

Research Article

# Public distribution System and Supply Chain Management in Present Pandemic of Covid-19

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## A B S T R A C T

The Public Distribution System (PDS) evolved as a system of management of scarceness through distribution of foodgrains at reasonable costs. Over the years, PDS has become a crucial part of Government's policy for management of food economy within the country. PDS is supplemental in nature and isn't supposed to form out there the complete demand of any of the commodities distributed under that to a social unit or a region of the society. PDS is operated beneath the joint responsibility of the Central and therefore the State/UT Governments. The Central Government, through Food Corporation of India (FCI), has assumed the responsibility for procural, storage, transportation and bulk allocation of food grains to the State Governments. The operational responsibility together with allocation inside State, identification of eligible families, issue of Ration Cards and supervising of the functioning of Fair Price Shops(FPSs) etc., rest with the State Governments. beneath the PDS, presently the commodities particularly wheat, rice, sugar and fuel square measure being allotted to the States/UTs for distribution. Some States/UTs conjointly distribute extra things of mass consumption through the PDS retailers like pulses, edible oils, halogen salt, spices, etc.

**Keywords:** PDS, FPS, FCI, RPDS, TPDS

## Introduction

### History of Public Distribution

#### Public Distribution System in 1960s

The public distribution of essential commodities was in existence in the country during the inter-war period. However, PDS, with its focus on distribution of foodgrains in urban scarcity areas, had emanated from the critical food shortages of 1960s. PDS had substantially contributed to the containment of rise in food grains prices and ensured access of food to urban consumers. As the national agricultural production had grown in the aftermath of Green Revolution, the outreach of PDS was extended to tribal blocks and areas of high incidence of poverty in the 1970s and 1980s.

#### Revamped Public Distribution System (RPDS)

The Revamped Public Distribution System (RPDS) was launched in Gregorian calendar month, 1992 with a read to strengthen and contour the PDS yet on improve its reach within the far-flung, hilly, remote and inaccessible areas wherever a considerable section of the poor live. It lined 1775 blocks whereby space specific programmes like the Drought Prone area Programme(DPAP), Integrated Tribal Development Projects (ITDP), Desert Development Programme (DDP) were being enforced and in bound Designated Hill Areas (DHA) that were known in consultation with State Governments for special focus. Food grains for distribution in RPDS areas were issued to the States at fifty paise below the Central Issue worth. the size of issue

was up to twenty weight unit per card. The RPDS enclosed space approach for guaranteeing effective reach of the PDS commodities, their delivery by State Governments at the doorsill of FPSs within the known areas, extra ration cards to the neglected families, infrastructure needs like extra truthful worth outlets, storage capability etc. and extra commodities like tea, salt, pulses, soap, etc. for distribution through PDS shops.

### **Targeted Public Distribution System (TPDS)**

In June, 1997, the Government of India launched the Targeted Public Distribution System (TPDS) with focus on the poor. Under the PDS, States were required to formulate and implement foolproof arrangements for identification of the poor for delivery of foodgrains and for its distribution in a transparent and accountable manner at the FPS level.

The scheme, when introduced, was intended to benefit about 6 crore poor families for whom a quantity of about 72 lakh tonnes of food grains was earmarked annually. The identification of the poor under the scheme was done by the States as per State-wise poverty estimates of the Planning Commission for 1993-94 based on the methodology of the "Expert Group on estimation of proportion and number of poor" chaired by Late Prof Lakdawala. The allocation of food grains to the States/UTs was made on the basis of average consumption in the past i.e. average annual off-take of food grains under the PDS during the past ten years at the time of introduction of TPDS.

The quantum of food grains in excess of the requirement of Below Poverty Line (BPL) families was provided to the State as 'transitory allocation' for which a quantum of 103 lakh tonnes of food grains was earmarked annually. Over and above the TPDS allocation, additional allocation to States was also given. The transitory allocation was intended for continuation of benefit of subsidized food grains to the population Above the Poverty Line (APL) as any sudden withdrawal of benefits existing under PDS from them was not considered desirable. The transitory allocation was issued at prices, which were subsidized but were higher than the prices for the BPL quota of food grains.

Keeping in view the consensus on increasing the allocation of food grains to BPL families, and to better target the food subsidy, Government of India increased the allocation to BPL families from 10 kg to 20 kg of food grains per family per month at 50% of the economic cost and allocation to APL families at economic cost w.e.f. 1.4.2000. The allocation of APL families was retained at the same level as at the time of introduction of TPDS but the Central Issue Prices (CIPs) for APL were fixed at 100% of economic cost from that date so that the entire consumer subsidy could be directed to the benefit of the BPL population. However, the CIPs fixed in July and December, 2000 for BPL & AAY respectively and

in July, 2002 for APL were not revised upwards since then even though procurement cost have gone up considerably.

### **Antodaya Anna Yojana (AAY)**

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

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

The scale of issue that was initially 25kg per family per month was increased to 35 kg per family per month with effect from 1<sup>st</sup> April 2002.

The AAY Scheme has since expanded to cover 2.50 crore poorest of the poor households as follows:

### **First Expansion**

The AAY Scheme was expanded in 2003-04 by adding another 50 lakh BPL households headed by widows or terminally ill persons or disabled persons or persons aged 60 years or more with no assured means of subsistence or societal support. Order to this effect was issued on 3rd June, 2003. With this increase, 1.5 crore (i.e. 23% of BPL) families were covered under the AAY.

### **Second Expansion**

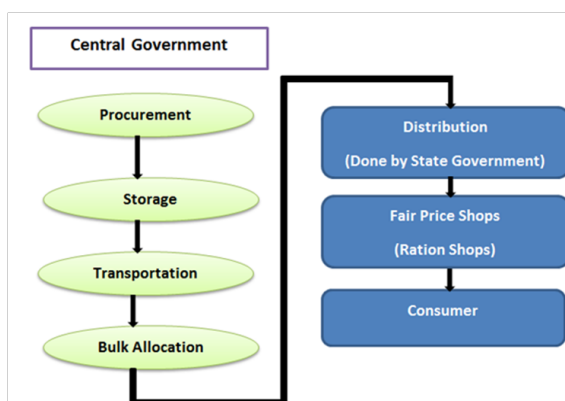
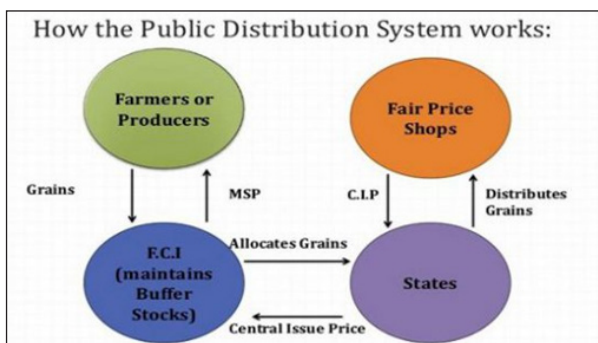
As announced in the Union Budget 2004-05, the AAY was further expanded by another 50 lakh BPL families by including, inter alia, all households at the risk of hunger. Order to this effect was issued on 3rd August 2004. In order to identify these households, the guidelines stipulated the following criteria:- a) Landless agriculture labourers, marginal farmers, rural artisans /craftsmen, such as potters, tanners, weavers, blacksmiths, carpenters, slum dwellers and persons earning their livelihood on daily basis in the informal sector like porters, coolies, rickshaw pullers, hand cart pullers, fruit and flower sellers, snake charmers, rag pickers, cobblers, destitute and other similar categories in both rural and urban areas.

- Households headed by widows or terminally ill persons/ disabled persons/ persons aged 60 years or more with no assured means of subsistence or societal support.
- Widows or terminally ill persons or disabled persons or persons aged 60 years or more or single women or single men with no family or societal support or assured means of subsistence.
- All primitive tribal households.

### Third Expansion

As announced in the Union Budget 2005-06, the AAY was expanded to cover another 50 lakh BPL households thus increasing its coverage to 2.5 crore households (i.e. 38% of BPL). Order to this effect was issued on 12<sup>th</sup> May, 2005.

| Evolution of PDS           | Timeslines | Details  |
|----------------------------|------------|--|
| PDS                        | 1940s      | Launched as general entitlement scheme   |
| TPDS                       | 1997       | PDS was revamped to large poor households  |
| Antyodaya Anna Yojana      | 2000       | Scheme launched to target the poorest to poor                                    |
| PDA control order          | 2001       | Government notified this order to administer TPDS                                |
| PUCI vs Union of India     | 2001       | Ongoing case in supreme court contending that right to food is fundamental right |
| National food security act | 2013       | Act to provide legal right to food to the poor                                   |



### Improving India's Public Distribution System: What can we learn from COVID-19?

In times of crises, like the one conferred by COVID-19,

advocating for generality of safety nets could appear somewhat prosaic. Even the Pope in his Easter Letter projected that it'd be time to introduce a universal basic income (UBI). The Supreme Court of India recently created many cogent arguments concerning universalization of the general public Distribution System (PDS), although it stopped wanting passing associate order, deeming it a 'policy issue' that solely the govt. will take a appeal. At an equivalent time, the Court asked the Centre to think about the practicability of 'temporarily' adopting the 'One Nation, One Ration Card' (ONORC) theme throughout the continuing scenario to alter economically weaker sections and migrant staff stranded in several places to access food from any ration look of their alternative across the country. These judgments purpose to COVID-19 and lockdown-specific lessons for the PDS to adapt. The mass exodus of migrants to their villages, with no prospect of financial gain or food, highlights however crises like the present one will disproportionately have an effect on vulnerable teams, significantly once adequate institutional structures aren't in situ. With PDS advantages tied to their place of origin, migrant staff in urban areas across the country are left while not access to their title to food. In response to COVID-19, some states have introduced free food grains for all. whereas commendable, the system needs those while not ration cards to use for associate e-coupon employing a web site to register them. this can be a far-from-ideal system for a crisis-time safety internet, particularly one that's preponderantly targeted at those with few resources and low levels of technological accomplishment. The current crisis highlights a lot of such unskillfulness within the delivery of India's welfare programs. whereas the demand for safety nets has raced ahead, program changes should cater to heterogeneous desires, migration patterns, and lack of identification documents. Given the COVID-19 scenario and its wide-ranging economic impacts, it's worthy revisiting the general issues within the PDS and examining ways in which to accelerate recovery. The PDS is that the world's largest food grant program and has been the cornerstone of India's social safety internet programs. The National Food Security Act (NFSA) of 2013 more broadened the scope of PDS by raising the extent of subsidies, increasing coverage, and action demand, particularly within the alternative of the food basket. Yet, the PDS has been overrun with charges of corruption, overpricing and delivery of low-quality grains. Even post-NFSA, important power asymmetries mirrored within the poor delivery of services, long functionary procedures and ineffective grievance redressal systems characterize the system. Addressing a number of these issues may induce a shift in negotiation power in favor of the beneficiaries. It may conjointly build PDS additional resilient, with a larger constitutional capability to agitate shocks. hook line and

sinker the imperative of casting as wide a net as doable to confirm access to food throughout these times, there square measure each medium- and long lessons on the PDS that may be drawn from the COVID-19 crisis.

### **PDS is a Safety Net: Accessing it should be Costless and Effortless**

ONORC was launched in January in 12 states and will be extended to 20 states by June 2020. Given the low bargaining power of migrants, the costs of accessing PDS are generally steeper for migrant families because of costs (in form of bribes) associated with getting a ration card. By doing away with eligibility-related costs, the ONORC could benefit migrants significantly and help shift the bargaining power to beneficiaries.

While ONORC provides for portability of benefits, what the current crisis vividly delineates is that portability needs must be complemented with divisibility in the entitlements. Nearly 40 million internal migrants stranded in cities far from their families have contingent needs. One way of meeting these would be to allow small portions of the PDS rations to be seamlessly obtained by different individuals, within a family, located in different parts of the country. ONORC should turn into ONODRC i.e. One Nation One Divisible Ration Card.

### **Safety nets should Deliver on food access, not aim to Deliver food**

While ONORC has the potential to improve outcomes, particularly for the vulnerable groups, it may perhaps be opportune to ask if Direct Benefit Transfer (DBT) could be more effective in times like COVID-19. A DBT or a food stamp program would augment consumer sovereignty and expand their choices as they could then access both fair price shops and non-PDS outlets. The importance of more choices for beneficiaries could not have been underscored at a more critical time as this pandemic.

### **Inspections and Grievance Redressal need to be more than Spiritual Construct**

To make sure clean functioning, current structures of inspections and criticism redressal mechanisms constituted inside the PDS or in neighborhood authorities constructions want to be strengthened. Evidence from in the past lookup suggests that compromises in entitlements are common, inspections are few and complaint redressal mechanisms seldom utilized. Going forward, it is vital that complaint redressal be enforced, and is no longer simply on paper. Some welcome modifications have been these days observed. The Delhi High Court has directed the authorities to submit criticism packing containers at each and every PDS and non-PDS meals distribution center. During the lockdown period, Bihar's authorities cancelled licenses of 36 PDS outlets, suspended 127 dealerships and lodged

FIRs towards one hundred forty four outlets. In Jharkhand, PDS sellers had been the usage of ration playing cards as collateral when the alleviation programs have been introduced with larger allocation. These are simply a few instances that have come to light.

### **Reduce the power of PDS dealers due to Asymmetric Information**

COVID-19 accentuates the role of seamless and pertinent information flow within the PDS. As the government allocates free rations for distribution, there is a rising potential for arbitrage by dealers, and the proposed relief measures present a challenge for governance. Hence, as part of governance reform, creating a knowledge base and disseminating information to households could be very important.

India should learn from its past successes. For example, in Chhattisgarh, multiple measures have been taken to improve beneficiary knowledge. Similarly, in Bihar, the information on time and quantity of grain release is publicly available, possibly preventing the dealer or other brokers who otherwise seek rent by posturing that information on grains movement and availability as chimerical. These past experiences point to first-order effects of keeping consumers informed that could prove crucial in this pandemic.

In recovering from this crisis, there are indeed no magic bullets. Yet, if long-overdue changes to programs like the PDS are made, these social safety nets could be made more cost-effective in delivery, both during and after the pandemic, thereby succeeding in turning a crisis into an opportunity.

### **Current Challenges in PDS**

#### **Storage**

The Department allocates funds for the construction of godowns and silos to increase the storage capacity of FCI and state agencies. In 2021-22, Rs 60 crore has been allocated for this purpose, whereas this was Rs 63 crore in 2019-20 and Rs 44 crore in 2020-21 (revised estimate).

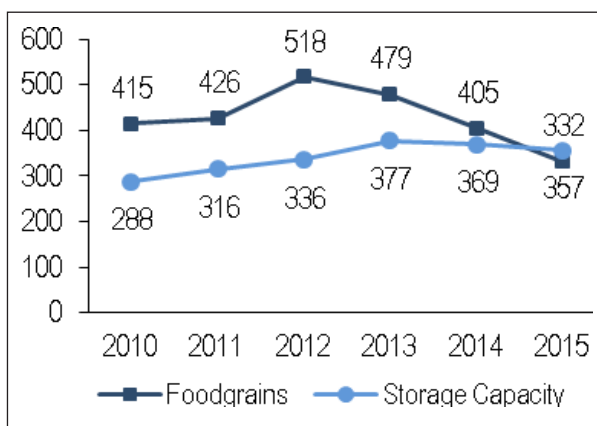
As of December 31, 2020, the total storage capacity in the country was 819 lakh tonnes, against 530 lakh tonnes of foodgrain stock. Of the total capacity, 699 lakh tonnes was covered storage and 150 lakh tonnes (18%) was CAP (cover and plinth) storage.

In 2021-22, out of the Rs 60 crore allocation for creation of storage capacity, Rs 45 crore has been allocated for the north-eastern region. The Standing Committee on Food, Consumer Affairs and Public Distribution (2020) noted that FCI could not achieve the targets set for construction of godowns in 2019-20.<sup>46</sup> In the north-eastern region, against the target of 25,000 tonnes of storage, only 10% of the target was achieved. In other states, no new godown was constructed, whereas the target was 2,240 tonnes.



The Committee observed that FCI faces various issues in construction of godowns in the north-eastern region such as difficult terrain, frequent bandhs, and difficulty in acquisition of land. The Committee recommended that the Department should coordinate with the state governments to resolve these issues. It further recommended that a roadmap should be chalked out by the government for creating mini-godowns across the country.

In 2016, the CAG observed that, until 2014, the foodgrain stock in the central pool was higher than the FCI's storage capacity (Figure 1).<sup>30</sup> It noted that in 2015, the foodgrain stock in the central pool became lower than the storage capacity due to an increase in decentralised procurement by states.



**Figure 1. Stock and capacity of FCI (in lakh tonnes)**

Sources: CAG; PRS

Under the decentralised procurement system, the state governments and their agencies undertake procurement, storage, and distribution of foodgrains on behalf of FCI. The expenditure incurred by them is reimbursed by the central government in the form of food subsidy. The Standing Committee (2020) observed that the decentralised procurement system reduces FCI's handling and transportation cost and increases the efficiency of procurement.<sup>46</sup> As of March 2020, 17 states had adopted the decentralised procurement system. The Committee recommended that more states should be encouraged to adopt the decentralised procurement system.<sup>46</sup> FCI should create necessary infrastructure for procurement of foodgrains in coordination with state governments.

**Fair Price Shops:** Fair Price Shops are licensed ration shops which provide foodgrains and kerosene under the public distribution system. They may also sell certain other goods in some states. It has been observed by various experts and the Ministry that the margins on which the Fair Price Shops operate are low. Further, in the absence of economic viability, there may be cases where the dealer resorts to unfair practices. In order to make these shops viable, some states have taken steps such as:

- Chhattisgarh provided interest-free seed capital of Rs 75,000 to each fair price shop for 20 years. It also increased the commission on foodgrains from Rs 8/ quintal to Rs 30/ quintal.
- States such as Assam and Delhi have permitted the sale of non-PDS items at these fair price shops. Such items include oil, potatoes, onion, tea, and mobile recharge coupons.

### Sugarcane Dues

The Department is also responsible for formulation of policies and regulations for the sugar sector. In 2021-22, Rs 4,337 crore has been allocated for providing assistance to sugar mills through various measures, an annual increase of 10% over 2019-20 (Table 1). These measures include: (i) direct assistance to mills for clearing the sugarcane dues of farmers, (ii) reimbursing the mills for maintaining buffer stock, (iii) facilitating export of sugar, and (iv) improving their ethanol production capacity.

The assistance is being provided with the aim of improving the liquidity of sugar mills in order to facilitate payment of sugarcane dues of farmers. Note that as of January 31, 2021, payment of Rs 19,260 crore is pending with sugar mills as dues for 2019-20 and previous years. State-wise details of the dues are given in Table 16 in the Annexure.

These sugarcane dues accumulate due to delay in payments to farmers for their produce. In years of surplus production, the sugar prices fall impacting the sale of sugar and liquidity of mills. As a result, mills are unable to pay farmers leading to delay in payments and accumulation of dues. Note that sugar mills are obligated to purchase sugarcane from all farmers within their specified area at a price fixed by the government. Conversely, farmers are bound to sell to the respective mills.

Rationalisation of sugarcane pricing has been recommended as one of the steps for improving the efficiency of the sugar industry. The central government fixes the Fair and Remunerative Price (FRP) for sugarcane, which is the minimum price that must be paid by sugar mills to farmers. The FRP, is fixed based on the recommendations of the Commission for Agricultural Costs and Prices (CACP). It is recommended taking into consideration: (i) the cost of production, (ii) rate of recovery of sugar, (iii) availability of sugar to consumers at a fair price, (iv) returns to farmers from alternative crops and the general trend of prices of agricultural commodities, (v) realisation from sale of by-products, and (vi) reasonable margins for farmers on account of risks and profits.

State governments can also intervene in sugarcane pricing by announcing a State Advised Price (SAP). SAPs are usually much higher than the FRP. This creates a distortion in the industry as SAP is neither linked to sugar recovery nor it

takes into account domestic and global prices and other relevant parameters. As a result, when sugar prices are low, mill owners are unable to pay farmers resulting in delayed payment and accumulation of dues. The CACP (2018) recommended that the FRP must be implemented

in all states and the announcement of SAP by states should be stopped immediately. In case state governments decide to continue with SAP, the difference between SAP and FRP should be paid by the state governments directly to farmers.

## Annexure

**Table 1.Assistance to sugar mills (in Rs Crore).**

|                                     | 2019-20<br>Actuals | 2020-21<br>Revised | 2021-22<br>Budgeted | % Change (Annualised) in<br>2021-22 over 2019-20 |
|-------------------------------------|--------------------|--------------------|---------------------|--|
| For facilitating export of sugar    | 551                | 350                | 2,000               | 91%  |
| Direct assistance for clearing dues | 2,155              | 5,073              | 1,200               | -25%   |
| For maintaining buffer stock        | 530                | 650                | 650                 | 11%  |
| For ethanol production              | 50                 | 150                | 300                 | 145%   |
| Other measures                      | 310                | 594                | 187                 | -22%   |
| Total                               | 3,595              | 6,818              | 4,337               | 10%  |

**Table 2.Allocation to major heads of expenditure under the  
Department in 2021-22 (Rs crore)**

|   | 2019-20<br>Actuals | 2020-21<br>Budgeted | 2020-21<br>Revised | 2021-22<br>Budgeted | % change (annu-<br>alised) in 2021-22<br>over 2019-20 |
|---|--------------------|---------------------|--------------------|---------------------|---|
| Food subsidy  | 1,08,688           | 1,15,570            | 4,22,618           | 2,42,836            | 49%   |
| Subsidy to Food Corporation of India (FCI)  | 75,000             | 77,983              | 3,44,077           | 2,02,616            | 64%   |
| Subsidy to states (decentralised procurement)   | 33,508             | 37,337              | 78,338             | 40,000              | 9%  |
| Sugar subsidy payable under PDS   | 180                | 250                 | 203                | 220                 | 11%   |
| Assistance to state agencies for intra-state move-<br>ment of foodgrains and for margin of fair price<br>shops' dealers | 1,679              | 3,983               | 8,000              | 4,000               | 54%   |
| Investment in equity capital of FCI   | 1,000              | 1,000               | 1,000              | 2,500               | 58%   |
| Scheme for defraying expenditure on trans-<br>port and marketing of sugar exports, including<br>handling and processing | 551                | 200                 | 350                | 2,000               | 91%   |
| Assistance to sugar mills for the seasons 2017-18<br>to 2019-20   | 2,155              | 700                 | 5,073              | 1,200               | -25%  |
| Scheme for creation and maintenance of buffer<br>stock of sugar   | 530                | 200                 | 650                | 650                 | 11%   |
| Financial assistance to sugar mills for enhance-<br>ment and augmentation of ethanol production<br>capacity             | 50                 | 50                  | 150                | 300                 | 145%  |
| Schemes for development of sugar industries   | 210                | 172                 | 176                | 187                 | -6%   |
| Scheme for extending soft loan to sugar mills   | 100                | 120                 | 418                | -                   | -   |
| Department  | 1,15,173           | 1,22,235            | 4,38,649           | 2,53,974            | 48%   |

**Table 3.Share of calorie intake from different food groups (%)**

Sources: Table T18, Nutritional Intake in India, 2011-12, NSSO; PRS

|              | Cereals | Pulses, nuts, & oilseeds | Vegetables & fruits | Meats, eggs, & fish | Milk & milk products | Miscellaneous |
|--------------|---------|--------------------------|---------------------|---------------------|----------------------|---------------|
| <b>Rural</b> |         |                          |                     |                     |                      |               |
| 1993-94      | 71.0    | 4.9                      | 2.0                 | 0.7                 | 6.2                  | 15.2          |
| 1999-00      | 67.6    | 5.5                      | 2.0                 | 0.8                 | 6.2                  | 17.9          |
| 2004-05      | 67.5    | 5.0                      | 2.2                 | 0.8                 | 6.4                  | 18.1          |
| 2009-10      | 64.2    | 4.5                      | 1.8                 | 0.7                 | 6.8                  | 22.0          |
| 2011-12      | 61.1    | 5.2                      | 1.9                 | 0.8                 | 7.1                  | 23.9          |
| <b>Urban</b> |         |                          |                     |                     |                      |               |
| 1993-94      | 58.5    | 6.1                      | 3.3                 | 1.0                 | 8.0                  | 23.1          |
| 1999-00      | 55.1    | 6.9                      | 2.9                 | 1.1                 | 8.2                  | 25.8          |
| 2004-05      | 56.1    | 6.7                      | 3.2                 | 1.1                 | 8.6                  | 24.3          |
| 2009-10      | 55.0    | 5.9                      | 2.6                 | 1.0                 | 9.4                  | 26.1          |
| 2011-12      | 51.6    | 6.4                      | 2.6                 | 1.1                 | 9.1                  | 29.2          |

**Table 4.Share of protein intake (%)**

Sources: Table T21, Nutritional Intake in India, 2011-12, NSSO; PRS

| Year         | Cereals | Pulses | Milk and milk products | Egg, fish, and meat | Other food |
|--------------|---------|--------|------------------------|---------------------|------------|
| <b>Rural</b> |         |        |                        |                     |            |
| 1993-94      | 69.4    | 9.8    | 8.8                    | 3.7                 | 8.4        |
| 1999-00      | 67.4    | 10.9   | 9.2                    | 4.0                 | 8.4        |
| 2004-05      | 66.4    | 9.5    | 9.3                    | 4.0                 | 10.8       |
| 2009-10      | 64.9    | 9.1    | 10.0                   | 4.0                 | 12.0       |
| 2011-12      | 62.5    | 10.6   | 10.6                   | 4.7                 | 11.7       |
| <b>Urban</b> |         |        |                        |                     |            |
| 1993-94      | 59.4    | 11.5   | 11.7                   | 5.3                 | 12.1       |
| 1999-00      | 57.0    | 13.1   | 12.4                   | 6.0                 | 11.5       |
| 2004-05      | 56.2    | 11.0   | 12.3                   | 5.5                 | 15.0       |
| 2009-10      | 56.4    | 11.3   | 13.8                   | 5.6                 | 13.0       |
| 2011-12      | 53.7    | 12.4   | 13.6                   | 6.4                 | 13.9       |

**Table 5.Leakages in PDS for wheat and rice (in lakh tonnes)**

Sources: Table 1, Working Paper 294, "Leakages from Public Distribution System", ICRIER, January 2015; PRS.

| State/ UT         | Total consumption from PDS | Offtake (2011-12) | Leakage | % Leakage |
|-------------------|----------------------------|-------------------|---------|-----------|
| Andhra Pradesh    | 36.1                       | 40.7              | 4.6     | 11.3%     |
| Arunachal Pradesh | 0.8                        | 1.0               | 0.2     | 20.0%     |
| Assam             | 9.5                        | 24.4              | 14.9    | 61.1%     |
| Bihar             | 11.3                       | 36.2              | 24.9    | 68.8%     |
| Chhattisgarh      | 16.7                       | 16.7              | 0.0     | 0.0%      |
| Goa               | 0.4                        | 0.8               | 0.4     | 50.0%     |
| Gujarat           | 4.4                        | 15.7              | 11.3    | 72.0%     |
| Haryana           | 2.2                        | 7.3               | 5.1     | 69.9%     |

|                   |       |       |      |        |
|-------------------|-------|-------|------|--------|
| Himachal Pradesh  | 4.9   | 6.3   | 1.4  | 22.2%  |
| Jammu and Kashmir | 8.8   | 9.1   | 0.3  | 3.3%   |
| Jharkhand         | 3.1   | 12.4  | 9.3  | 75.0%  |
| Karnataka         | 16.2  | 30.1  | 13.9 | 46.2%  |
| Kerala            | 11.4  | 20.1  | 8.7  | 43.3%  |
| Madhya Pradesh    | 15.5  | 30.7  | 15.2 | 49.5%  |
| Maharashtra       | 19.3  | 42.7  | 23.4 | 54.8%  |
| Manipur           | 0.0   | 2.0   | 2.0  | 100.0% |
| Meghalaya         | 0.8   | 2.5   | 1.7  | 68.0%  |
| Mizoram           | 0.9   | 1.1   | 0.2  | 18.2%  |
| Nagaland          | 0.1   | 2.0   | 1.9  | 95.0%  |
| Odisha            | 15.4  | 24.4  | 9.0  | 36.9%  |
| Punjab            | 3.4   | 8.7   | 5.3  | 60.9%  |
| Rajasthan         | 10.1  | 29.8  | 19.7 | 66.1%  |
| Sikkim            | N/A   | N/A   | -    | -      |
| Tamil Nadu        | 39.5  | 45    | 5.5  | 12.2%  |
| Tripura           | 2.7   | 3.3   | 0.6  | 18.2%  |
| Uttar Pradesh     | 43.2  | 82.9  | 39.7 | 47.9%  |
| Uttarakhand       | 4.6   | 6.6   | 2.0  | 30.3%  |
| West Bengal       | 13.4  | 43.9  | 30.5 | 69.5%  |
| Total             | 295.5 | 554.5 | 259  | 46.7%  |

Note: Data from National Sample Survey 2011-12.

**Table 6. Procurement, offtake, and stocks of foodgrains (in million tonnes)**

Sources: Database on Indian Economy, Reserve Bank of India, as of February 18, 2021; PRS.

| Year    | Procurement |       |       | Offtake |       |       | % Offtake | Stocks |       |       |
|---------|-------------|-------|-------|---------|-------|-------|-----------|--------|-------|-------|
|         | Rice        | Wheat | Total | Rice    | Wheat | Total |           | Rice   | Wheat | Total |
| 2004-05 | 24.7        | 16.8  | 41.5  | 23.2    | 18.3  | 41.5  | 100%      | 13.3   | 4.1   | 18    |
| 2005-06 | 27.6        | 14.8  | 42.4  | 25.1    | 17.2  | 42.3  | 100%      | 13.7   | 2     | 16.6  |
| 2006-07 | 25.1        | 9.2   | 34.3  | 25.1    | 11.7  | 36.8  | 107%      | 13.2   | 4.7   | 17.9  |
| 2007-08 | 28.7        | 11.1  | 39.8  | 25.2    | 12.2  | 37.4  | 94%       | 13.8   | 5.8   | 19.8  |
| 2008-09 | 34.1        | 22.7  | 56.8  | 24.6    | 14.9  | 39.5  | 70%       | 21.6   | 13.4  | 35.6  |
| 2009-10 | 32          | 25.4  | 57.4  | 27.4    | 22.4  | 49.8  | 87%       | 26.7   | 16.1  | 43.3  |
| 2010-11 | 34.2        | 22.5  | 56.7  | 29.9    | 23.1  | 53    | 93%       | 28.8   | 15.4  | 44.3  |
| 2011-12 | 35          | 28.3  | 63.3  | 32.1    | 24.3  | 56.4  | 89%       | 33.4   | 20    | 53.4  |
| 2012-13 | 34          | 38.2  | 72.2  | 32.6    | 33.2  | 65.8  | 91%       | 35.5   | 24.2  | 59.8  |
| 2013-14 | 31.9        | 25.1  | 57    | 29.2    | 30.6  | 59.8  | 105%      | 30.6   | 17.8  | 49.5  |
| 2014-15 | 31.6        | 28    | 59.6  | 30.7    | 25.2  | 55.9  | 94%       | 23.8   | 17.2  | 41.3  |
| 2015-16 | 34.1        | 28.1  | 62.2  | 31.8    | 31.8  | 63.6  | 102%      | 28.8   | 14.5  | 43.6  |
| 2016-17 | 36.5        | 23.6  | 60.1  | 32.8    | 29.1  | 61.9  | 103%      | 29.8   | 8.1   | 38.1  |
| 2017-18 | 37.6        | 30.6  | 68.2  | 35      | 25.3  | 60.3  | 88%       | 30     | 13.2  | 43.3  |
| 2018-19 | 42.7        | 35    | 77.7  | 34.4    | 31.5  | 65.9  | 85%       | 37.7   | 34.9  | 72.7  |
| 2019-20 | 46.1        | 34.1  | 80.2  | 35      | 27.2  | 62.2  | 78%       | 49.2   | 24.7  | 74    |



**Table 7. Status of end-to-end computerisation of PDS operations (March 2020)**Sources: Report no. 3, Standing Committee on Food, Consumer Affairs and Public Distribution,  
Lok Sabha, March 13, 2020; PRS.

| State/ UT                            | Digitisation of Ration Cards | Aadhaar Seeding with Ration Cards | Online Allotment of Foodgrains | Computerisation of Supply Chain | % of Fair Price Shops with Operational ePoS |
|--------------------------------------|------------------------------|-----------------------------------|--------------------------------|---------------------------------|---|
| Andhra Pradesh                       | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Arunachal Pradesh                    | 100%                         | 57%                               | Implemented                    | -                               | 1%  |
| Assam                                | 100%                         | 0%                                | Implemented                    | Implemented                     | 0%  |
| Bihar                                | 100%                         | 76%                               | Implemented                    | Implemented                     | 96%   |
| Chhattisgarh                         | 100%                         | 98%                               | Implemented                    | Implemented                     | 97%   |
| Goa                                  | 100%                         | 98%                               | Implemented                    | Implemented                     | 100%  |
| Gujarat                              | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Haryana                              | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Himachal Pradesh                     | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Jharkhand                            | 100%                         | 95%                               | Implemented                    | Implemented                     | 100%  |
| Karnataka                            | 100%                         | 100%                              | Implemented                    | Implemented                     | 99%   |
| Kerala                               | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Madhya Pradesh                       | 100%                         | 90%                               | Implemented                    | Implemented                     | 100%  |
| Maharashtra                          | 100%                         | 99%                               | Implemented                    | Implemented                     | 100%  |
| Manipur                              | 100%                         | 82%                               | Implemented                    | -                               | 12%   |
| Meghalaya                            | 100%                         | 0%                                | Implemented                    | Implemented                     | 0%  |
| Mizoram                              | 100%                         | 93%                               | Implemented                    | -                               | 0%  |
| Nagaland                             | 100%                         | 70%                               | Implemented                    | -                               | 23%   |
| Odisha                               | 100%                         | 99%                               | Implemented                    | Implemented                     | 100%  |
| Punjab                               | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Rajasthan                            | 100%                         | 97%                               | Implemented                    | Implemented                     | 100%  |
| Sikkim                               | 100%                         | 91%                               | Implemented                    | Implemented                     | 99%   |
| Tamil Nadu                           | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Telangana                            | 100%                         | 99%                               | Implemented                    | Implemented                     | 100%  |
| Tripura                              | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Uttar Pradesh                        | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Uttarakhand                          | 100%                         | 94%                               | Implemented                    | Implemented                     | 65%   |
| West Bengal                          | 100%                         | 80%                               | Implemented                    | Implemented                     | 92%   |
| Andaman and Nicobar Islands          | 100%                         | 98%                               | Implemented                    | Implemented                     | 96%   |
| Chandigarh                           | 100%                         | 99%                               | Direct Benefit                 | Direct Benefit                  | NA  |
| Dadra and Nagar Haveli               | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Daman and Diu                        | 100%                         | 100%                              | Implemented                    | Implemented                     | 100%  |
| Delhi                                | 100%                         | 100%                              | Implemented                    | Implemented                     | 0%  |
| Jammu and Kashmir (including Ladakh) | 100%                         | 84%                               | Implemented                    | -                               | 100%  |

|             |      |      |                |                |      |
|-------------|------|------|----------------|----------------|------|
| Lakshadweep | 100% | 100% | Implemented    | NA             | 100% |
| Puducherry  | 100% | 100% | Direct Benefit | Direct Benefit | NA   |
| Total       | 100% | 90%  | 34             | 28             | 89%  |

**Table 8. Minimum Support Prices for paddy and wheat during 2011-21 (in Rs/quintal)**

Sources: Commission for Agricultural Costs and Prices, Ministry of Agriculture and Farmers' Welfare; PRS.

| Year    | Paddy (common) | % increase over last year | Wheat | % increase over last year |
|---------|----------------|---------------------------|-------|---------------------------|
| 2011-12 | 1,080          | 8.0%                      | 1,285 | 14.7%                     |
| 2012-13 | 1,250          | 15.7%                     | 1,350 | 5.1%                      |
| 2013-14 | 1,310          | 4.8%                      | 1,400 | 3.7%                      |
| 2014-15 | 1,360          | 3.8%                      | 1,450 | 3.6%                      |
| 2015-16 | 1,410          | 3.7%                      | 1,525 | 5.2%                      |
| 2016-17 | 1,470          | 4.3%                      | 1,625 | 6.6%                      |
| 2017-18 | 1,550          | 5.4%                      | 1,735 | 6.8%                      |
| 2018-19 | 1,750          | 12.9%                     | 1,840 | 6.1%                      |
| 2019-20 | 1,815          | 3.7%                      | 1,925 | 4.6%                      |
| 2020-21 | 1,868          | 2.9%                      | 1,975 | 2.6%                      |

**Table 9. Sugarcane dues as of January 31, 2021 (Rs crore)**

Sources: Lok Sabha Starred Question No. 113, February 9, 2021; PRS.

| State          | 2017-18 | 2018-19 | 2019-20 | 2020-21 | Total Arrears |
|----------------|---------|---------|---------|---------|---------------|
| Andhra Pradesh | -       | 37      | 44      | 91      | 171           |
| Bihar          | 0       | 58      | 85      | 411     | 554           |
| Chhattisgarh   | 2       | 6       | -       | 55      | 63            |
| Goa            | -       | 2       | -       | -       | 2             |
| Gujarat        | 2       | -       | 0       | 1,044   | 1,046         |
| Haryana        | -       | -       | 4       | 670     | 674           |
| Karnataka      | -       | 11      | 49      | 3,585   | 3,645         |
| Madhya Pradesh | -       | -       | -       | 257     | 257           |
| Maharashtra    | 27      | 118     | 0       | 2,030   | 2,176         |
| Odisha         | -       | -       | -       | 22      | 22            |
| Punjab         | -       | -       | 137     | 576     | 713           |
| Tamil Nadu     | 61      | 74      | 30      | 56      | 221           |
| Telangana      | -       | -       | 12      | 114     | 126           |
| Uttar Pradesh  | 34      | -       | 1,406   | 7,555   | 8,995         |
| Uttarakhand    | 75      | 105     | -       | 416     | 596           |
| Total          | 200     | 410     | 1,766   | 16,883  | 19,260        |

## Conclusion

Under the Phase-I of the pro-poor Pradhan Mantri Garib Kalyan Anna Yojana (i.e. PMGKAY-I), the Department Ministry of Consumer Affairs, Food & Public Distribution on 30.03.2020 had allocated a total of about 121 Lakh Metric Tons (LMT) of foodgrains to all States/UTs for additional free-of-cost distribution to the beneficiaries covered under

the National Food Security Act, 2013 (NFSA) for a period of 3 months i.e. from April to June 2020. As per reports available in the Department, an average of about 94% foodgrains were distributed by States/UTs in each of the three months of under PMGKAY-I.

In July, the scheme was further extended for a period of another 5 months i.e. from July to November 2020,

and under Phase-II of the scheme (i.e. PMGKAY-II), the Department on 08.07.2020 had allotted approx. 201 LMT foodgrains, free of cost, to all States/UTs for a period of 5 months. So far, under PMGKAY-II, as reported by States/UTs, about 90% and 85% of monthly foodgrains for the months of July and August 2020 have been distributed, whereas for the month of September nearly 20% foodgrains have been distributed.

Under the Targeted Public Distribution System (TPDS) reforms, the Department is implementing One Nation One Ration Card (ONORC) plan with an objective to introduce nation-wide portability of all NFSA ration cards and enable the migrant ration card holders under the Act, to seamlessly access the Public Distribution System (PDS) anywhere in the country and lift their entitled foodgrains from any electronic Point of Sale (ePoS) enabled Fair Price Shop (FPS) of their choice, by using their existing/same ration card after biometric/ Aadhaar authentication on ePoS device at the time of lifting of foodgrains from the FPS. So far, this facility is enabled in 26 States/UTs covering about 65 Cr. beneficiaries, i.e. nearly 80% of total NFSA population in the country. In wake of the COVID-19 crisis, the implementation of ONORC plan has been made an integral part of the AtmaNirbhar Bharat Abhiyan (ANBA)

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