

Targeted Public Distribution System

16. A well targeted and properly functioning Public Distribution System (PDS) is an important constituent of the strategy for poverty alleviation. PDS continues to be a major instrument of Government's economic policy for ensuring food security to the poor. For effective functioning of PDS, the Central Government bears the responsibility for procurement and supply of foodgrains namely, wheat and rice, besides sugar, imported edible oils and kerosene to the State governments and the Union Territories for distribution. Some States /UTs distribute additional items of mass consumption also through the PDS outlets. The PDS as it was being implemented earlier had been criticised for its urban bias and its failure to serve effectively the poorer sections of the population. A need was felt for quite some time to review PDS and make it more focused. The Targeted Public Distribution System (TPDS) replaced the erstwhile PDS from June 1997. Under the new system a two tier subsidised pricing system was introduced to benefit the poor. The essential features of TPDS are: Government of India is committed to making available foodgrains to the States to meet the requirement of foodgrains at the scale of 10 kg. per month per family at specially subsidised prices to population falling below the officially estimated poverty line (BPL families). The states would also receive the quantity needed for transitory allocation to Above Poverty Line (APL) population. The state governments were to streamline the PDS by issuing special cards to BPL families and selling essential articles under TPDS to them at specially subsidised prices, with better monitoring of the delivery system.

17. The Targeted Public Distribution System (TPDS) was implemented in the states of Haryana and Tripura in May 1997 and in all other States/UTs with effect from June 1997 except in the states of Delhi, Goa and Punjab and the Union Territory of Lakshadweep. The scheme is now in operation in all States/UTs except Delhi and Lakshadweep.

18. The Central Government supplied wheat and rice to the States at the following Central Issue Prices (CIPs) for BPL and APL families during 1997-98.

Central Issue Prices: Rs./kg

	Wheat		Rice	
		Superfine	Fine	Common
BPL	2.50	—	3.50	3.50
APL	4.50	7.50	6.50	—

9. Consequent to reclassification of rice/paddy into two varieties, namely Common and Grade 'A', the latter replacing the earlier classified fine and

superfine rice. Grade A is supplied at Rs.7.00 per kg for APL families and Rs.3.50 per kg for BPL families and Common at Rs.5.50 per kg for families above poverty line only to J&K, HP & hilly areas of North Eastern States, Sikkim and UP.

Foodgrains Allocation under TPDS

20. The bifurcation of BPL and APL quotas of foodgrains into rice and wheat has been left to the States. In case of those States, which have not indicated the bifurcation, the average lifting of rice and wheat over the last 10 years, has been adopted on provisional basis. Foodgrains allocation and offtake in earlier years under PDS is listed at Table 5.7.

21. In accordance with the provisions of TPDS guidelines, any requirement from states over and above TPDS quotas, can be met subject to availability of foodgrains in the Central Pool and at the rates equal to FCI's average economic cost. The Government issued additional allocations of rice and wheat from December 1997 at CIPs applicable for APL families. The total additional allocation of rice and wheat to States/UTs from June 97 to March 1998 is 16.52 lakh tonnes and 18.74 lakh tonnes respectively.

Sugar and Edible Oils

22. The retail price of sugar supplied through PDS was raised from Rs.10.50 per kg. to Rs.11.40 per kg. with effect from October 1, 1997. Sugar supplies for PDS were maintained at an average level of 3.68 to 4.25 lakh tonnes per month during 1996-97 and for much of 1997-98. Allocations in October 1997 were raised to 4.16 lakh tonnes of levy and 9.0 lakh tonnes of free sale sugar to meet festival season requirements. Sugar production during 1996-97

TABLE 5.7
Foodgrains Allocation and Offtake
Under the Public Distribution System/TPDS
(Million Tonnes)

Year	Wheat		Rice	
	Allocation	Offtake	Allocation	Offtake
1991-92	10.36	8.83	11.36	10.17
1992-93	9.25	7.85	11.48	9.69
1993-94	9.56	6.09	12.41	9.10
1994-95	10.91	5.11	13.32	8.01
1995-96	11.32	5.81	14.61	9.75
1996-97	10.71	9.35	15.10	12.04
1997-98 (P) (April-Feb)	10.11	6.35	12.83	9.04

(P) - Provisional

(Oct.- Sept.) was 129.05 lakh tonnes. The carryover stock (levy and non levy) at the start of the sugar year i.e. October 1997 was 66.01 lakh tonnes as against 79.07 lakh tonnes during the corresponding

period last year. Sugar production in 1997-98 (Oct.- Sept.) is likely to be 120 lakh tonnes. Government imported 90,000 tonnes of palmolein oil in 1997 for supply to states for PDS.