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THE ROLE OF PUBLIC DISTRIBUTION SYSTEM IN ERADICATION OF POVERTY IN TELANGANA

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ABSTRACT

The Public distribution system (PDS) is an Indian food Security System for the poor people established by the Government of India under the Ministry of Consumer Affairs, Food, and Public Distribution. While the Central government is responsible for procurement, storage, transportation, and bulk allocation of food grains, the State governments hold the responsibility for distributing the same to the consumers through the established network of approximately 5 lakh Fair Price Shops. Major commodities distributed include wheat, rice, sugar, and kerosene. A study on the role of PDS in Shaping the Household and Nutritional Security was carried out by the erstwhile Independent Evaluation Office, now the Development Monitoring and Evaluation Office, on a request received from the Ministry of Agriculture, Government of India. The study was designed with an objective to explore the effectiveness of PDS in ensuring food and nutritional security to the beneficiaries. The other aspects explored were efficiency in PDS, importance of food grains provided to the beneficiaries, balancing between cereal and non-cereal and food and non-food expenditures, effects of change in income on food

expenditure/consumption patterns, etc.

Government of Telangana decided to issue Food Security Cards to all priority groups and all eligible BPL households with an objective to provide subsidized food grains and other essential commodities to the eligible households. To arrive at the eligibility of the BPL families (priority households) the family income limit in rural areas has been increased to Rs.1.50 lakhs and in urban areas to Rs.2 lakhs.

The study established that, the effectiveness of PDS has improved over time and PDS emerged as an

effective tool in targeting the twin problems of poverty and under-nourishment in the country.

KEYWORDS : Public Distribution System, Food Security, Poverty.

INTRODUCTION

The origin of the Public Distribution System in India is a very old concept. We can see this concept in 'Arthashastra of koutilya. It recommends effective public action through food subsidies as the basic remedy for famine. The suggested measures included distribution of seed and food from the royal store on concessional terms and food for work programmes for building forts, irrigation work etc.

Several committees



and commissions have been setup to look into the importance of public of Public Distribution System in India. Notable amongst these are food grains policy committee (under Theodore Gregory 1943) Food Grains Policy Committee 1947 (under Purushottamdas Thakurdas) Food Grains procurement committee 1950 (under Thirumala Rao) food grains enquiry committee 1957 (under Ashok Mehta) food grains policy committee 1966 (under B. Venkatappaiah) study team on fair price shops 1966 (under V.M. Dandekar) National Commission on agriculture 1975, recently government of India constituted Justice Wadhawa committee to study this system.

The public distribution of food grains after Indian Independence was retained as a deliberate social policy, when it embarked on the parts of planned economic development in 1951. It was infact, an important component of the policy of growth with justice. In the first five year plan, the system, which was essentially urban based till then was extended to all such rural areas which suffered from chronic food shortages. It was also decided to have two variations of the system, statutory rationing areas, where food grains availability was supposed to be only through the ration shops and non statutory rationing areas, where such shops would only supplement the open market availability.

Creation of Food Corporation of India and agricultural prices commission in 1965 consolidated the position of PDS. PDS was continued as a deliberate social policy of the government. FCI is the principal agency through which, food procurement and distribution policies are implemented. Its main aims are to ensure that the primary producer gets the minimum price set by the government and to protect the consumer from the speculative trade. It handles all purchase, storage, movement, distribution and sale of food grains on behalf of the central government.

The new phase of PDS was mentioned in the fourth five year plan of the nation. It started that the PDS is needed on a regular basis for the country to provide help to the rural people and to some extent for generating a downward pressure on the open market prices.

Besides this there are several factors which were contributed to strengthen the PDS system in India. They are may be the unprecedented drought in 1973, the world wide inflation in 1974. In October 1974 the department of civil supplies and co-operation were engaged more actively in the PDS. The basic needs of weaker and vulnerable sections were identified and measures were taken for priority distribution of certain essential items to them.

The planning commission incorporated in its Fifth Five Year Plan draft, a policy of dual pricing in respect of certain mass consumption goods like food grains, sugar, cloth, edible oil, etc. The rationale of the dual pricing policy was to protect weaker sections of the society from the bad impact of rising prices. Launching of the 20 point program in July 1975 involved the PDS with a high level of procurement operation and distribution of essential commodities. Thus the emergence of PDS in India has been more in response to some critical situations (war, famine, drought and other natural calamities). In other words, the PDS in India started and gained momentum during the period of shortages of commodities which were caused by natural or man-made calamities. On 1st July 1979, the national production-cum-distribution scheme (NPCDS) was launched on a massive scale to procure and distribute thirteen essential commodities. Under this scheme, a vital link has been established between production, procurement and distribution.

THE REVAMPED PUBLIC DISTRIBUTION SYSTEM IN INDIA

Our Former Prime Minister Shri. P.V. Narasimha Rao launched this scheme on 1st January 1992 at Barmer (Rajasthan) and it has been further extended to 1,698 blocks of the country. This scheme was covering tribal, hilly and arid areas having poor infrastructure. Rice and wheat are allocated to states/union territories at prices lower by Rs. 50 per quintal than the issue price for normal PDS. It was stipulated that retail price of food grain from RPDS shouldn't be higher than the central price by more than 25 paise per kg. The scheme now covers 2,496 blocks in the country which also have Employment Assurance Scheme (EAS) and Targeted Public Distribution System (TPDS).

TARGETED PUBLIC DISTRIBUTION SYSTEM (TPDS).

In June 1997 central government initiated this scheme to directly target the subsidy to the poor. This

scheme is meant to serve families below poverty line (BPL). Under this scheme, the states are required to identify these families and provide them 10 kg of food grains per family per month at 50 percent of the FCI economic cost. However, the quantity of food grains increased from 10 kg to 20 kg from April 2000 under this scheme. Supply of grain to the states for this purpose is guaranteed by the central government in addition, workers under Employment Assurance Scheme/Jawahar Rojzar Yojana would also receive food coupons to be exchanged at Fair price Shops for grains at the rate of 1 kg. per man a day. The states are free to provide higher quotas/price subsidies by adding from their own resources. The off take by APL card holders was negligible except in Himachal Pradesh, Tamil Nadu and West Bengal.

NEED FOR PUBLIC DISTRIBUTION SYSTEM IN INDIA

One of the major objectives of planning in India has been to provide "National Minimum Level of living" to its people. This requires provision of not only the needed quantum of food grains and other essential items. We cannot expect that the market mechanism provides these requirements of essential items of mass consumption on an equitable basis at reasonable prices. It can be best understood by the reasons given below:

India is a vast and developing country has to resolve the problems of higher production and fair distribution of goods and services particularly the commodities of mass consumption. Proper and fair distribution of commodities is not only required for attaining distributive social justice but also on humanitarian grounds.

The main object of PDS is fair and equitable distribution of available quantities of essential commodities at reasonable prices. The success of PDS depends to a great extent, on effective price control of these items. For this purpose the prices of rationed goods should be fixed at a rate which is not only below the open market rate, but it should be such that even the lowest income group population in the country can afford to levy their minimum requirements.

Price stability has been and is still one of the most important objectives of the Indian economy. Fluctuations in prices of essential commodities affect both consumer and producers. When prices fall producers would suffer for cannot adjust either their cost of production or supply to the market. Similarly, rising prices affect consumers due to the inelastic demand of essential goods with their almost fixed incomes. The negative effect of price rise will be more severely felt by the poorer sections of society, the public distribution policy aims at regulating prices to safeguard consumers, particularly the poor low income bracket consumers. In fact, it is inflation which renders PDS necessary therefore "PDS has been used as an important instrument for containing the tendency of price rise and to check inflation by supplying food grains and essential commodities at fair and reasonable prices in general and to the poor and vulnerable sections of the society in particular"

India is a country where about one-third of its population lives below the poverty line or below subsistence level. The purchasing power of these people is so low that they have to make daily purchase for their daily needs. If the supply line does not flow regularly, they are in danger of unsatisfied hunger and acute deprivation of essential articles. Therefore, a continuous flow of supply line of essential articles at fair prices in the Indian context is all the more necessary.

There is a problem of distributive social justice which is a corollary of poverty and economic inequalities. In fact, poverty and economic inequalities are closely related. The studies conducted by Ojha and Bhat (1960-62) Ahmed Bhattacharya (1963-64) and NCAER (1964-65) all indicate that the degree of inequality in the distribution on disposable income was quite serious in India. There is a substantial evidence that the gap between rich and poor in India is getting wider. According to a study "the bottom 20 percent of the population had only over 17 percent of total disposable income while the top 20 percent of the population had a share of 48 percent in it"

Generally, private traders undertaken distribution activity with the sole motive of profit. Therefore, it is not expected of them to assume the responsibility for securing social and distributive justice for different segments of society. Under the circumstances government with its commitment to the ideals of a welfare state, is expected to "ensure that fruits of economic growth, increased production and productivity reach all sections of society through just and equitable distribution" thus the PDS is an important public policy instrument for

attaining the goal of social and distributive justice.

OBJECTIVES OF THE STUDY

1. To explain the overview of PDS in India.
2. To discuss the Role of Public Distribution in eradication of Poverty in Telangana and India.

PUBLIC DISTRIBUTION SYSTEM IN INDIA

The large majority of India's population does not have regular and assured access to adequate quantities of food. Hunger and malnutrition are widespread and there are areas of the country where deaths by starvation occur every year. Average cereal consumption per capita is low in India and has declined since the 1950s. While government interventions have succeeded, to a large extent, in averting large-scale famines in independent India, the problem of chronic hunger persists. The need to evolve a comprehensive food policy was felt for the first time after the Bengal famine of 1943. The report given by the food policy committee in 1944 afterwards acted as the watershed in the evolution of the food policy in India. The policy was changed from protecting the consumers against any sharp increase in the prices of food grains to assuring farmers a fair price for their produce. In other words the policy would induce farmers to increase investments in agriculture which in turn would help in accelerating the growth of domestic production of food grains. The Public Distribution

System through a network of fair price shops has been another component of the policy to safeguard the interest of consumers. Particularly more vulnerable sections of the country. The third component of the food policy has been that of holding adequate stocks of food grains as a measure of food security in the country not only to impart inter seasonal stability to food prices but also to meet any emergent situation that may arise due to crop failure, floods etc. In this chapter an effort is made to analyse the system of public distribution in India.

There are four major forms of intervention by the government in food grain markets in India. First there is a system of public procurement of food grain and of support prices for major food grains and other selected commodities. Second state manages food stock through storage and buffer-stock operation. Third, there is a state guided system of delivery of cheap food, known as the Public Distribution System or PDS. Fourth, the government intervenes in trade, there are legal controls on hoarding and other aspects of inter-trade and restrictions on sale, direct interventions in food grains markets in the form of procurement and distribution, are undertaken by food corporation of India (FCI) on behalf of the central government. The responsibility for implementation, monitoring and for enforcement of legal provisions relating to public delivery, however, rests with the state governments.

ANTYODAYA ANNA YOJANA (AAY) IN INDIA

In order to make the Targeted Public Distribution System (TPDS) more focused and targeted towards the poorest of the poor BPL families. The Government of India launched this program in 2002. 38000 beneficiaries were identified under this scheme. This section of the population can be called as 'hungry' people. AAY contemplates identification of one crore poorest of the poor families from amongst the BPL families covered under TPDS within the states and providing them food grains at highly subsidized rate of Rs. 2.0 per kilogram for wheat and Rs. 3.0 per kilogram for rice. The states/UTs are required to bear the distribution cost, including margin to dealers and retailers as well as transportation cost, thus, the entire food subsidy is being passed on to the consumers under the scheme. The estimated annual allocation of food grains for Antyodaya families was 30 lakh tones, involving a subsidy of Rs. 2,315 crore at the beginning. The scheme has been expanded during 2003-04, 2004-05, 2005-06 covering additional 50 lakh households each time to be identified from BPL families thus the total coverage under AAY was raised to 2.50 crore families. The identification of AAY families within the target of AAY families given to each State/UT Governments has identified and ration cards issued under AAY by the state governments/UTs.

The public distribution system insulates the beneficiaries from inflation and price volatility and ensures access to food grains even in remote areas. But at the same time it leads to large leakages and diversions of subsidized food grain. There have been complaints of sub-standard quality of food grains distributed under this

mechanism and at times there is adulteration of food grains. The parliament enacted the National Food Security Act (NFSA) though this act provides food security to the downtrodden people, this is criticized by many organizations due to various reasons. The National Commission for the protection of child rights (NCPCR) has criticized the act for not to protect the children under the age of two years. Many activists say that for the bulk of the beneficiary population of the poor, just five kg. per month per person is insufficient and have to buy the rest of the ration from the open market. While the Indian council of medical research norms recommended that an adult requires 14 kgs of food grain per month and children 7 kgs. Also there is an absence of entitlements to pulses and oil in the PDS which does not effectively solve the problem of malnutrition. The National Food security act 2013 is the positive step for national food security if the Government is able to overcome corruption and reduce leakage and wastage by involving the local bodies.

INCOME, FOOD AND NUTRITION PUZZLES:

Almost all observers agree that the Indian economy has experienced tremendous economic growth and decline in poverty over the past two decades (Bhagwati and Panagariya, 2012; Dreze and Sen, 2013). However, this transformation has not been matched by improvements in nutritional status (Desai et al. 2016). This disjunction is reflected in a number of puzzles.

RISING INCOMES AND DECLINING CEREAL CONSUMPTION

The National Sample Survey (NSS) data, presented in in Table 1.1, documents that between 1993-94 and 2011-12, the per capita cereal consumption declined steadily for both the urban and rural population (National Sample Survey Office, 2014). In view of the steady decline in poverty over this period, the decline in cereal consumption is puzzling. Caloric consumption also seems to have fallen. As suggested by Deaton and Drèze(2009), disaggregated analysis shows that most of this decline took place at the upper income levels, which may be due to a reduction in physical activity and the resultant caloric demand

Table 1: Per capita cereal consumption per month (in kg.)

	1993-94	1999-2000	2004-05	2009-10	2011-12
Rural	13.4	12.7	12.1	11.4	11.2
Urban	10.6	10.4	9.9	9.4	9.3

Source: National Sample Survey (2014, p. 40).

Sharp poverty decline, modest improvement in under nutrition

Although we must rely on the National Family Health Survey of 2005-06 (International Institute for Population Sciences and Macro International, 2007) for national data on nutrition, the results from a variety of other surveys suggest only a modest improvement in the proportion of underweight children. Table 1.2 plots the poverty decline against trends in underweight children from the National Family Health Surveys 1, 2 and 3; surveys from the National Institute of Nutrition (National Nutrition Monitoring Bureau, 2012) and those from the National Council of Applied Economic Research and University of Maryland (Thorat and Desai, 2016). This graph shows a steady but modest improvement in undernutrition against a sharp drop in poverty. Recently released fact sheets for National Family Health Survey 2015-16 for a selected number of states show a continuation of this trend.

Table 2: Changes in Poverty and Underweight children for children under 5 since the 1990s

	Poverty Rate	NFHS Underweight	NNMB (Rural) Underweight	IHDS Underweight
1990s	45.3	43.0	48.6	-
2000s	37.2	40.0	-	40.6
2010s	21.9	-	41.1	37.2

Sources: NSSO 2014; IIPS and Macro 2.

Declining poverty, increasing use of the Public Distribution System

The Public Distribution System (PDS) is one of the largest safety net programmes in India, set up to provide subsidised grains to the poor. Although it began as a universal programme in the context of food shortages in the early years of the nation, since 1997 it has been targeted towards the poor, providing rice, wheat, sugar and kerosene at highly subsidised prices to the poor, although households above the poverty line may also access PDS at economic cost. It is generally assumed that as incomes rise, households will buy higher quality grains from the market rather than the PDS shops. Market purchase also offers greater convenience through shops that are open for longer hours and do not have queues. However, instead of declining, PDS use has risen sharply in both urban and rural areas for the poor as well as the non-poor (Himanshu and Sen, 2013a). data for cereal purchase but the proportion of households purchasing other food items from PDS shops, including sugar, has also risen.

There is a strong correlation between stability in agricultural production and food security. Volatility in agricultural production impacts food supplies and can result in spikes in food prices, which adversely affect the lowest income groups of the population.

With a large number of people who remain undernourished and the issues of volatility in agricultural prices, India has one of the largest number of food schemes in the World to ensure food security. There is entitlement feeding programmes like the Integrated Child Development Scheme (ICDS) (All Children under six, pregnant and lactating mothers) and MDMS (Mid Day Meal Schemes), food subsidy programmes like the Targeted Public Distribution System, Annapurna (10 kgs of free food grain for destitute poor) and the Employment Programmes like Mahatma Gandhi National Rural Employment Guarantee Scheme (100 days of employment at minimum wages) to ensure food security.

PUBLIC DISTRIBUTION SYSTEM AND FOOD SUBSIDY

The PDS strives to ensure food security through timely and affordable distribution of foodgrains to sections of population that live below the poverty line and cannot afford to pay market prices for their food. This involves procurement of foodgrain at Minimum Support Price (MSP) by the Government, building up and maintenance of food stocks, their storage, and timely distribution, making food grains accessible at reasonable prices to the vulnerable sections of the population. However, the system of PDS has many weaknesses leading to leakages and targeted beneficiaries being left out of the system. The PDS incurs high costs for procurement, storage and distribution of foodgrains. There is scope to increase efficiency of the PDS operations and reduce costs. Only a small proportion of the public expenditure/subsidy on PDS reaches the beneficiary. There is a case for introducing DBT for consumers of food and kerosene as is under way in Andhra Pradesh. The numerous challenges to implementing this are discussed in Vol.1 of this Economic Survey.

PDS costs are high and increasing with leakages, high administrative costs, corruption and mismanagement. The costs including opportunity costs of resources diverted for subsidy are high in terms of the public investments in agriculture which are foregone and which can improve productivity. Additionally, subsidies bring distortions in the market and also pose a heavy burden on the government budget, especially during times when domestic or international prices are on the rise, when the Government has to resort to raising the MSPs of crops on a regular basis.

PDS AND FOOD SECURITY FOR THE POOR

The basic question is whether PDS purchase are able to effectively help the poor. Radhakrishna et. al. have studied this problem on the basis of 42nd NSS round, 1986-87. Their study brought out many disquieting points:

- a) the virtual exclusion of backward states such as Bihar and Uttar Pradesh from the PDS network.
- b) In states, like Kerala and Andhra Pradesh PDS purchases were relatively high in all expenditure groups but generally the poor purchased less while the non-poor purchased more. In this sense, the PDS scheme was

regressive.

c) In contrast to the impressive coverage of PDS in the states of Kerala and Andhra Pradesh, the coverage was low in all-India; the monthly per capita purchase 0.9 kg. in rural areas and 1.3kg. in urban areas.

d) The monthly purchase from PDS was lowest for the very poor uniformly across all the states, both in rural and urban areas. In other words, impressive coverage of PDS and /or additional state-level spending on subsidies is no guarantee that the very poor are better served. They further state:

PDS has thus remained an expensive and largely untargeted programme. The basic question is: how it is improve the efficacy of PDS in transferring food to the poor cost-effectively.

The Government should distinguish between the very poor and moderately poor, and attempt at improving the efficiency of PDS in transferring food to the former.

PDS IMPACT ON POVERTY

Radhakrishna Report has also studied the decline in poverty as a result of PDS subsidies. Taking India as a whole, the impact of all consumer subsidies on poverty was moderate; subsidies were estimated to have reduced poverty by 1.6 percentage point in rural areas and 1.7 percentage points in urban areas. About 12 million persons (9 million in rural and 3 million in urban areas) may have moved out of poverty in 1986-87 due to income transfer from PDS. As the absolute number of poor in India was put at 274 million in 1986-87, these numbers are small, rather insignificant.

The poor impact of the scheme in poor states also underlines the need for strengthening PDS in these states. As long as the development Process is not able reduce to poverty effectively in Bihar, Uttar Pradesh, Madhya Pradesh, Orissa and Rajasthan, the continuance of the PDS in poor states stands justified. Rather, the need of the hour is to encourage proper targeting achieve better results and to build commitment on the part of the poorer states to pursue PDS.

REVAMPING OF PUBLIC DISTRIBUTION SYSTEM IN TELANGANA

Government of Telangana decided to issue Food Security Cards to all priority groups and all eligible BPL households with an objective to provide subsidized food grains and other essential commodities to the eligible households. So far 1.01 crore applications were received and 99.01 lakh applications were enquired into. The process of verification and enquiry of applications for the remaining is going on for identification of beneficiaries. So far, 87.57 lakh beneficiaries are found eligible for Food Security Cards and 0.49 lakh beneficiaries are eligible for Antyodaya Anna Yojana (AAY) Cards. Once the verification is completed, Food Security Cards will be issued. To arrive at the eligibility of the BPL families (priority households) the family income limit in rural areas has been increased to Rs.1.50 lakhs and in urban areas to Rs.2 lakhs. The land ceiling has also been increased to 3.5 acres of wet land and 7.5 acres of dry land.

All 87.57 lakh eligible families for Food Security Cards (covering 2.80 crore beneficiaries) are being supplied rice from 1st January 2015 @ 6 kg. per person without any ceiling on the number of members in the family and AAY families @ 35 kg. per card.

SUPPLY OF RICE TO THE PRIORITY HOUSEHOLDS AT 6 KG. PER PERSON

Rice is being supplied to all the eligible families found in the enquiry at 6 kg. per person at Re.1 per kg. with-out any restriction on number of members in the family, from 1st January, 2015.

Earlier, a family was entitled for rice @ 4 kg. per person subject to a maximum of 20 kgs. Now every person gets 6 kg. and at this rate all the number of members in the family get rice. The Antyodaya Anna Yojana (AAY) families will get 35 kg. per family per month @ Re.1 per kg.

THIS WOULD SHOW A GOOD AMOUNT OF SAVING TO A FAMILY.

If a card was possessing one member, earlier he was getting 4 kg. at Re 1 per kg and he was purchasing 6 kgs. at Rs.25 per kg i.e he was spending Rs.154 on 10 kg. rice. Now, he spends Rs.6 on 6 kg. rice through PDS and spends Rs.100 on remaining 4 kg, which means he spends Rs.106 for 10 kgs. In other words he saves Rs.48 per

month. Another example is that if in a family there are 7 members, earlier the family was spending Rs.20 per kg. for 20 kgs. and Rs.1250 for 50 kgs., totaling Rs.1270 for 70 kgs. Now, the amount to be spent will be Rs. 42 for 42 kgs. (i.e. 6 kg. X 7 members) and balance 28 kgs. at Rs.25 i.e. Rs. 700, totaling Rs.742, which means the family of 7 members saves Rs. 708 per month. The scheme of supply at 6 kg. provides substantial quantity of rice to the families having more than 5 members particularly. Though Food Security Cards have not been issued, Government has been supplying rice based on the eligibility without causing any hardship to them.

Under the scheme, it is expected that about 1.80 lakh MT of rice per month would be required for supply to about 2.80 crore units. The expected allotment from Government is 1.12 lakh MT per month. This necessitates purchase of balance 0.68 lakh MT p.m. from the rice millers under State Pool. It is targeted to purchase 7.5 lakh MT of rice from the Rice Millers under State pool by paying Re.1 per quintal (1 paise per kg.).

A quantity of 3.22 lakh MT of rice has been purchased under State Pool procurement.

Supply of superfine rice (Sanna Biyyam) to the students in hostels and mid day meals programme in schools.

Government of Telangana considered that the students in the hostels and those benefited under Mid Day Meals programme should be provided with nutritious and good quality food and took a conscious and a very pragmatic decision to supply superfine preferred varieties, which are called "Sanna Biyyam", to them.

The requirements of rice for Hostels is 6663 MT ; and for Mid Day Meals Programme it is 5837 MT, totaling 12,500 MT per month.

Government of Telangana, in order to make available good quality rice to the boarders , has been procuring old rice at Rs.36 per kg. for supply till 23rd April, 2015(till hostels and schools close for vacation) and rice of this crop (2014-15) at Rs. 32. 50 per kg. and supplying this rice for this prestigious scheme.

A quantity of 1.25 lakh MT of rice has been procured to meet the requirements of the Welfare hostels and for Mid day Meals in the Schools.

At the same time It is also, ensured that there is no diversion of these superfine (sanna biyyam) rice into the black market or for recycling, criminal action is proposed to be taken against those who indulge in such illegal activities. Public Distribution System (PDS)

Data has been analysed using the economic grid of consumption expenditure groups along with the social grids to understand the inclusion and exclusion of the poor and the vulnerable within the public distribution system.

ACCESS TO RATION CARDS

Nearly about four-fifths of the households in the state have access to the PDS; level of access is highest in Medak district at 94.5 per cent, lowest in Hyderabad with just about half of the households having ration cards. Nearly 92 per cent of the STs in the state have ration cards; among SC households about 80 per cent have ration cards.

CONSUMPTION OF RICE FROM PDS AND NON-PDS SOURCES

The PDS met about one-fourth of the total quantum of rice consumed by the households in the state; the remaining three-fourths was sourced from other sources. Level of dependence on PDS for rice requirements was highest among the STs (32 per cent), 28 per cent among SCs, 26 per cent among OBCs and 19 per cent among 'Others'. Just about 1.5 per cent of all households depend exclusively on PDS for rice; two-thirds of the households in the state use both PDS and non-PDS sources to get rice. However, reliance on non-PDS sources varies enormously among social groups: among ST households, only 7 per cent depend exclusively on non-PDS sources. Among SC households, the dependence is 22.4 per cent; it is 31 per cent among OBCs and 54 per cent among 'Others'.

PATTERN OF CEREAL CONSUMPTION IN THE STATE

Rice accounts for nearly 90 per cent of total cereal consumption in the state; about 7 per cent is accounted for by wheat and wheat products; millets account for 3 per cent of total cereal consumed in the state.

Millets are consumed relatively more among rural households than the urban households. While rural households spend relatively more on rice and millets, urban households spend a little less on rice but almost double (of rural households) on wheat and wheat products. The ST households spend the least on rice and the highest on millets.

ACCESS TO PDS FOR VARIOUS EXPENDITURE CLASSES

Households in the bottom 30 per cent of MPCE with a maximum monthly per capita consumption expenditure of Rs 1332 account for 52 per cent among STs, 42 per cent among SCs, 30 per cent among OBCs and 14 per cent among 'Others'. Only 6.8 per cent of ST households and 18.5 per cent of SC households are in the top 30 per cent of MPCE and able to report a monthly per capita expenditure above Rs 2996. Analysis of data reveals that 8.9 per cent of households in the bottom three deciles do not have access to PDS. In other words, the ration cards meant for the poorest of the poor households are held by the 'richest' households; 36 per cent of ST households that report not having a ration card are in the bottom- decile group while the corresponding percentage for SCs is 14 per cent. The dependence on PDS for rice among the topmost decile group is as high as 19.49 per cent while in urban Telangana it is negligible. That is, the infiltration of the better-off sections into the PDS is more of a problem in rural Telangana.

CONCLUSION

The public distribution system in India has been playing a vital role as poverty eradication in India. The PDS is one of the instruments for improving food security at the household level in India. The commodities which are supplied at below market price to consumers. The national sample survey organization (NSSO) in its 55th round in 1999-2000 collected information on purchase of rice, wheat, sugar and kerosene made in fair price shop. According to 1999-2000 data, the PDS is accessible to about 30 percent of Indian rural households for rice and only 17 percent for wheat.

There are three principal reasons put forth regarding why the PDS does not deliver food subsidies efficiently. There are a) Targeting errors i.e. income transfers to non- target groups, b) excessive cost of procurement, storage and distribution relative to the private sector. C) Leakage or fraud, i.e. illegal diversions of subsidized grain to the open market.

The public distribution system is a universal coverage system with preferential treatment to the poor. The dramatic reduction of PDS leakages in Telangana can be attributed to a range of reforms. The fixed distribution schedule, broad coverage, clear entitlements and low issue prices have helped to create strong public pressure for a well functioning of PDS. Better management practices have been fostered: Computerization and handing over the management of PDS outlets to cooperatives of various types. But still we have reached only short goal. The actors in the PDS system such as food department officers and officials, wholesale nominees, FPS and kerosene retailers and transport contractors must change their attitude and they must do work for the welfare of the poor section of the society. The government must strengthen the vigilance committees, the grievance redressal mechanism, builds transparency and accountability among officers and officials of the department and mercilessly punish under the provisions of law whoever violated the rules and regulation and supports the black marketers. Whatever is produced and is available has to reach the people. This could be through what they purchase in the market or in the ration shop or through schemes such as school meals etc. Here we find that most people are in fact consuming fewer calories than required. This gap is severe for the poorest. Though there's a shift towards other foods such as fruits, vegetables, meat, eggs and this is welcome, deficiency in calorie intake is alarming. PDS is not effective in places where they are most needed. This serious situation is revealed through nutrition surveys that show children and adults as being underweight in a chronic way. Over a long period of time, 35% to 45% of people are consuming less food than they should. A large section of people are malnourished (or hungry), even when we have adequate food in the country. This is not acceptable. The issue of food security needs careful thinking and effort in all of the above directions.

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