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**for**

**discussion in the NAC and do not, in all cases,**

**reflect settled conclusions of the NAC**

**PRESENTATION**  
**ON**  
**TARGETTED PUBLIC DISTRIBUTION SYSTEM**  
**TO**  
**NATIONAL ADVISORY COUNCIL**  
**BY**  
**DEPARTMENT**  
**OF**  
**FOOD & PUBLIC DISTRIBUTION**

**(13<sup>th</sup> December, 2007)**

# HISTORICAL PERSPECTIVE ON PDS

- PDS EVOLVED AS A SYSTEM OF MANAGEMENT OF SCARCITY AND FOR DISTRIBUTION OF FOODGRAINS AT AFFORDABLE PRICES
- **PRIOR TO 1992** - PDS WAS A GENERAL ENTITLEMENT SCHEME FOR ALL CONSUMERS WITHOUT ANY SPECIFIC TARGET
- **IN JUNE, 1992 REVAMPED PDS LAUNCHED IN 1775 BLOCKS – FOCUS ON HILLY, REMOTE, INACCESSIBLE BACKWARD AREAS, SCALE OF ISSUES 20 Kg. PER CARD**
- TPDS INTRODUCED IN JUNE, 1997 – FOCUS ON BPL FAMILIES
- AAY INTRODUCED FOR THE POOREST OF THE POOR FAMILIES IN DEC,2000 – INITIALLY FOR ESTIMATED 1 Cr. FAMILIES, 3 EXPANSIONS FOR 50 LAKH FAMILIES EACH TIME

# TPDS - CLEAR DIVISION OF RESPONSIBILITIES

- GOI (CENTRAL POOL OF FOODGRAINS)
  - PROCUREMENT
  - STORAGE
  - TRANSPORTATION UPTO PRINCIPAL DISTRIBUTION CENTRES OF FCI
  - ALLOCATIONS TO STATES & UTS
  - MAINTENANCE OF MINIMUM BUFFER STOCKS
- STATES & UT GOVERNMENTS
  - IDENTIFICATION OF AAY & BPL FAMILIES
  - ISSUANCE OF RATION CARDS TO ELIGIBLE FAMILIES
  - STORAGE IN STATE/UT GODOWNS
  - LICENSING OF AND SUPERVISION OVER FAIR PRICE SHOPS
  - DISTRIBUTING TO RATION CARD HOLDERS THROUGH FPS
  - ELIMINATING LEAKAGES/GHOST CARDS ETC

# IMPLEMENTATION AND MONITORING OF TPDS

- PDS (CONTROL) ORDER, 2001 – under ESSENTIAL COMMODITIES ACT, 1955,)
- CITIZENS' CHARTER – 1997 & 2006
- RTI ACT, 2005 – MADE APPLICABLE TO TPDS THROUGH **REVISED CITIZENS' CHARTER, 2007**
- EVALUATION OF TPDS 2004-05(PEO, ORG MARG)
- CONSULTATIONS WITH STATES & UTs DURING 2005-06
- 9-POINT ACTION PLAN –

# SCALE OF ISSUE OF FOODGRAINS UNDER TPDS

(Kg. foodgrains per family per month)

<b>Effective from</b>	<b>APL</b>	<b>BPL</b>	<b>AAY</b>
June, 1997	--	10	-
April, 2000	--	20	-
July, 2001	--	25	25 (from 12/2000)
April, 2002 (*)	35	35	35

(\*) TO REDUCE EXCESS STOCKS OF FOODGRAINS IN CENTRAL POOL

# CENTRAL ISSUE PRICES & SUBSIDY

(2007-08)

	ECONOMIC COST(per Qtl.)		AAJ	BPL	APL
<b>WHEAT</b>	Rs.1,307/-	CIP (Rs / Qtl.)	200	415	610
		Subsidy (Rs per Qtl.)	1107	892	697
		Subsidy(%)	85	68	53
<b>RICE</b>	Rs.1,445/-	CIP(Rs per Qtl.)	300	565	830
		Subsidy (Rs per Qtl.)	1145	880	615
		Subsidy(%)	79	61	43

# PRESENT COVERAGE UNDER TPDS

- BASIS FOR ALLOCATIONS OF FOODGRAINS TO STATES & UTS
  - 1993-94 POVERTY ESTIMATES OF PLANNING COMMISSION
  - MARCH, 2000 POPULATION ESTIMATES OF REGISTRAR GENERAL OF INDIA

<b>03/2000 POPULATION</b>	<b>% OF BPL POPULATION</b>	<b>TOTAL HOUSEHOLDS</b>	<b>BPL HOUSEHOLDS</b>	<b>FAIR PRICE SHOPS</b>
<b>99.7 Cr.</b>	<b>36%</b>	<b>18.04 Cr.</b>	<b>6.52 Cr. (2.42 Cr. AAY)</b>	<b>4.92 LAKHS</b>

# COVERAGE UNDER AAY

(FIG. IN LAKH)

ESTIMATED AAY FAMILIES					AAY FAMILIES IDENTIFIED & RC ISSUED				
INITIAL	1 <sup>ST</sup> EXP.	2 <sup>ND</sup> EXP.	3 <sup>RD</sup> EXP.	TOTAL	INITIAL	1 <sup>ST</sup> EXP.	2 <sup>ND</sup> EXP.	3 <sup>RD</sup> EXP.	TOTAL
12/2000	06/2003	08/2004	05/2005						
100	50	48	52	250	100	50	47	45	242

# ALLOCATION AND OFFTAKE UNDER TPDS

## from 2002-03 to 2006-07

(lakh tons)

YEAR	ALLOCATION (RICE & WHEAT)			OFFTAKE (RICE & WHEAT)			% OFFTAKE (RICE & WHEAT)		
	<i>(BPL+AAY)</i>	<i>APL</i>	<i>TOTAL</i>	<i>(BPL+AAY)</i>	<i>APL</i>	<i>TOTAL</i>	<i>(BPL+AAY)</i>	<i>APL</i>	<i>TOTAL</i>
2002-03	269.0	477.8	<b>746.8</b>	172.6	30.8	<b>203.4</b>	64.2	6.4	27.2
2003-04	271.3	444.6	<b>715.8</b>	199.7	42.2	<b>241.9</b>	73.6	9.5	33.8
2004-05	273.3	445.4	<b>718.7</b>	229.2	65.9	<b>295.1</b>	83.9	14.8	41.1
2005-06	272.7	447.2	<b>719.9</b>	230.8	83.0	<b>313.9</b>	84.7	18.6	43.6
2006-07	273.7	306.4	<b>580.2</b>	229.3	87.2	<b>316.5</b>	83.8	28.5	54.6

# ALLOCATION & OFFTAKE OF FOODGRAINS DURING 2007-08 (UPTO OCTOBER, 2007)

(IN LAKH TONS)

COMMODITY	ALLOCATION	OFFTAKE	% OFFTAKE
RICE	159.96	131.29	82.1
WHEAT	70.09	61.66	88.0
TOTAL	230.05	192.95	83.9

# ALLOCATION AND OFFTAKE OF FOODGRAINS UNDER WELFARE SCHEMES

## RICE & WHEAT

(IN LAKH TONNES)

	2002-03		2003-04(P)		2004-05(P)		2005-06(P)		2006-07(P)	
	ALLO.	OFFTAK E	ALLO.	OFFTAKE	ALLO.	OFFTAKE	ALLO.	OFFTAKE	ALLO.	OFFTAKE
TOTAL	151.0	112.1	225.6	135.6	139.4	106.1	94.9	98.0	59.0	50.7
% offtake		74		60		76		103		86

# REQUIREMENT OF FOODGRAINS UNDER TPDS

- 35 Kg. PER FAMILY PER MONTH SCALE OF ISSUE FOR ALL CATEGORIES SINCE APRIL, 2002

FAMILIES ACCEPTED FOR ALLOCATIONS (Cr.)			ANNUAL REQUIREMENT OF FOODGRAINS (m. tons)		
BPL	APL	TOTAL	BPL	APL	TOTAL
6.52	11.52	18.04	27.4	48.4	75.8

# REQUIREMENT Vs. AVAILABILITY OF FOODGRAINS UNDER TPDS

- ANNUAL REQUIREMENT FOR 18.04 Cr. FAMILIES – 75.8 m. tons
- ANNUAL REQUIREMENT FOR WELFARE SCHEMES – 5 m. tons.
- Procurement(m. tons) :  
 2005-06 Rice-27.7, Wheat – 14.8  
 2006-07 Rice-25.1, Wheat – 9.2 + Import-5.4(m. tons)
- **FULL ALLOCATION RETAINED FOR BPL & AAY**

MONTHLY ALLOCATIONS FOR APL CATEGORY (LAKH TONS)			
PRE-REVISED		REVISED	
RICE	WHEAT	RICE	WHEAT
20.4	15.7	6.8	2.8

# EVALUATION OF TPDS FUNCTIONING

- PROGRAMME EVALUATION ORGANIZATION (PLANNING COMMISSION)
- ORG MARG (PERIOD COVERD -2003-04 & 2004-05)
- CONCURRENT EVALUATION – IN PROGRESS
  - NCAER – 12 STATES (REPORT FOR 6 STATES RECEIVED)
  - IIPA – 14 STATES

# LEAKAGES AND DIVERSION OF FOODGRAINS UNDER TPDS

## (A) PEO REPORT, 2005 (18 States)

(percentage of off-take of BPL Quota)

	Total foodgrains leakage	Foodgrains leakages through Ghost Cards	Foodgrains leakage at FPS	
ALL INDIA	36.4	16.7	19.7	-Diversion & leakages -High Exclusion & Inclusion Errors

## (B) ORG MARG REPORT, 2005 (35 States & UT)

**Diversion % age**

	RICE	WHEAT		
ALL INDIA	39	53.3	High Diversion in North Eastern States, Low Diversion in Southern States	-High Diversions -Running of Fair Price Shops Non Viable

## TPDS-OFFTAKE OF RICE & DIVERSION/LEAKAGE

STATES	RICE (cumulative offtake –last 5 yrs)-Lakh ton	Diversion (%) ORG	STATES	RICE (cumulative offtake –last 5 yrs)-Lakh Ton	Diversion (%) ORG
TAMIL NADU	135.2	Neg.	BIHAR	15.05	14.7
A.P.	132.3	Neg.	M.P.	14.8	48.3
U.P.	87.74	32.4	GUJARAT	11.58	16.2
KARNATAK A	84.99	Neg.	H.P.	7.91	58.2
ORISSA	51.19	Neg.	MEGHALAYA	4.63	61.3
ASSAM	46.3	37.2	NAGALAND	3.79	88.6
MAHARASH TRA	43.11	Neg.	ARUNACHAL PRADESH	3.69	64.1
W.B.	40.58	34.9	MIZORAM	3.55	52.6
CHHATTIS GARH	27.19	33.4	MANIPUR	2.59	97.7
J&K	19.3	64.3	RAJASTHAN	1.32	NC

## TPDS-OFFTAKE OF WHEAT & DIVERSION/LEAKAGE

STATES	WHEAT (cumulative offtake – last 5 yrs)- Lakh Ton	Diversion (%) ORG
U.P.	96.93	59.1
MAHARASHTRA	69.12	25.6
W.B.	69.11	86.6
M.P.	64.81	44.7
H.P.	58.2	34.1
RAJASTHAN	48.85	59
BIHAR	36.3	44.7
GUJARAT	24.2	24.4
KARNATAKA	17.59	Neg.
ASSAM	15.21	100

STATES	W H E A T (cumulative offtake –last 5 yrs)-Lakh T o n	Diversion (%) ORG
J&k	10.02	13.5
ORISSA	5.99	NC
CHHATISGARH	5.17	71.4
TAMIL NADU	2.97	NC
NAGALAND	2.74	100
A.P.	1.65	NC
MANIPUR	0.7	100
MIZORAM	0.51	100
ARUNACHAL PRADESH	0.41	96.2
MEGHALAYA	0.25	100

## TPDS-Diversion/Leakage- PEO Report

<b>STATES</b>	<b>Diversion (% of BPL quota offtake)</b>
<b>BIHAR</b>	<b>81.5</b>
<b>M.P.</b>	<b>62.4</b>
<b>U.P.</b>	<b>61.2</b>
<b>KARNATAKA</b>	<b>43.4</b>
<b>GUJARAT</b>	<b>42.1</b>
<b>ASSAM</b>	<b>41.7</b>
<b>H.P.</b>	<b>31.4</b>
<b>TAMIL NADU</b>	<b>15.7</b>
<b>A.P.</b>	<b>20.6</b>
<b>ORISSA</b>	<b>23.4</b>
<b>MAHARASHTRA</b>	<b>26.5</b>
<b>W.B.</b>	<b>19.2</b>

# RESULTS OF 9 POINT ACTION PLAN

- **1 Cr.** BOGUS/INELIGIBLE RATION CARDS ELIMINATED IN 11 STATES
- INSPECTIONS HAVE INCREASED
- DIRECT DELIVERY OF FOODGRAINS TO FPS BEING DONE IN 14 STATES & UTs
- PRIs INVOLVED IN VIGILANCE COMMITTEES AND RUNNING OF FAIR PRICE SHOPS IN 23 STATES & UTs
- BPL LISTS ARE BEING DISPLAYED AT FPS IN 27 STATES & UTs
- COMPUTERISATION OF PDS INITIATED IN 12 STATES
- STATES & UTs BEING PURSUADED TO ALLOW SALE OF NON-PDS ITEMS BY FPS
- GOI HAS REMOVED RESTRICTIONS ON MARGINS TO BE GIVEN TO FPS

# ACCEPTED HOUSEHOLDS FOR ALLOCATIONS Vs. RATION CARDS ISSUED

(IN CRORES)

<b>TOTAL HOUSEHOLDS</b>	<b>BPL HOUSEHOLDS</b>	<b>AAY HOUSEHOLDS IDENTIFIED</b>	<b>APL HOUSEHOLDS</b>
18.04	6.52	2.42	11.52
<b>RATION CARDS ISSUED</b>			
<b>TOTAL</b>	<b>BPL</b>	<b>AAY</b>	<b>APL</b>
23.12	7.78	2.42	12.92

# OPTIONS FOR ALLOCATIONS UNDER TPDS

(In Cr.)

<b>CARD HOLDER FAMILIES</b>	<b>93-94 POVERTY ESTIMATES &amp; Mar 2000 POPULATION</b>	<b>FOODGRAINS REQUIRED Mill tons</b>	<b>2004-05 POVERTY ESTIMATES &amp; Mar 2007 POPULATION</b>	<b>FOODGRAINS REQUIRED Mill tons</b>
<b>BPL</b>	<b>6.52</b>	<b>27.4</b>	<b>5.87</b>	<b>24.7</b>
<b>APL</b>	<b>11.52</b>	<b>48.4</b>	<b>15.47</b>	<b>65</b>
<b>TOTAL</b>	<b>18.04</b>	<b>75.8</b>	<b>21.54</b>	<b>89.7</b>

# TPDS: NEED FOR RFORM

- AT PRESENT LEVELS :
- Physically and fiscally unsustainable
- Problems in procurement
- Mounting subsidy burden
  - (Subsidy has gone up from *Rs.17494 Cr. to Rs.23828 Cr.*)  
(2001-02 – 2006-07)
- Diversion

# INNOVATIONS BY SOME STATES

- Bar coded coupons [KARNATAKA]
- IRIS based identification [ANDHRA PRADESH]
- Door delivery to FPS and tracking [13 States]
- Fortified Atta schemes [WEST BENGAL, ANDHRA PRADESH, KERALA, GUJARAT]
- All FPS : Co-ops / SHGs / Village Panchayats [Chhattisgarh]
- Web-based information system [Allocations displayed on Websites by 14 States]
- GPS for foodgrains transporting vehicles [Chhattisgarh]

# ISSUES FOR CONSIDERATION

- THE NUMBERS
- RESTRICT TO ONLY BPL+AAV
  - 1993-94 POVERTY AND 2000 Population 6.52 cr
  - 2004-05 poverty and 2007 Population 5.87 cr
  - Quantum to 10 kg /month to APL
  - Quantum to 30 kg/month to BPL+ AAV
  - Restrict to max 40 million tons of food grains

# ISSUES FOR CONSIDERATION

- COST
- Increase CIPs for BPL and APL
- 70% of economic cost to APL, 50% to BPL
- CIP for APL equal to MSP+bonus
- Ad-hoc increases every year say *50 ps and Re 1 per kg*

# ISSUES FOR CONSIDERATION

- **Administrative**
  - Curbing leakages
  - Inclusion and exclusion errors
  - Control over FPS: traditional baggage
  - Monitoring of stocks & distribution
  - Vigilance committees
  - Transparency and pro-active disclosures
  - Bringing SHGs into the system
  - Right to information

# ISSUES FOR CONSIDERATION

- Role of State Govts.
- Allocation link to zero diversion
- Create financial stakes for States
- Enforceable road map for reform : failing which reducing allocations
- Central oversight
- Concurrent monitoring by outside agencies PEO/ Consultants

# ISSUES FOR CONSIDERATION

- Innovations
  - Food coupons
  - Direct income transfers
  - Use only cooked food options MDM / ICDS  
*etc*
  - Fund the State Govts : let them manage
  - Bar coded coupons with ration cards
  - Fund SHGs/Village level organizations to procure and distribute

**THANKS**