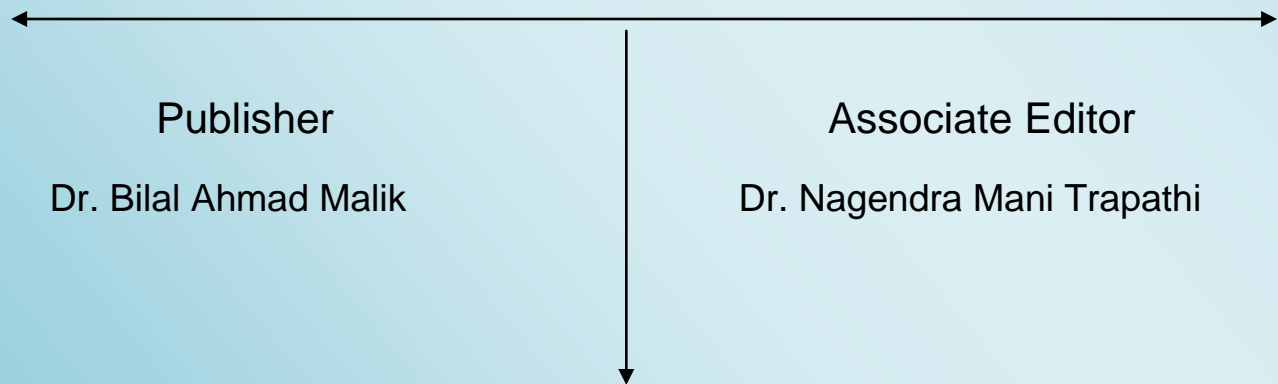


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## AN ANALYSIS OF FOOD GRAINS ALLOCATION ALL THE WAY THROUGH PUBLIC DISTRIBUTION SYSTEM IN INDIA

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### ABSTRACT

*Public Distribution System plays most important role in reducing Poverty and higher level of household's food security. It was started in 1939 in Bombay, and in addition it has been extended to 13 cities in 1943. In 1946 it has been extended and effective in 771 cities and towns. Public Distribution System in India is the largest distribution network in the world. Until 1992, the Indian PDS is universal to all the consumers. After 1992 refurbish PDS was limited to first and foremost drought prone, tribal, hilly, and remotely located. Then it has been substituted by Targeted PDS in 1997, specifically paying attention to Below Poverty Line (BPL) people in all parts of the country. The foremost objective of the study is to analysis the food grains allocation for Public Distribution System in India. The researcher used secondary data to analyse the food grains allocation of PDS in India. The framework of the study is from 1991-92 to 2013-14 for principal food grains allocation specifically as Rice and Wheat.*

**Keywords:** Food grains, Procurement, Allocation, Public Distribution System.

### INTRODUCTION

Public Distribution System (PDS) stands as a remarkable state in poverty alleviation programme and contributes towards the social welfare of the people. Essential commodities like rice, wheat, sugar, kerosene, and the like are supplied to the people under the PDS at reasonable prices. PDS is a boon to the people living below the poverty line. For poor people, PDS is considered as a major food security programme in India. Central Government and State Governments have been actively involved in navigation the operations for the success of the PDS<sup>1</sup>. Tamil Nadu is a replica to Indian states in implementing the PDS as universal system for the cause of eradicating poverty and improving standard of living of the people living below the poverty line. For the poorest people, PDS is considered as a major food security programme in India. The other similar programs in India

which alleviate poverty are Antyodaya Anna Yojana (AAY) Mid-day meals, *Integrated Child Development Services* (ICDS) and food-for work scheme. Under this schemes the poor was further classified as the '*Poorest among the Poor*' and others as living '*BPL families*'. Since 1997 Targeted PDS is intended to focus the poor people. The government gives subsidy for the scheme which assistance to purchase basic goods in fair price. The poor people purchasing the food grains allotted under subsidy price to the Targeted scheme.

PDS received wider spread support because of their potential for improving the welfare of the poor with fewer budgetary resources, targeted programs that provide benefits to the poor by reducing or eliminating benefits to the non-poor results in lower take-up rates<sup>2</sup>. Under Targeted PDS, the entire population is divided into two groups, one is the below poverty line (BPL) and the other is above- poverty line (APL) categories, based on the poverty line defined by the planning commission. About 58 percent of the subsidized food grains issued from the central pool do not reach the BPL families because of identification errors, nontransparent operation and unethical practices in the implementation of Targeted PDS.

The demand for universalisation of the public distribution system during a period of rising prices is not relevant since more than four-fifths of households in rural areas and two third is urban centres are already covered by it. Yet a small proportion of rural and urban households actually make purchases of either rice or wheat from the PDS. An insignificant amount of consumption is met by ration shop purchases. The pattern is somewhat better for below the poverty line households with ration cards. What all this shows is that the issue is not universalisation but improved functioning greater efficiency and BPL friendliness of the PDS<sup>3</sup>.

The reduction in food subsidies has come about, despite little change in the budgetary allocation to food subsidy by means of sharp price increases for commodities sold in fair price shops, by fall in quantities supplied to system of public distribution and by a reduction in entitlements in certain cases<sup>4</sup>. The poverty alleviation programmes helps the poor to attain welfare programmes for economic and social justice. The basis right of "right to live" was fulfilled by the PDS. Through PDS the government was achieving the aims of the poverty alleviation<sup>5</sup>.

The major reason why the issue crops up is the way the disadvantaged" section is currently defined. Food subsidy is available only to people having a monthly income below the income level constituting the poverty line. However many inclusion and exclusion errors creep up because of this. Exclusion errors arise because there is a large chunk of families which are just above the poverty line, and hence do not have access to subsidies, and as a

result, malnourishment is a widely prevalent phenomenon in such families. On the other hand some states hand out ration card on an indiscriminate basis, leading to high inclusion errors. The absence of standard norms for identification of BPL families across states, can lead to increase in inter-regional disparities as different states get a disproportionate share of Central Government funds<sup>6</sup>.

## METHODOLOGY

The researcher used second hand data to analyses the financial allocation of PDS in India. The period of the study is after 1992 the government introduced a Revamped Public Distribution System (RPDS) to reach poorer households with more varieties and June 1997, a Targeted Public Distribution System (TPDS) was introduced especially poor people. The study period is divided into two, first one is RPDS (1992 to 1996) and the second is TPDS (1997 to 2014). The researcher collected data from 1992 to 2014 for principal allocation namely Rice and Wheat, from several Economic Survey report Government of India. The collected data were analyzed by applying the statistical tools like average, percentage method and Trend analysis.

### PDS Coverage under the Schemes

#### Below Poverty Line Scheme:

In order to alleviate poverty, the Government of India introduced the BPL scheme under which only the poor belonging to the vulnerable or backward section of the society who are earning their livelihood on daily basis are identified and issued Below Poverty Line Ration Card by the Food and Supplies. The Below Poverty Line Ration Card which they can acquire 35 Kg of wheat or rice.

#### Above Poverty Line Scheme:

The APL cardholders are provided with a yellow coloured booklet type ration card along with a photograph of head of the family. Since the market rates of the food grains are on the lower side, hence the lifting of APL food grains is virtually nil. Cardholders generally purchase sugar and kerosene oil from the fair price shops.

**Antyodaya Anna Yojana (AAY):**

Antyodaya Anna yojana has been launched by the former Prime Minister of India on the 25th December, 2000. This scheme reflects the commitment of the Government of India to ensure food security for all create a hunger free India in the next five years and to reform and improve the Public Distribution System so as to serve the poorest of the poor in rural and urban areas. It is for the poorest of poor that the Antyodya Anna Yojana has been conserved.

**Annapurna Scheme:**

The Annapurna scheme aims to provide food security to the senior citizens who though eligible for the Nation Old Age Pension Scheme (NOAPS), have remained uncovered. Under this scheme, beneficiaries are provided 10 Kg of food grains per month free of cost to the beneficiary. The coverage of the scheme also depends upon the availability of funds and performance of the state authorities. Identifying beneficiaries is done by the District Authorities under the State Government.

**Mid day meal Scheme:**

The Mid Day Meal Scheme has been implemented in the state since 1996. The Supreme Court had directed all the State Governments to provide cooked meal to the School children.

**Food for Work Programme:**

This programme was initially launched w.e.f(With effect from). The programme aims at augmenting food security through wage employment in the drought affected rural areas in eight States i.e., Gujarat, Chattisgarh, Himachal Pradesh, Madhaya Pradesh, Maharashtra, Orissa, Rajasthan and Uttranchal. The Centre makes available appropriate quantity of food grains at free of cost to each of the drought affected States as additionality under the programme. Wages by the State government can be paid partly in category (upto 5 Kgs. of food grains per manday) and partly in cash. The workers are paid the balance of wages in cash, such that they are assured of the notified Minimum Wages. This programme stands extended upto March 31, 2002 in respect of notified “natural calamity affected Districts”<sup>7</sup>.

Table -1, Procurement, Allocation, Stock and Production of Rice in India (Million Tonnes)

YEAR	Production of Rice	Percentage of Change	Procurement of Rice	Percentage of Change	Allocation of Rice	Percentage of Change	Stock of Rice	Percentage of Change
1991-92	74.68	--	9.41	--	11.36	--	8.86	--
1992-93	72.86	-2.44	12.72	35.18	11.48	1.06	9.93	12.08
1993-94	80.3	10.21	13.56	6.6	12.41	8.1	13.55	36.46
1994-95	81.81	1.88	13.12	-3.24	13.32	7.34	18.08	33.43
1995-96	76.98	-5.9	9.93	-24.31	14.62	9.76	13.06	-27.78
1996-97	81.73	6.17	11.88	19.64	15.1	3.28	13.17	0.84
1997-98	82.3	0.7	14.54	22.39	12.83	-15.03	13.05	-0.91
1998-99	86.08	4.59	11.55	-20.56	12.94	0.79	12.16	-6.82
1999-00	89.68	4.18	16.62	43.9	13.89	6.81	15.72	29.28
2000-01	84.98	-5.24	18.93	13.9	16.26	17.06	23.19	47.52
2001-02	90.34	6.31	21.12	11.57	17.23	5.97	24.91	7.42
2002-03	71.82	-20.5	19	-10.04	27.35	58.73	17.16	-31.11
2003-04	88.53	23.27	20.78	9.37	19.8	-27.6	13.07	-23.83
2004-05	83.13	-6.09	24.04	15.69	34.5	74.24	13.34	2.07
2005-06	91.79	10.42	26.69	11.02	27.7	-19.71	13.68	2.54
2006-07	93.36	1.71	26.3	-1.46	26.3	-5.05	13.17	-3.73
2007-08	96.4	3.26	26.29	-0.47	20.6	-21.68	13.84	5.09
2008-09	99.18	2.88	32.84	24.91	17.4	-15.53	21.6	56.07
2009-10	89.09	-10.17	32.59	-0.76	24.8	42.53	26.71	23.66
2010-11	95.33	7	31.13	-4.48	28.4	14.52	28.82	7.89
2011-12	99.8	4.69	37.91	21.78	27.7	-2.46	33.35	15.72
2012-13 (P)	95.08	-4.73	25.7	-32.21	17.03	-38.52	11	-67.02
2013-14 (P)	94.78	-0.32	23.55	-8.37	14.78	-13.21	6.38	-42

**Source:** Economic Survey Various Issues, Food Bulletin – Department of Food and Public Distribution and Ministry of Food & Consumer Affairs, Government of India.

The equation of the straight line trend is  $Y_c = a + bX$ .

Since,  $\sum X = 0$ ;  $a = \frac{\sum Y}{N}$ ,  $b = \frac{\sum XY}{\sum X^2}$

The equation of the percentage change is  $\frac{\text{current year} - \text{Base year}}{\text{Base year}} \times 100$

Above the table shows that rice allocation of PDS. The rural person mainly depends on Rice and Wheat, so the government is providing most of the commodities for subsidized rates. The Tamil Nadu government provides 35 kg of rice at free of cost. Many studies say supply is not meeting to demand. The population and number of households is increasing over the years, it is observed from the table that there is wide fluctuation in Procurement, Allocation, and stock of rice but it is not seen much in the Production of rice. The production of rice increase unstable proportion. The percentage of change of Procurement of rice ranges from - 32.21 to 43.90, the percentage change of Allocation of rice ranges from - 27.60 to 74.24, and it is - 31.11 to 56.06 for Stock.

**Variations in Production, Procurement and Allocation of Rice in India**

Years	Production	Procurement	Allocation	Production & Procurement	Production & Allocation
<b>1992 to 1996</b>	77.33	11.75	12.64	15.18	16.34
<b>1997 to 2014</b>	89.63	25.14	21.74	25.86	23.40
<b>1992 to 2014</b>	86.96	22.23	19.76	23.53	21.86

Variation in Production, Procurement and Allocation of Rice in India is depicted in table-2. Table-1 induced the researcher to go for variations in production, procurement and allocation over the years. As observed in table-1, the variations are very high for production, procurement, allocation. The variance in Production of rice is very high during the period 1997-2014 compare to period 1992-1996. The variation in the Production of rice is very high compare to Procurement and Allocation.

**Correlation relationship between Production of rice and Procurement of rice**

	Mean	SD	Sig
Production of rice	86.96	8.210	.804
Procurement of rice	21.00	8.174	0.00<0.05

The correlation coefficient is .804 and is statistically there is significant relationship between Production of Rice and Procurement of Rice. Hence, the calculated value less than the table (0.05>0.00). Hence, the calculated value less than table (0.00<0.05). So, the research hypothesis accepted and the null hypothesis rejected.



The values of the pearson correlation range from -1 to +1 with positive number representing a positive correlation (.804).

**Table -2, Procurement, Allocation, Stock and Production of Wheat in India (Million Tonnes)**

YEAR	Product ion of Wheat	Percent age of Change	Procure ment of Wheat	Percent age of Change	Allocati on of Wheat	Percent age of Change	Stock of Wheat	Percent age of Change
1991-92	55.69	-	7.75	-	10.56	-	2.21	-
1992-93	57.21	2.73	6.38	-17.68	9.25	-12.41	2.74	23.98
1993-94	59.84	4.59	12.84	101.25	9.56	3.35	7	155.47
1994-95	65.77	9.91	11.87	-7.55	10.8	12.97	8.72	24.57
1995-96	62.1	-5.58	12.33	3.87	11.31	4.72	7.76	-11.01
1996-97	69.35	11.67	8.16	-33.82	10.72	-5.22	3.24	-58.25
1997-98	65.9	-4.97	9.3	13.97	10.11	-5.69	5.08	56.79
1998-99	71.01	7.75	12.65	36.02	10.11	0	9.66	90.16
1999-00	70.1	-1.28	14.14	11.78	10.37	2.57	13.19	36.54
2000-01	73.6	4.99	16.36	15.7	11.57	11.57	21.5	63
2001-02	75.5	2.58	20.63	26.1	13.14	13.57	26.04	21.12
2002-03	77.4	2.52	19.03	-7.76	29.45	124.12	15.65	-39.9
2003-04	79.3	2.45	15.8	-16.97	17.1	-41.39	6.93	-55.72
2004-05	68.6	-13.49	16.8	6.33	37.3	118.13	4.07	-41.27
2005-06	69.4	1.17	14.79	-11.96	16.7	-55.23	2.01	-50.61
2006-07	75.8	9.22	9.23	-37.59	9.2	-44.91	4.7	133.83
2007-08	78.4	3.43	11.13	20.58	8.7	-5.43	5.8	23.4
2008-09	79.9	1.91	22.69	103.86	11	26.44	13.43	131.51
2009-10	81.1	1.5	25.38	11.86	22.8	107.27	16.13	20.1
2010-11	82.3	1.48	25.92	2.13	22.2	-2.63	15.36	-4.77
2011-12	83.5	1.46	28.33	9.39	20.1	-9.46	19.95	29.88
2012-13 (P)	85	1.79	33.97	19.91	27.16	35.12	16.99	-14.84
2013-14 (P)	86	1.18	37.73	11.07	30.56	12.52	19.99	17.66

**Source:** Economic Survey Various Issues, Food Bulletin – Department of Food and Public Distribution and Ministry of Food & Consumer Affairs, Government of India.

The equation of the straight line trend is  $Y_c = a + b X$ .

Since,  $\sum X = 0; a = \frac{\sum Y}{N}, b = \frac{\sum XY}{\sum X^2}$

The equation of the percentage change is  $\frac{\text{current year} - \text{Base year}}{\text{Base year}} \times 100$

The table-2, shows that Allocation of wheat to PDS from the year 1991-92 to 2013-14. The wheat is main food for many states in our country. Like rice, many people in North and North east region give more preference on wheat. The population and families depending of wheat is increasing every year but the procurement, allocation and stock are rise and fall has unstable proportion. The percentage of change of Procurement of wheat ranges from - 37.59 to 103.86, the percentage change of Allocation of wheat ranches from - 55.23 to 124.12, and it is - 58.25 to 155.47 for Stock.

**Variations in Production, Procurement and Allocation of Wheat in India**

Years	Production	Procurement	Allocation	Production & Procurement	Production & Allocation
1992 to 1996	60.12	10.23	10.3	16.89	17.15
1997 to 2014	76.23	19	17.68	24.39	23.03
1992 to 2014	72.73	17.1	16.08	22.76	21.75

Table represents the Variation in Production, Procurement and Allocation of Wheat in India. As rice to compare variations in Production, Procurement and Allocation is low. The number of families is increasing over the years consistently.

**Correlation relationship between Production of wheat and Procurement of wheat**

	Mean	SD	Sig
Production of wheat	72.74	8.833	.805
Procurement of wheat	17.04	8.517	0.00<0.05

The correlation coefficient is .805 and is statistically there is significant relationship between Production of wheat and Procurement of wheat. Hence, the calculated value less than table (0.00<0.05). So, the research hypothesis accepted and the null hypothesis rejected. The values of the pearson correlation range from -1 to +1 with positive number representing a positive correlation (.805).

## CONCLUSION

From the analysis it is observed that there is wide variation in the allocation and procurement. Tendulkar Committee Report says that, the country is having 80 million BPL families but the allocation is made for only 65.2 million i.e., 14.8 million are suffering with non-availability of food grains. On the other hand, the source says 110 million BPL ration card is in existence, if it is true 30 million families are not able access Public Distribution System products even they have rights. So, the authorities have to consider it as an important issue and rectify them. Also from many previous studies it is observed that, there is a lot of exclusion that really need, the number of excluded was an illusion. The foremost focus of the study is about Rice and Wheat distribution. The research compares wheat production better then to rice. PDS is enormous figure of safety net programme, and many depend mainly on this. Hence the authorities have to increase the allocation according to the increase of BPL families every year, issue ration cards to need really and also remove the duplicate cards. So that the deserve families would benefited and may improve their health. So the government also in right direction and distribute it to the real needy. There is a Need for high-quality of ration products to poor people to elevate the health status in future.

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