted public distribution system (TPDS) in the state to cater to the needs of the poor.

Relevance and Significance of the Study

The four pillars of food security are availability, access, utilization and stability. The nutritional dimension is integral to the concept of food security. In order to achieve the concept 'zero hunger' the UNO declared to end hunger, achieve food security and improved nutrition and promote sustainable agriculture as a Sustainable Development Goal. There are nearly 800 million people who suffer from hunger worldwide and out of this 511.7 million are in Asian countries. The incidence of the poverty in India was estimated at 264.9 million in 2011-12. Further, calorie and protein intake of large number of people in India especially in rural areas are lower than normal. As per the State of Food Insecurity in the World 2015 (FAO) India has the second highest number of undernourished people at 194.6 million which is around 15.2 percent of the world's total undernourished population. In order to reduce the incidence of poverty and to attain food security Government of India (GOI) enacted National Food Security Act 2013 to provide subsidized food grains to approximately two thirds of India's 1.2 billion people.



Kerala state in the Indian union has been not self-sufficient over the years in respect of production of requisite amounts food grains. Out of the total requirements of food grains for Kerala, a meager 15 per cent alone is produced in this state. Even in respect of vegetables, Kerala has been depending heavily on various neighboring states like Tamilnadu, Andhra Pradesh and Karnataka. Because of a strong correlation existing between stability in agricultural production and food security, along with extension of food subsidy, there should be stability in agricultural production as well as strengthening of supply chain management (SCM) so as to ensure food security in the state. Even though Kerala state is believed to be one of the most progressive states in the whole of India in terms of education, healthcare facilities and awareness among beneficiaries, the case of nutritional security (particularly among the most vulnerable sections) has been extremely critical to fulfill the vision of a Hunger Free Kerala. Different schemes administered by Government of Kerala for the purpose of poverty alleviation along with various schemes of the Government of India, like, Public Distribution System (PDS), Integrated Child Development Services (ICDS), Mid Day Meal (MDM) etc. has been considering food security using a life cycle approach. All such schemes need greater levels of strengthening, integration, modernization, and monitoring. One of the main objectives of the 13th Five Year Plan is to make Kerala a hunger free state by supplying meals at nominal prices to the needy. In view of the need to meet the target 'Hunger free Kerala' and also the not-so-encouraging situation of food security as well as agricultural production in the state, a study of the present status of food security and targeted public distribution system (TPDS) in Kerala is very relevant.

Objectives of the Study

1. To make an overall study of the global scenario in respect of food security and allied issues and a detailed study with reference to India;
2. To study the food security issues in Kerala state, performance of the public distribution system (PDS), issues related to transition from the erstwhile PDS to the present targeted public distribution system (TPDS), and ;
3. To make suitable suggestions for enhancing the food security in Kerala and to attain the ultimate goal of 'Hunger free Kerala', drawing from the findings of the present study.

Methodology of the Study

This study is designed as a descriptive-analytical study using secondary data from authentic sources. Being in the nature of an exploratory study, no hypothesis has been formulated in this study. Common statistical tools have been used wherever found relevant.

Literature Review and Research Gap

Sen, Amartya (1981) [27] in his book, Poverty and Famines- An Essay on Entitlement and Deprivation, has pointed out that the poor are vulnerable because they don't have adequate means or entitlements to secure their access to food, even if food is available in the local or regional markets. The major factor responsible for food insecurity of the people is the lack of purchasing power or 'exchange entitlement' and he stated that starvation is the characteristic of some people not having enough to eat. It is not the characteristic of there being not enough to eat. While the latter can be cause of the former, it is but of many possible causes. So food security is related to poverty and chronic food insecurity leads to hunger and famine. Dutt (1999) defines food security as a food system provides which has the ability to provide the total population with a timely, reliable and nutritionally adequate supply of food on a long-term basis. There are five dimensions to evaluate food security viz; security for its participants, maximum autonomy and self determination, reliable, equitable and socially and environmentally sustainable. According to Vyas (2003), the concept of food security comprises of four elements, availability of food, households' entitlement, stability in the supply and protection against malnutrition. He also pointed out that food security is a complex issue to be left only to the state to resolve. But the markets and the civil society institutions also have a role to play towards achieving the four objectives. It is only when the civil society institutions, markets and policies of the state converge that the economy will come closer to the ideal of food security for all.



Access to food in turn is determined by entitlements (Jha and Srinivasan, 2004). Four types of entitlements generally define access to adequate food - production based, exchange based, labour based and transfer based entitlement. Government policies impact production based entitlements through production support policies such as credit, subsidies and capital formation and exchange based entitlement by food price stabilization policies, market development and reforms. Labour-based entitlements are by enhancing the employment and promoting high value export crops and small and medium enterprises. Support for labour intensive public work programmes and targeted feeding programmes enhances the transfer based entitlements. There is a distinction between transitory and chronic food insecurity in policy discussions (Radhakrishna & Reddy, 2004). Transitory food security is associated with the risks related to either access or the availability of food during the off-season, drought, inflationary years, etc. In those situations policies like price stabilization, credit, crop insurance and temporary employment creation can be used for stabilizing the consumption of the poor. The problem of chronic food insecurity is primarily associated with poverty and arises due to continuously inadequate diet. To overcome this problem, the purchasing power of the poor to be raised by generating employment opportunities, and long-term growth mediated interventions to improve food availability and incomes of the poor.

A research paper by Manoj P K (2009) [16], “Revival of Indian Agriculture for Sustainable Development: A Global Perspective”, published in Asian Journal of Environmental Science, has made a macro level study on Indian agriculture sector and has suggested a few strategies for the revival of the sector. The author has noted that ‘Technological Fatigue’ is one of the root causes for the crisis in the sector. The need for adoption of most modern technologies like agricultural bio-technology, ICT-based tools etc. for gaining strategic advantage for the agricultural sector has been specifically pointed out by the author. The World Food Programme estimates that higher food prices will set back any progress on the MDGs by at least 7 years (WFP, 2009). According to the Food and Agriculture Organization's (FAO) report on The State of Food Insecurity in the World (FAO, 2012), about 870 million people are estimated to have been undernourished during the period 2010–2012. This is as high as 12.50 percentage of the global population. Among these, 852 million live in developing countries, where the prevalence of undernourishment is estimated at 14.9 per cent of the population. For the fragile global food system, the sharp rises in the food prices in 2007 and 2008 have also been a major cause of concern. The broader impacts of the price rise on poor people, particularly in the developing countries whose spend about 60 to 80 per cent of their income on food need not be overemphasized.

Centre for Public Policy Research (CPPR) (2012) [5] in its report “The PDS System in Kerala: A Review” has sought to study the evolution of present TPDS system in Kerala. The earlier regime of universal system of public distribution till 1997 and its transition to the current system of TPDS has been discussed in detail. A research paper by Manoj P. K. (2012) [17], “Information and Communication Technology (ICT) for Effective Implementation of MGNREGA in India: An Analysis” in P Arunachalam & M Rajarajan (Eds.) has sought to discuss the cardinal role that ICT can play in ensuring transparency and efficiency in the implementation of MGNREGA in India. This macro level paper has discussed success stories in this regard in selected states. The paper has suggested strategies for the effective use of ICT for transparent and corruption-free implementation of MGNREGA and sustained growth of rural India and hence the whole economy. Manoj P. K. (2015) [18] in his study titled “Gramin Banks for Financial Inclusion: A Study of the Performance of Kerala Gramin Bank in Malappuram District with a Focus on Agricultural Credit”, published in International Journal of Entrepreneurship & Business Environment Perspectives has studied role of Regional Rural Banks (RRBs) which are also called as Gramin Banks in financial inclusion in India. With special reference to a particular RRB (Gramin Bank) in India located in Kerala (and also the only one in the whole of Kerala now) viz. Kerala Gramin Bank (KGB), the author has made a detailed study of its agricultural credit portfolio. Based on the findings of his study, the author has made suggestions for superior performance of KGB in financial inclusion front, particularly in the agricultural credit segment. Research paper by Ali O. P., and Manoj P. K. (2017) [2] “A Review of Current Noticeable Trends in Institutional Credit to Agriculture in India” in ZENITH International Journal of Business Economics & Management Research, has made a macro level study of the recent developments in the institutional credit towards agricultural activities by the formal sector institutions in India. The authors have pointed out the issues in the present system and based on the findings of their study the authors have suggested some macro level



suggested for the sustained growth of India's agricultural sector by way of ensuring effective and timely agricultural credit to the agriculturists

In view of the foregoing discussions, it is noted that there are many studies on food security in India, PDS or TPDS and also on agricultural credit, minimum wage guarantee schemes etc. and some studies are in the Kerala context too. But, studies on food security issues in the Kerala context, particularly those focusing on the performance of PDS or TPDS in Kerala in the present ICT regime are virtually nil. This study seeks to bridge the above research gap.

Food Security Concerns: Global Scenario

Food security became a prominent issue in the 1970s, with the World Food crisis of 1972-74 and has been a topic of academic attention since then. The Universal Declaration of Human Rights (1948), which accepts the "right to adequate standard of living," including food; the International Covenant on Economic, Social, and Cultural Rights (1966), which ensures "an equitable distribution of world food supplies in relation to need"; and the Universal Declaration on the Eradication of Hunger and Malnutrition (1974), which declares that "every man, woman, and child has an inalienable right to be free from hunger and malnutrition" were the major legal commitments of UN which made the concept of food security more clearly. The global concept did not guarantee food security at either the household or the national level because the UN had no power to enforce the declarations which were accepted by the member countries. It was the discretion of individual surplus-producing countries whether to respond to the food needs of other countries.

The concept of Food Security has been evolving over the last decades with academicians, policy makers and the NGO activists contributing substantially to the debates on what constitute food security, the determinants of it and how it can be ensured at the global, regional, national, state, household and the individual levels. The World Food Conference of 1974(during world food crisis of 1972-74) was concerned with world food security. It was the common responsibility of all the member countries and international approaches were needed to achieve world food security. Food Security has also been an important theme of the United Nations in several conventions. The Conference on Environment and Development held in Rio de Janeiro in 1992 emphasized the need to ensure food security at all levels within the sustainable development framework. The joint FAO and WHO Conference on Nutrition held in Rome in 1992 declared that the hunger and malnutrition are unacceptable in a world which has both knowledge and resources to end this human species. The access to nutritionally adequate and safe food is a right of each individual. The World Conference on Human Rights held in Vienna in 1993 emphasized the need to ensure a right to food. The World Summit on Social Development held at Copenhagen in 1995 emphasised on poverty eradication through a strong campaign against hunger.

The term 'food security' has been variously defined by different organisations and writers: "Access to adequate food for all people at all times" (World Bank, 1986). "Access to food for healthy life by all people" (NAM, 1994). "Food is available at all times, all persons have the means to access to it, it is nutritiously adequate in terms of quality, quantity and variety and is acceptable within the given culture" (FAO, 1996). The World Food Summit (1996) defined food security as the interplay of three components – availability, access to adequate food and its absorption for an active healthy life. Thus food security deals with production - food availability, distribution - should be accessed by all and consumption- to meet individual food needs to have an active and healthy life. The availability and the accessibility of food to meet food needs should also be sustainable. So we should monitor the indicators related to food production, distribution and consumption in order to ensure food security.

Food Security Concerns: Indian Scenario

In India, food security comes under Directive Principles of State Policy (DPSP) in the constitution. According to the Article 47 of DPSP, "The state shall regard raising the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties" (Suryanarayana, 2001). So it is the responsibility of the food policy of India to ensure food security to all. India has already made substantial progress in overcoming transient food security through several programmes by giving priority to self sufficiency in the food grains production, employment generation, etc. Although there is a reduction in the incidence of poverty,



chronic food insecurity exists in India. While there are huge food stocks in the FCI which solved the problem of food security at the national level, there are still millions of people in India live as food insecure and undernourished. Most of the policies and the programmes generally considered for solving food insecurity and income generating programmes. The issue here is the distribution of food grains to the needy and not more on the production and supply of it.

Food insecurity is one of the most important issues in India. Even though the Green Revolution and several decades of food market interventions showed positive signals, millions of people in India are food insecure still without sufficient calorie intake. The widespread chronic malnutrition and starvation deaths could not be addressed by the self sufficiency in food production. Food is one of the basic necessities of human being and distribution of food grains affects the whole population. Because of this, there are number of researches with lots of overviews and evaluations which lead to the evolution of PDS in the country. Even though staple food production has reached record levels during the 1970's to 90's the number of hungry increasing as they could not consume at least 1900 Kcal per day. The growth in the numbers of hungry appears to outpace growth in food production. The higher prices prevent them to consume necessary food grains.

The country achieved self sufficiency in food production and distribution of subsidized food grains since the World War II. But the per capita consumption of the poorest people had being lower than the recommended nutritional levels and large percentage of children remain underweight (Jha & Srinivasan, 2001). The estimated gap between the demand for and supply of cereals to be 25 million tonnes by 2020 as we consider the historical growth rates (Shalla, 2001). The food subsidy assumes a critical role in those areas where poverty is widespread and purchasing power is low during a food deficit situation. It is also incurred by the governments to help the poor to maintain a certain level of nutritional intake. Through the wide network of fair price shops, the government tries to protect the consumers from the high open market prices. A differential pricing policy is adopted by the GOI to implement its food security system by distributing food grains through the PDS at lower prices than the in the open market. The GOI expenditure is meant to maintain food security with all safety measures so as to fill the food gap.

Public Distribution System (PDS) in India – Introduction of Targeted PDS (TPDS)

The British Govt. Introduced rationing and other price control measures in 1939 in response to war time scarcities of food grains. India had no experience of food rationing or any other form of such food control measures prior to that. The 6th Price Control Conference in September 1942 discussed the first scheme for centralized purchase of food grains. The basic principles of a Public Distribution System (PDS) was laid down during this conference by making the conceptualization of a central government organization that would make its purchases in surplus provinces and allocate the supplies to deficit provinces and its eventual distribution through fair price shops and cooperative societies in industrial areas and big cities. A separate Food Department was set up in Dec. 1942 and in the next year the Department formulated an All India Basic Plan which led to the development of food policy. The Basic plan included issues such as procurement food grains, its distribution, inspection, storage and finance, etc. All these issues covered in the basic plan were meant to price stabilization – the basic objective of the food policy.

The PDS gradually developed from the initial 7 cities to 13 cities in 1943 to 771 cities and towns by 1946. The rural rationing was introduced firstly in Malabar, in the present Kerala. In the 1950s, PDS was extended to food deficit rural areas and since 1957 the PDS was expanded both in terms of quantity of food grains distributed and in the number of rationing shops. This expansion was facilitated by large scale imports from US under US Public Law 480 (PL-480). So the quantity of food grains distributed through PDS was greater than the quantity procured domestically till the early 1960's. The Dandekar Committee summed up the situation during 1961- 64 as "The prices of domestic food grains in general continued to rule considerably above the price at which the imported grains were being issued through the fair price shops. Under the circumstances, one might say that the policy succeeded in achieving its second objective namely to protect the poor and vulnerable sections of the society from



the relative high prices of food grains". In 1964, The Food grains Prices Committee was set up which argued for the establishment of the Public Distribution System.

Major recommendation of the committee was to set up the Food Corporation of India (FCI), through which the government would undertake trading operations and influence the market prices. As a result The Agricultural Prices Commission (later renamed the Commission on Agricultural Costs and Prices) and the FCI were set up in 1965. During this period, food policy in India acquired its third objective i.e. to guarantee reasonable prices to the farmers and thereby increase production. This acted as an incentive to domestic production and thus the supply changed from imports to domestic food grains. The PDS became a permanent and universal programme from 1960s onwards. The droughts during 1965-67 and 1972-73 triggered the expansion of PDS by maintaining huge buffer stocks and increasing the number of fair price shops and commodities supplied through them. The PDS was considered as a poverty alleviation strategy during the late 1970s and 1980s.

PDS in India is a poverty alleviation programme and contributes towards the welfare of the people. Essential commodities like rice, wheat, sugar, kerosene, etc. are provided to the people under the PDS at affordable prices. PDS is a boon to the individuals living below the poverty level. PDS is the primary welfare and antipoverty programme of the govt. of India and later it was followed by the Revamped Public Distribution System (RPDS). RPDS has been initiated by the Govt. of India from the year 1992 so as to serve and supply essential commodities to the people living in remote, backward and hilly areas. In the year 1997, the Government introduced Targeted Public Distribution System (TPDS) in which both the Central and State Governments are actively concerned in steering the operations for the success of the Public Distribution System.

Majority of the Indian population are living in rural areas and their standard of living is also poor and they cannot afford the prevailing market prices for the food grains and essential commodities. So it is impossible to neglect the PDS in India. Central Government has provided Rs. 6066 crores for food subsidy in the Union budget for the year 1996-97. This has increased over the years and stood at Rs. 21,200 crores in 2002-03. The food subsidy has augmented considerably and reached a record level of Rs. 72283 crores in 2011-12. The overall value of food subsidies that amounted to about 2.2 per cent of agricultural GDP during the 1990s multiplied significantly to about 5 per cent throughout the last decade. Increase in procurement price was main contributor to increase in price of food grains that is responsible for rising food subsidy. During 2014-15 the entire food subsidy in India has increased to Rs. 1.15 lakh crore out of the total subsidy of 2.51 lakh crore. In keeping with the Union Budget 2015-16, out of Rs 2.27 lakh crore, India is to supply Rs 1.24 lakh crore (\$20.11 billion) in food subsidies for the fiscal year 2015-16. Of the entire food subsidy, nearly Rs 65,000 crore is for implementation of the recently enacted National Food Security Act (NFSA).

According to Economic Survey 1992-93 (Government of India) while the PDS has to be continued, the burden of subsidy on the Central Budget has also to be restrained. A step by step withdrawal of food subsidies by targeting the real poor under PDS would help in the control of inflation. Following widespread criticism of the universal PDS, the GOI introduced Revamped PDS in 1992 that was targeted at the selected backward areas of the country. Under this scheme, special preference was given to the population living in the most difficult areas of the country such as drought prone areas, desert, tribal and certain designated hilly areas and urban slums, etc. The objectives of RPDS were to increase the coverage of the population under PDS in the target areas, to improve the access of consumers to the PDS, to increase the range of commodities supplied by FPSs and to provide selected commodities at lower prices than in the general PDS.

The Government of India (GOI) decided to streamline the PDS in the form of Targeted Public Distribution system (TPDS) as per the recommendations of the Chief Ministers Conference held in July 1996. TPDS was introduced in India in June 1, 1997 wherein the BPL population would be identified in every State and every BPL family would be entitled to a certain quantity of subsidized food grains. The BPL populations were offered food grains at half the economic cost. The APL were not to have a fixed entitlement to food grains and were supplied grains at their economic cost. TPDS differs from all earlier programmes in certain major respects. A distinction between BPL and APL population is introduced and the two groups treated differently in terms of quantities and prices.



The principle of entitlements has been altered from a per capita norm to per family norm i.e. each poor family is entitled to a uniform quantity of food grain irrespective of their size and need and the monthly entitlement for the poor was fixed at the meager level. Additional allocations demanded by the state from the central pool were to be provided at commercially viable prices. TPDS is operated under the joint responsibility of the Central and State Governments. GOI's responsibilities include procurement, storage, transportation and bulk allocation of food grains at subsidized prices. GOI supplies grains at CIP to the states for distribution to consumers. The responsibility of the distribution to consumers rests with the State Governments through a network of fair price shops. State Governments are also responsible for identification of the BPL families as per the poverty estimates of the Planning Commission. TPDS food grains are allocated to the states according to their shares of the population living below the official poverty line based on poverty estimates. There is a three level targeting under the TPDS; government targets the quantities to be allotted to the states based on their poverty estimation and the state then targets the distribution of food grains to the local district which in turn targets the fair price shops and quantities to the population. The special feature of TPDS is that it ties the Central Government subsidy to the BPL population within a state. Thus, TPDS intends to target the subsidy provision of food grains to 'poor in all areas' unlike RPDS, which laid stress on 'all in poor areas'.

Performance of PDS in Kerala – Implications of the Introduction of TPDS

Government of Kerala (GOK) took steps to universalize the System and established a wide network of FPSs at both the urban and rural areas to ensure physical accessibility of food grains across the State. As Dutt (1999) pointed out that it was only the social commitment of the State Government that was responsible for the higher per capita off-take of the food grains from the FPS in the State. Kerala also developed a second tier of public distribution outlets, a chain of Mveli stores, Thriveni stores, etc. which worked outside the FPS system whereby rice and wheat products, sugar, pulses, vegetables and a range of consumer goods are procured independently from the market for distribution at reasonable prices. The laws relating to PDS (ECA and KRO 1966) lays down the procedures of PDS, which prescribes the distribution of ration cards, appointment of Authorized Wholesale Dealers (AWDs) and Authorized Retail Dealers (ARDs). The law in Kerala had functioned as a resource in the hands of consumer's cardholders and the active local governments to improve food rationing and in the hands of the political parties to increase their local popularity. The struggle for food over many years also resulted in the general public perception that the citizens have a right and Governments a duty to secure a decent living in which food at fair prices takes a prominent place. Near full coverage in Kerala with relatively transparent procedures had probably a lot to do with the high literacy rate and the well developed sense of rights and entitlement, which had made people more assertive and apt to resist unlawful procedures restricting access. The consumer participation in implementation of food policy is the unique feature of Kerala which helped in the smooth and efficient functioning of PDS in Kerala.

PDS is the most comprehensive scheme under food distribution in the Indian states. PDS coverage in Kerala was almost universal. Unlike in other States of India Kerala was once known for its celebrated PDS. The two main components of food security in Kerala are the PDS and the Supplementary Nutrition Programme (SNP). SNP targets the vulnerable among the poor- the pregnant women, the preschool children and the school meals programme for children in the primary schools. Both these programmes have been in existence for more than three decades now. Given the food deficit nature of the state, the availability of food grains at subsidised / reasonable prices is important not only for the officially declared population below the poverty line but also the vast majority of the people. Kerala is an exceptional case in food security matters, because of its food deficit nature and its good record in food distribution matters. There were several achievements in the functioning of PDS in Kerala before the introduction of targeting in 1997. In the severely food deficit state like Kerala, the PDS is a vital tool for maintaining food security. According to GOI, the need for TPDS was felt because the system as it existed in most parts of India failed to serve the population below the poverty line, had an urban bias, had negligible coverage in States with the highest concentration of the rural poor and lacked transparency and accountability. In fact, Kerala is an exception to such criticism. It has near-universal coverage, 58,83,474 cardholders, covering 97 per cent of the total population of Kerala. The universal coverage of all households under the PDS ensured adequate accessibility and affordability of the food grains to the masses and contributed to



the cereal and calorie intake of the poor relieving them from the poverty-related diseases. While the PDS in different Indian states failed to serve the population below the poverty level (BPL), had an urban bias, lacked transparency and accountability, suffered from large-scale leakages and failed to offer adequate nutritional support to the folks, Kerala developed a commendable and close to universal PDS.

TPDS is an important instrument of the Government to moderate open market prices and to ensure food security to all. TPDS was introduced in Kerala in the year 1997 to confer larger advantages to the poor followed by certain shortcomings of the celebrated PDS. Even though the introduction of targeting and pricing reforms accompanied in the TPDS, the per capita off take of even the BPL households has declined from the pre-TPDS levels in Kerala. The decline in the system has been continued in the last few years because of the immensely improved economic performance of the state since the 1990s regarding the food diversification and a preference move far from the cereals provided by the PDS, voluntary withdrawal of the ration articles by the economically better-off sections, etc. Now the things have changed for recent years in the case of quality of food grains provided through the FPS, off take food grains by the households, etc.

Kerala has been the only state in India with near-universal coverage of the PDS. Kerala was in a class of its own both in terms of participation in the PDS and in terms of the quantity of food grains distributed. In 1991, around 95 percent of all households were covered by the PDS and possessed a ration card (Kannan 1995). The monthly entitlement of food grains per adult was 13.8 kg in Kerala (or 460 grams per day), satisfying the minimum requirement of 370 grams of cereals per person per day as recommended by the Indian Council of Medical Research (ICMR, 1990). The vast network of FPSs ensured physical access to the consumers. The first Economic Census of India carried out in 1977 showed that 99 percent of the villages in Kerala were covered by FPS within two kilometres, while the all India average was 35 percent (Kabir 2005).

The quantity of food grain purchased from the PDS has been much higher than the other states, making a significant contribution to household nutrition in the State. In 1991, the annual offtake of food grain from the PDS averaged 69.6 kg per person in Kerala, providing about one-half of the cereal requirements of a person. Given the scale and effectiveness of the PDS, it has been noted that the PDS has contributed to an improvement in consumption and nutrition in Kerala (Ramachandran, 1996). From a general perspective, the effectiveness of a PDS to bring down poverty depends on many factors- the availability of essential commodities on a regular basis, the affordability to the poor in terms of the prices of these commodities in the open market, the share of these items on the total purchase, spatial coverage of the PDS as between rural and urban areas, physical access to the shops and above all the credibility of the PDS as a food security system to the poor. Obviously to a great extent, these conditions had been better served in Kerala (Kannan 2000). The system in Kerala was progressive and the poor depended relatively more on the PDS than the rich at the time of the universal PDS (Kannan, 1995).

The results of a household survey on PDS in Kerala conducted in 1987 showed that the dependence on the ration shops was higher among the relatively poor households. Beneficiaries who earned less than Rs. 100 a month purchased 71 percent of their rice entitlements while the beneficiaries with the monthly incomes of over Rs. 3000 purchased only 6 percent of their quota Ramachandran (1995). The PDS in Kerala was rural based compared to other states which reflected from the higher share of the rural areas in the total purchase of rice, wheat, sugar and kerosene (George 1979, Suryanarayana 1996, Kannan, 2000). In fact Kerala was the only state where the rural cereal consumption increased and that too by 8 percent between 1961-62 and 1990-91 (Suryanarayana, 2000). The functioning of ration shops and the delivery system was better than in other parts of India and this is reflected in consumer surveys (Swaminathan 2003).

TPDS in Kerala: Suggestions for Attaining Better Performance and Coverage

The restrictions introduced under the Essential Commodities Act (ECA) have to be removed for the efficient functioning of the private sector such as limits on stock holdings and controls on the movement of grains outside the state boundaries. It is well established that the private traders move grain from surplus to deficit areas and store grain from peak to lean season taking advantage of the arbitrage benefits arising from the price differences. Consequently, they stabilize prices across regions and over time. (Jha & Srinivasan, 1999). The induction of the



private sector in procurement operations will indirectly lead to a reduction in the cost of procurement to FCI (The Expenditure Reforms Commission, 2001). Though private retail trade would iron out price differentials in due course, markets may take much longer time to do so. The arguments in favour of greater role for the market do not dilute the case for Government intervention under market failure. Because under conditions of famines, limited opportunities to exploit spatial arbitrage may result in localized scarcities and may require public intervention.

The state and the local governments, the Trade Unions & Peasants / Agricultural Workers Unions and the public played very important role in the evolution of PDS in Kerala. The Trade Unions continuously campaigned for food and struggled against black marketing and complete rationing. The TUs and the peasant organisations played an important role in highlighting the need for a universal rationing system in the State and their sustained campaigns kept the successive state governments vigilant with regard to food matters. Under the successive State Governments, food security was placed at the top of the political agenda, given the latent fear of food security in the State getting threatened one day.

Kerala's renowned PDS system was very much affected adversely by the decision of the GOI to restrict the PDS subsidy to the BPL population since 1997 and the off-take from the fair price shops which was the highest amongst all the States in India prior to targeting have decreased manifold. The shift in the pricing of food-grains announced by the Central Government through its budget proposals for 2000-01 constituted a major departure with regard to the food security. Kerala is one of the worst-hit states in India that is affected by the policy shift by GOI is the food grain deficient Kerala, as its PDS assiduously build over a long period of time and hailed as a model one, have started facing survival problems (Kannan, 2000). Kerala did not restrict the coverage of TPDS to 25 percent of the population (BPL's share, as per the GOI) but extended the coverage to 42 percent (as identified by the GOK through the local bodies because of its food deficit nature).

Kerala remained vulnerable even when national self reliance is achieved in terms of production and availability. In Kerala the increasing specialization of its agriculture towards non food grain crops has meant a sharp decline in the regional availability of food grains. Though the well of segments in the Kerala society could take care of their needs for food grains from the open market, the vast majority of the population, both absolutely poor and nearly poor have come to depend on the PDS for a major part of their food grain requirements. Hence the State has to depend on the Centre for the allocation of food grains for the PDS and therefore the system is also vulnerable to changes in national policy. Kerala's food situation has been affected by the reduced allotment and raise in issue prices (particularly for the APL consumers) by GOI. The dependence on the outside supplies for cereals has made the food security in the State vulnerable to fluctuations and therefore any fall in the cereal supplies has its effect on inflationary pressures in Kerala. Available evidences show that the dependence of the APL population has become marginal and their withdrawal has raised the degree of market dependence in Kerala. The main suggestions for enhanced performance of TPDS are as follows:

1. NFSA 2013 needs to be implemented in its letter and spirit and deviations be avoided.
2. Full computerization or adoption of ICT (Information and Communication Technology) so as to ensure greater transparency and minimize corruption. Incentives for corruption be plugged at all levels, particularly those in the shape of economy in running shops.
3. The use of e-POS (electronic Point of Sales), biometric identity etc. be encouraged.

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