

Public Distribution System

5.17 The Public Distribution System (PDS) ensures availability of essential commodities like wheat, rice, sugar, edible oils and kerosene to the consumers, through a network of outlets or Fair Price Shops (FPS). There is at present a network of about 4.61 lakh PDS retail outlets in the country.

5.18 PDS is operated under the joint responsibility of the Central and State Governments. The Central Government bears the responsibility of procurement, storage, transportation and bulk allocation of foodgrains, rice and wheat at subsidised prices, while the responsibility of distribution to consumers through FPSs rests with the State Governments.

Targetted Public Distribution System

5.19 The PDS as it operated earlier had been widely criticised for its failure to serve the population below the poverty line. Therefore, on the basis of the recommendations of the Chief Ministers' Conference held in July, 1996, an effort was made to streamline the PDS, through the introduction of the Targetted Public Distribution System (TPDS) in June, 1997. This system follows a two tier subsidised pricing structure: for families Below Poverty Line (BPL) and for those Above Poverty Line (APL). BPL population receive rice and wheat at a much lower price (hence highly subsidised) whereas APL population is supplied at a price which is much higher and closer to the economic cost. The identification of poor under the scheme is done by the States as per the state-wise poverty estimates of Planning Commission based on the methodology of the Lakdawala Expert Group.

5.20 In order to make the TPDS more focused and targetted towards the poor, the Antyodaya Anna Yojana has been launched in December 2000. The scheme contemplates identification of 10 million poor families and providing them with 25 kg of foodgrains per family per month at a low price of Rs. 2/kg for wheat and Rs.3/kg for rice. The estimated annual allocation of foodgrains for Antyodaya families would be 30 lakh tonnes involving a subsidy of Rs. 2315 crores.

5.21 The quantity of foodgrains earmarked to meet BPL requirement is 156.49 lakh tonnes per annum, while for the population above poverty line a quantity of 106.31 lakh tonnes of foodgrains per annum was earmarked for distribution under TPDS. The allocation of rice and wheat under the Central Pool since 1991-92 is listed in Table 5.7. Additional quantities required by the states are made available if stocks in the Central Pool are adequate. Additional allocations of rice and wheat are supplied at APL prices. States are free to add to the quantum and coverage of the subsidy from their own resources.

5.22 The Union Budget 2000-2001 announced new proposals that would make the PDS better targetted. The Budget announced doubling of the monthly allocation of foodgrains per BPL family under TPDS from 10 kgs to 20 kgs. This measure has expanded the access by BPL families to highly subsidised foodgrains. The issue price of foodgrains for BPL is fixed at 50% of the economic cost. For APL families, the PDS issue price is fixed at the economic cost of the Food Corporation of India (FCI).

5.23 The TPDS is in operation in all states/ Union Territories except Delhi and Lakshwadeep where no distinction is made between BPL and APL households for the purpose of PDS coverage. This is because identification of the poor and distribution of special cards is yet to be completed in these two areas.

Year	Wheat		Rice	
	Allocation	Offtake	Allocation	Offtake
1991-92	10.30	8.83	11.36	10.17
1992-93	9.25	7.85	11.48	9.69
1993-94	9.56	5.91	12.41	8.87
1994-95	10.80	4.83	13.32	8.03
1995-96	11.31	5.81	14.62	9.75
1996-97	10.72	8.52	15.10	11.14
1997-98	10.11	7.08	12.83	9.90
1998-99	10.11	7.95	12.93	10.74
1999-00	10.37	5.00	13.84	10.95
2000-01	7.51	2.72*	10.96	5.75*

* April-Dec., 2000