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**Public Distribution System (PDS) in  
India: Related Concerns and Enhancing  
Effectiveness**

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## PUBLIC DISTRIBUTION SYSTEM (PDS) IN INDIA: RELATED CONCERNS AND ENHANCING EFFECTIVENESS

### Context

- Despite the noble objectives of the Public Distribution System (PDS), it has been plagued by **significant leakages and corruption**, undermining its **effectiveness and the food security of millions of Indians**.

### Public Distribution System in India

#### • Brief:

- ♦ It is a critical component of the country's food security framework, aimed at providing subsidised food grains to the poor.
- ♦ It has evolved over the decades to address the challenges of food scarcity and ensure equitable distribution of essential commodities.

#### • Historical Context and Evolution:

- ♦ The PDS was initially established during the inter-war period, but it gained prominence in the 1960s due to severe food shortages.
- ♦ It was designed to distribute food grains at affordable prices, **primarily in urban scarcity areas**.
- ♦ Over time, the scope of the PDS **expanded to include rural areas**, especially those with high poverty rates, through initiatives like the **Revamped Public Distribution System (RPDS)** launched in 1992.

#### • Structure and Functioning:

- ♦ The PDS operates under the joint responsibility of the **Central and State Governments**.
- ♦ The **Central Government**, through the **Food Corporation of India (FCI)**, handles procurement, storage, transportation, and bulk allocation of food grains.
- ♦ **State Governments** are responsible for distributing these grains to eligible families through a network of **Fair Price Shops (FPS)**.
- ♦ The commodities distributed include wheat, rice, sugar, and kerosene, with some states also providing additional items like pulses and edible oils.
- ♦ According to the **World Bank**, the PDS provides subsidised grain to nearly 800 million people through over half a million fair price shops.
  - It helps protect poor households from food price shocks and alleviates poverty during times of economic distress.

### Key Issues with the Current PDS

- **High Leakage:** According to recent data, **approximately 28% of the food grains** intended for beneficiaries do not reach them, which translates into a significant financial loss, estimated at around 69,108 crore annually, and a failure to achieve the program's primary goal of alleviating hunger and malnutrition.
  - ♦ Reasons highlighted for the leakage in the system are *Corruption and Bureaucratic Inefficiencies; Inadequate Monitoring and Supervision; Poor Infrastructure; and Identification and Targeting Issues*.
- **High Coverage with Inefficiencies:** The PDS currently covers about 57% of the population under schemes like the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY). However, a substantial portion of the food grains is lost due to systemic inefficiencies.
- **Impact on Food Security:** The leakages in the PDS reduce the availability of subsidised food grains for the intended beneficiaries, exacerbating hunger and malnutrition among the economically disadvantaged.
  - ♦ According to recent data, a significant portion of the population still lives below the poverty line, with many households unable to meet their basic nutritional needs.
- **Nutritional Security:** The current system **does not adequately address nutritional security**, especially for children under five years of age. Free rice and wheat alone are insufficient to meet the diverse nutritional needs of the population.

- **Corruption and Inefficiency:** Efforts to curb leakage have included the introduction of **Point-of-Sale (PoS) systems at Fair Price Shops (FPS)** and the use of **Aadhaar-based biometric authentication**.
  - ◆ While these measures have reduced leakage to some extent, the problem persists, particularly in states with **higher rates of corruption and inefficiency**.

### Key Government Initiatives Related to the PDS in India

- **National Food Security Act (NFSA):** Enacted in 2013, the NFSA aims to provide subsidised food grains to approximately 75% of the rural population and 50% of the urban population.
  - ◆ It covers around 81 crore beneficiaries, including 16 crore women, ensuring food security for a significant portion of the population.
  - ◆ It has helped **reduce leakages and improve the efficiency** of the PDS. For example, states like **Bihar, Chhattisgarh, and Odisha** have seen dramatic reductions in PDS leakages due to early adoption of reforms.
- **Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY):** Launched during the COVID-19 pandemic, PMGKAY provides free food grains to about 81.35 crore beneficiaries.
  - ◆ It has been extended for an additional five years from January 1, 2024, to mitigate the economic hardships faced by the poor.
- **PM POSHAN (POshan SHAKti Nirman) Scheme:** It focuses on improving the nutritional status of children in government and government-aided schools.
  - ◆ It aims to tackle hunger and enhance education by providing nutritious meals, thereby encouraging regular school attendance among disadvantaged students.
- **Antyodaya Anna Yojana (AAY):** AAY targets the most vulnerable sections of society, providing highly subsidised food grains to the poorest of the poor.
  - ◆ It ensures that the most disadvantaged households have access to essential food items.

### Key Reforms and Future Directions

- **Technological Integration:**
  - ◆ **Biometric Authentication:** Use Aadhaar-based biometrics at FPS to reduce leakages.
  - ◆ **PoS Machines:** Expand PoS machine use for transparency.
- **Targeted Subsidies:**
  - ◆ Provide free food only to the most vulnerable; charge a nominal fee for others.
- **Direct Benefit Transfers (DBT):**
  - ◆ **Cash Transfers:** Shift from in-kind to cash transfers for flexibility.
  - ◆ **Food Vouchers:** Use vouchers to ensure subsidies are used for food.
- **Revisiting Beneficiary Coverage:**
  - ◆ Charge those above the extreme poverty line half the MSP, reducing costs.
- **Investing in Agriculture:**
  - ◆ Use PDS savings to improve rural infrastructure and sustainable farming.
- **Enhancing Nutritional Security:**
  - ◆ Diversify PDS items to include pulses, millets, and nutrient-rich foods.
- **Supply Chain Management:**
  - ◆ Use tech for inventory management and real-time tracking.
  - ◆ Create a dedicated inspection team to reduce corruption.
- **Policy Reforms:**
  - ◆ **Revamp PDS:** Make PDS need-based and reduce subsidy leakage.
  - ◆ **Nutritional Focus:** Address both food and nutritional security.

### Conclusion and Way Ahead

- Looking ahead, there is a **need for continuous improvement in the PDS** to ensure it meets the evolving needs of the population. The **International Monetary Fund (IMF)** suggests that while the PDS has been effective, exploring **alternatives like Universal Basic Income (UBI)** could provide more efficient support to low-income households.
  - ♦ However, any such transition would require careful planning and robust implementation to avoid adverse impacts on the vulnerable sections of society.
- Reforming India's Public Distribution System is essential to address the persistent issue of leakage and to ensure that resources are used more effectively. By targeting the most vulnerable populations and redirecting savings towards agricultural investment, India can enhance both food and nutritional security.

### Mains Practice Question

**[Q]** Critically analyse the Public Distribution System (PDS) in India. Discuss the issues of leakage and inefficiency plaguing the system.

