

# Major Drawbacks of Public Distribution System in India-A Review

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**Abstract**— The main aim of this article is to illustrate the major drawbacks of public distribution system (PDS) in India, through various studies conducted in the country. The performance and problems of PDS varies regionally based on the implication of system by state governments and union territories, hence this article would give a holistic picture of major problems in public distribution system in the country. The assessment of previous studies represents; corruption, poor quality and less quantity of entitlements, incorrect classification of below and above poverty households, bogus cards and inadequate functioning of the fair price shops are the major problems in system, therefore this article intensely discuss about the existing problems in PDS.

**Key words:** PDS, FPS, Corruption, APL, BPL, Bogus Cards

## I. INTRODUCTION

India is one of the countries which distributes food grain through public distribution system (PDS) to poor households. In India, the system was invented by British government in 1939 and it was improved and modified over the time by Indian government to protect the food security of poor. As India is second most populated country having large number of beneficiaries, the system was not able to cover entire poor people in the country. Hence, the assessment of weakness in the system would help to strengthen the system and make it perfect. The PDS is a joint program run by central and state government, the central government plays role in procure food grains, store and allocate to the state government through central pools, the state government plays a role in identify eligible beneficiaries and distribute the entitlements through fair price shop (Jha R et al., 2013).

As the function of system varies from state to state (Balani S, 2013), the issues in the states also varies (Gulati A and Saini S, 2015), hence this study only assess the overall problems in various states through previous research. The evaluated previous studies list the major problems as corruption, poor quality and less quantity of food grains, leakage of food grains into open market, incorrect classification of poverty, bogus cards and non-availability of food grains and irregular function of FPS, the detailed argument on these issues are discussed below.

## II. CORRUPTION AND LEAKAGE OF FOOD GRAINS IN PDS

Corruption is a major problem in developing countries like India (Pal B, 2011), the PDS which was introduced to protect the food security of poor is highly corrupted and functions more for civil servants and affiliated business owners than poor (Peisakhin L and Pinto P, 2010). The collusion between officials and sellers create a way to distribute poor quality of entitlements or less than the actual amount to beneficiaries. In India about 40 percent of food grains channeled through public distribution system is

diverted to the open market (Hicks N and Hanan B, 2014), notably according to Ram 2015, corruption is in its peak in Haryana and 55.65 percent of food grains allotted to state geos to open market.

Even though, the corruption exists in all the stages of system, it is clearly noticeable at fair price shops. Khera R 2011 indicates in Rajasthan beneficiaries were cheated by fair price shop workers during her presence and people were afraid to rise a voice against FPS workers because of fear they may not get entitlement in the future, she also states that totally 64 percent wheat which comes to PDS goes to open market in the state. According to Himachal Pradesh development report 2013, the diversion of food grains from PDS to open market is 47 percent in the state, and major proportion of diversion of food grains were belong to APL families who rarely purchase entitlements from FPS. According to Jayan T, 2015, major share of PDS wheat that should be distributed to AAY-BPL households in rural and urban areas of Kerala did not reach the beneficiaries.

The FPS workers cheat the beneficiaries in several ways, as noted by Naik IC, 2009 in Kshipur block in Orissa as, place the false notice donating supplies out of stock, underweight the entitlement, mix the entitlements with stones and dirt and falsely represent entitlements were sold to respective beneficiaries; sell entitlements for few days in FPS then divert the remaining to money lenders.

In the public distribution system not only beneficiaries were cheated, the fair price shop owners also affected by corruption, Kumar B and Mohanty B, 2012 and Chakraborty M, 2007 indicates that, to obtain a fair price shop dealership a person should have personal relationship with ruling political party and have to bribe officials for various purpose in Athmallik block of Angul district of Odisha, the amount of bribe ranges between ₹ 50 to ₹ 20,000 and it would increase if any complaints about FPS comes from beneficiaries to officials. An another study from Rajasthan by Khera R in 2011, also confirms the owner of fair price shops should bribe officials to obtain the license as well as to procure the entitlements from the supply godowns. The dealers are cheated in quantity as they get only 215 litre of Kerosene against 220 liter of actual quantity, sometimes food grains sacks would be wet so it will show higher than actual weight.

## III. QUALITY AND QUANTITY

Public distribution system in country suffers from irregular and poor quality of entitlements that distributed through fair price shops (Pal B, 2011), the status of rural areas is much worse than urban areas. Bhat G M and Hussain B A in 2012 blames, entitlements supplied through fair price shops is low quality and even not at proper time in Kashmir. The poor quality of food grains in PDS is evidence of public sector's inefficiency in the state of Jammu and Kashmir (Kour R, 2014).

Adulteration, quality and underweight is a major problem faced by the beneficiaries, a survey conducted by Velmurugan R Lavanya D L in 2015 at Pollachi taluk in Tamil Nadu shows, among the 150 samples 70.94 percent households stated entitlement provide by FPS was underweight, 72.13 percent households were stated the quality of entitlement was worst, and 73.80 percent households were stated entitlement was adulterated by FPS workers. A study conducted in Coimbatore-Tiruppur region of Tamil Nadu by Dhanaraj S and Gade S in 2016 indicates, among the 156 samples, 25 percent of beneficiaries were selling the entitlements it to others or feeding them to livestock because of poor quality. An another study conducted in rural Tamil Nadu by Nakkiran S, in 2004 represents, among the 2,400 samples 70 percent of sample households were not satisfied with the entitlements provided by fair price shop.

In the case of Aurangabad district in Maharashtra, Laxmanrao S K in 2009 represents among the 1,000 samples, only 6 percent were state quality of rice was good, 30 percent were state quantity of Kerosene was good and 8 percent were state quality of wheat was good, while no respondent agreed the quality of sugar was good. A micro level study of PDS commodities in Satara District in Maharashtra by Sawant B S and Jadhav R J during the year 2013 represents that, among the 220 household samples only 37.27 percent of households were satisfied with the quality and quantity of entitlements supplied by FPS. The evaluation of PDS by national council of applied economic research in 2015 at six states of country illustrates, the major reasons for dissatisfaction of food grains were distributed through FPS are presence of foreign particles, broken grains, insect-infested grain and bad taste.

#### IV. BOGUS CARDS

The presence of bogus ration cards in the system makes significant challenges, the bogus cards are the cards that are issued for fictitious family and genuine ration cards are used by someone else (Srinivas S et al., 2015; Singh S M, 2013). The actual entitlements that are meant for poor households are taken away by bogus cards (Mathew B B 2014), bogus cards are the main reason for diversion of food grains into open market (Mohapatra B P and Mahalik D K in 2015). Sekaran S V 2014; Saykhedkar R et al., 2016; Chadha N, 2016 and Rajan R 2016 states FPS owners behave illegally to create large number of bogus cards for the purpose selling entitlements in open market.

Vinayamoorthi G and Uma K, 2014 indicates that, the state wise door to door verification of bogus card covering all the families revealed 2 lakhs bogus card in Tamil Nadu and it was cancelled, 5.66 lakhs of cards were under notice of cancellation and 19 lakh cards was not eligible to receive commodities from FPS. An annual report 2014-2015 published by department of food and public distribution in India illustrate that, the action against the bogus card resulted up to the end of June, 2014, eliminated 493.82 lakhs of bogus cards and ineligible cards in 30 states of country.

The bogus cards are mainly created by FPS owners for the purpose of making money through diverting entitlements to open market, it is obvious that the commission given by government is low for distribution of

entitlements through FPS and people are willing to pay large amount of money illegally and illegally to obtain the dealership, because they can obtain huge money by diverting entitlements to open market using bogus cards (Mooij J, 2003).

#### V. WRONG CLASSIFICATION OF ECONOMIC STATUS

Government of India classifies the households based on their socio-economic status as above poverty line (APL), below poverty line (BPL) and Anthyodaya Anna Yojana (AAY) to distribute the PDS entitlements, the studies conducted to assess the efficiency of classification states, households were wrongly classified into incorrect class. Khera R, 2011 indicates, among the 400 studied samples 25 percent of households were wrongly classified as BPL and 44 percent of real BPL were classified as other classes in Rajasthan. In the case of Punjab Ghumaan G K and Dhiman P K, 2014 states there is no clear policy to demarcate BPL families in the state and APL families are having Blue cards which is actually belongs to poor of poorest households, he also blames the officers of the system also create fake BPL and Blue cards with the cooperation with the head of the village.

Goli in 2011 represents through secondary data, many of the above poverty families were having BPL cards while substantial proportion of poorest do not have any kind of ration cards, based on the National Family Health Survey during 2005 – 2006 it was revealed that, 50 percent of rural households that belonged to under poverty do not have BPL cards, and according to Applied Economic Research, six low income states in the country found that 40 percent of BPL cards were issued to above poverty households, ranging from 84 percent in Assam, 43 percent in Uttar Pradesh, 50 percent in Rajasthan, 40 percent in Bihar and 38 percent in Chhattisgarh.

The report published by Planning Commission, government of India in 2005 illustrates the economic status of households in almost all the states were classified wrongly, notably the exclusion error of BPL households was high in Assam that contains of 47.29 million households followed by Gujarat with 45.84 million households while inclusion of other classes into BPL was high in Tamil Nadu that contains of 49.65 million households followed by Karnataka with 42.43 million households.

Maurya R D in 2010 illustrates based on the national sample survey, 70 percent of scheduled caste were not having ration cards or having APL cards who actually come under BPL in rural areas of Assam, Bihar, Jammu and Kashmir, Uttar Pradesh, Himachal Pradesh and Punjab. In the case of scheduled tribe, large number of scheduled tribe's households were excluded from public distribution system such as 90 percent in Assam, 79 percent in Arunachal Pradesh and 68 percent in Chhattisgarh.

#### VI. NON-AVAILABILITY OF GRAINS AND IRREGULAR FUNCTION OF FPS

It has been witnessed by several scholars that, entitlements are not available in the FPS as well as the FPS does not function on right time. Sati V P in 2015 represents through the consumer's opinion of 16 villages in Mizoram, among the 16 FPS in the study area 11 FPS were functioning

irregularly, and Sargar R et al., 2014 illustrates that, Solapur district in Maharashtra, FPS were not functioning on proper time and availability of food grains were also not informed to the beneficiaries. Laxmanrao S K, 2009 states that, the non-availability of food grains in FPS makes the consumer to visit FPS several times in a month in Aurangabad district, Maharashtra, among the 1000 respondents 27 percent were reported 1 to 3 times, 62 percent reported 4 to 6 times and 11 percent reported 7 to 10 times of visit to FPS. In the case of Punjab, Kaur M, 2015 indicates most of the beneficiaries do not get entitlements from FPS during their visit and come back with the assurance of ration would be made available to them in the next week.

An assessment conducted by Mooij J in three blocks of Bihar and Jharkhand during 2001 illustrates the poor performance of FPS such as, rice was not available continuously for few months, arrival of food grains was irregular and even it finishes in one or two days after arrivals, beneficiaries were not informed about the arrival of food grains, only beneficiaries having close relationship with FPS dealers were getting entitlements without trouble. Other than beneficiaries, FPS owners also facing problems from central pools, Ghumaan G K and Dhiman P K, 2016 indicates through analyzing 90 FPS dealers in Punjab, 81.1 percent of dealer should wait more than 5 days to get delivery from distribution center, 12.2 percent of dealers should wait 4 to 5 days and 6 percent of dealers should wait 2 to 3 days.

Apart from the noted problems above, other problems that discussed by scholars are inadequate of physical access to FPS (Mahendran A, 2013; Naik I C, 2009), rural and urban bias (Howes S and Jha S, 1992), regional variability (Rahman A, 2014), poor economic condition of households (Skillshare, 2014), unawareness of beneficiaries and FPS owners about PDS (YSD Orrisa, 2010), mortgaging of ration cards (Naik I C, 2009) and logistics (Ingavale D, 2011).

## VII. CONCLUSION

The studies conducted to assess the performance and problems of public distribution system in India represents the major problems in the system are corruption, poor quality and quality of entitlements, wrong demarcation of below and above poverty households, bogus cards, poor performance of fair price shops are major drawbacks in the system followed by inadequate access to FPS, rural and urban bias, regional variability, poor economic condition of beneficiaries to buy entitlements, unawareness of beneficiaries and FPS owner's about PDS schemes, mortgaging of ration cards and logistics problems during transporting entitlements from central pool to FPS.

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