



Towards an Efficient PDS in India

This editorial is based on “[Rationalizing leaky PDS](#)” which was published in The Hindu on 07/05/2024. The article brings into picture the inefficiencies in India’s Public Distribution System (PDS), with 28% of food allocations failing to reach beneficiaries, despite improvements from point-of-sale machines. It also highlights PDS’s narrow focus on rice and wheat, overlooking comprehensive nutritional security.

For Prelims: [India's Public Distribution System](#), [National Food Security Act \(NFSA\) of 2013](#), [Fair Price Shops](#), [Extreme poverty](#), [Pradhan Mantri Garib Kalyan Anna Yojana](#), [Food Corporation of India](#), [Minimum support prices](#), [National Family Health Survey-5](#), [One Nation One Ration Card](#), [Household Consumption Expenditure Survey](#).

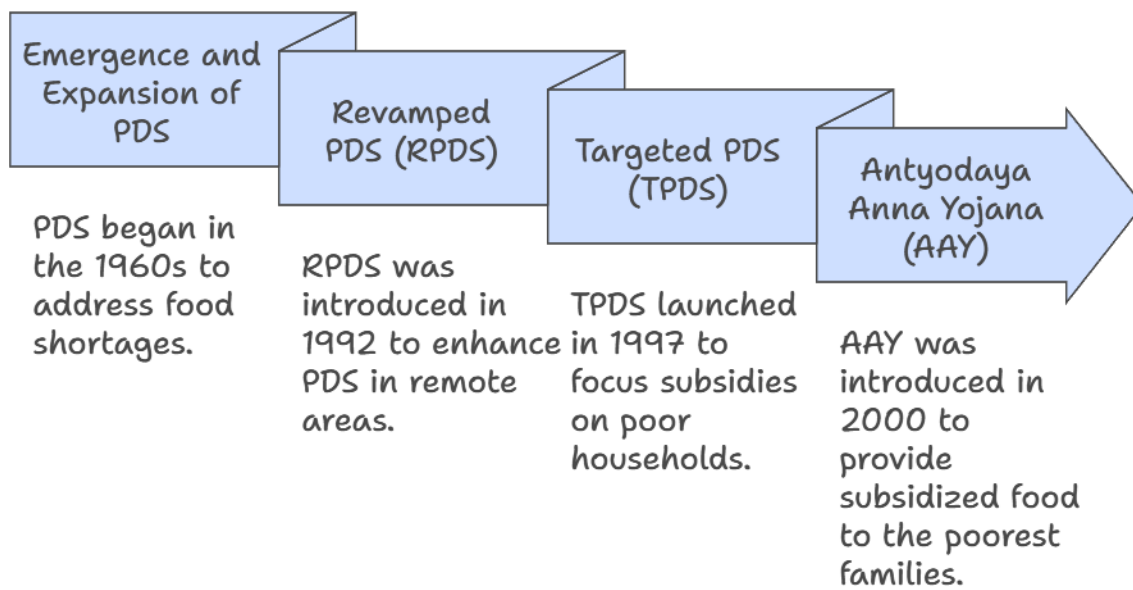
For Mains: Major Issues Related to India’s Public Distribution System in India, Measures can be Adopted to Enhance the Effectiveness of the PDS System.

[India's Public Distribution System \(PDS\)](#) aims to support low-income families, but a staggering **28% of allocated food never reaches them**. This translates to a massive annual loss and highlights the urgent need for reform. While leakages have decreased from **46% to 28% with point-of-sale machines**, a significant gap remains. Additionally, **PDS focuses on rice and wheat**, neglecting the broader issue of nutritional security.

What is a Public Distribution System?

- **About:** The Public Distribution System was established to address **scarcity by distributing foodgrains at affordable prices**.
 - Over time, it has become a **key policy tool for managing India’s food economy**, although it supplements rather than fully meets the needs of beneficiaries.
 - It is now governed by the [National Food Security Act \(NFSA\) of 2013](#) which ensures food security for about two-thirds of India's population, based on Census 2011 data.
- **Management:** PDS is jointly managed by the **Central and State/UT governments**.
 - The Central Government, through the **Food Corporation of India (FCI)**, is responsible for procurement, storage, transportation, and bulk allocation of foodgrains to states, while **State Governments oversee local distribution, identification of eligible households, issuance of ration cards, and supervision of [Fair Price Shops \(FPSs\)](#)**.
 - Currently, PDS distributes wheat, rice, sugar, and kerosene, with some states also providing additional items like pulses, edible oils, and salt.

Evolution of Public Distribution System (PDS)



Why Public Distribution System is Required in India?

- **Food Security & Poverty Alleviation:** Almost **129 million** Indians are living in **extreme poverty** in 2024, on less than **\$2.15 (about Rs 181) a day (World Bank)**, making food access a critical challenge.
 - The **PDS ensures basic food security** by providing subsidized staples to vulnerable populations, acting as a crucial safety net during economic shocks and natural disasters.
 - This was particularly evident during the **Covid-19 pandemic** when **Pradhan Mantri Garib Kalyan Anna Yojana** supported 800 million people with free foodgrains.
- **Price Stabilization & Market Regulation:** PDS functions as a vital **price stabilization mechanism** by maintaining buffer stocks and controlling market volatility in essential commodities.
 - This system **helps prevent artificial price spikes** during shortages and protects consumers from market manipulation and inflation.
 - In 2022-23, the **Food Corporation of India (FCI)** released **34.82 lakh tonnes of wheat to boost market supplies**, helping **regulate market prices**.
- **Agricultural Support & Farm Income:** The PDS, through its procurement mechanism, provides **assured markets and minimum support prices (MSP) to farmers**, supporting agricultural livelihoods and food production.
 - The **2023-24 agricultural marketing year** (October-September) ended with the government procuring **52.544 million tonnes (mt) of rice**.
 - This systematic procurement helped maintain farm incomes during market uncertainties.
- **Nutritional Security & Health Outcomes:** Beyond basic food security, PDS plays a crucial role in **addressing India's nutritional challenges**, particularly among vulnerable populations.
 - The system's evolution in some states to include **pulses, fortified rice (like Tamil Nadu), and other nutritious items** has helped combat malnutrition.
 - Recent data from the **National Family Health Survey-5** shows improvements in child nutrition indicators, with stunting reducing from **38.4% to 35.5%**.
- **Social Equity & Regional Balance:** PDS promotes social equity by ensuring food access **across geographical and social barriers**, particularly benefiting marginalized communities and remote regions.
 - The system's targeted approach helps reduce regional disparities and supports **vulnerable populations including SC/ST communities**.
 - Implementation of **One Nation One Ration Card** has enabled portability transactions, supporting migrant workers.

What are the Major Issues Related to India's Public Distribution System in India?

- **Leakages and Diversion:** The most critical issue plaguing PDS is the **massive leakage of foodgrains into the open market through illegal diversion.**
 - Recent [Household Consumption Expenditure Survey \(HCES\) 2022-23](#) reveals that approximately **28% of allocated grains, amounting to 19.69 million metric tonnes, fail to reach intended beneficiaries.**
 - Despite implementation of **PoS devices in 90% of fair price shops**, state-wise leakage rates remain alarming - with **Arunachal Pradesh, Nagaland, and Gujarat showing highest diversion rates.**
- **Ghost Beneficiaries and Identity Fraud:** Despite [Aadhaar linkage efforts](#), the system continues to struggle with ghost beneficiaries and duplicate ration cards.
 - For instance, Odisha had over **2 lakh ghost beneficiaries under the Public Distribution System**, according to an RTI query in 2021.
 - More than **47 million bogus ration cards have been canceled between 2013 and 2021** following seeding of Aadhaar cards of beneficiaries covered under the **National Food Security Act.**
 - The problem persists particularly in states with high migration rates, **where deceased beneficiaries' cards remain active.**
- **Quality Degradation and Storage Losses:** Poor storage infrastructure leads to significant **quality deterioration and quantity losses of foodgrains.**
 - Around **74 million tonnes** of food is lost in India every year, which is **22% of foodgrain output** or **10% of total foodgrain and horticulture production.**
- **Targeting Errors and Inclusion-Exclusion Issues:** Both **inclusion of non-poor and exclusion of genuine beneficiaries** remain significant challenges.
 - World Bank (2022) data shows that **12.9% of Indians live in extreme poverty**, while the **current coverage under PMGKAY is about 57% of the population.**
 - NITI Aayog (2024) reports a sharp drop in multi-dimensional poverty, from **29.17% to 11.28% over 9 years.**
- **Corruption in Fair Price Shops:** Fair Price Shops operators often engage in malpractices like **under-weighting, overcharging, and maintaining irregular operating hours.**
 - Violations of the **TPDS (Control) Order, 2015** are punishable under the Essential Commodities Act, 1955, empowering States/UTs to act against contraventions.
 - Between 2018 and 2020, around **19,410 actions were taken by States/UTs**, including suspensions, cancellations, show-cause notices, and FIRs **against FPS licenses.**
- **Budget Constraints and Economic Burden:** Rising food subsidy bills strain government finances while efficiency remains low.
 - For 2024-25, the central government has allocated **Rs 2,05,250 crore for food subsidies.** In 2023-24, provisional actuals show **food subsidy spending was 7% higher than the budget estimate.**
- **Nutritional Inadequacy:** Current PDS focus on **cereals fails to address comprehensive nutritional needs.**
 - India faces a triple burden of [malnutrition](#): **undernutrition, obesity, and micronutrient deficiencies.**
 - According to a 2019-2021 report by the Food and Agriculture Organization, **224.3 million people in the country are undernourished.**
 - Additionally, a [United Nations International Children's Emergency Fund](#) report highlights that over **80% of Indian adolescents experience "hidden hunger."**
 - [Household Consumption Expenditure Survey \(HCES\) 2022-23](#) data shows that the **share of spending on pulses and vegetables declined in 2022-23 compared to 2011-12.**

What Measures can be Adopted to Enhance the Effectiveness of the PDS System?

- **End-to-End Digitalization & Real-Time Monitoring:** Implement comprehensive **digital**

tracking from procurement to distribution using blockchain technology and IoT sensors.

- Mandate **real-time stock updates** through an integrated platform connecting **FCI godowns, transport vehicles, and FPS**.
- Deploy AI-powered analytics at key storage and distribution points to detect **irregularities and prevent pilferage**.
- **Smart FPS Transformation:** Convert fair price shops into **digital-first "smart shops"** with **dispensing units, biometric authentication, and electronic weighing scales**.
 - Integrate digital payment systems including **UPI and enable e-KYC updates at FPS level**.
 - Implement **QR code-based quality certification system** for each grain lot. Create a **public quality monitoring dashboard with regular updates**.
- **Portable Benefits & Migration Support:** Strengthen One Nation One Ration Card (ONORC) implementation through **improved interstate coordination and standardized protocols**.
 - Create a **centralized beneficiary database** with real-time migration tracking and automatic benefit transfer.
 - Enable **temporary ration card registration** at destination states for seasonal migrants.
- **Storage Infrastructure Modernization:** Upgrade traditional storage to **modern silos with temperature and humidity control systems**.
 - Install **automated grain quality monitoring systems using IoT sensors and AI analytics**.
 - Develop **hub-and-spoke storage models with smaller, tech-enabled local storage units**.
 - Create PPP opportunities for modern storage infrastructure development.
- **Nutritional Security Integration:** Convert **select FPS into nutrition hubs offering diverse food items (pulses, oils, fortified products)**.
 - Implement **E-Rupee nutrition vouchers for vulnerable groups** (pregnant women, children).
 - Integrating **nutrient-rich millets into PDS** can help tackle India's malnutrition, obesity, and micronutrient deficiencies.
 - States like **Karnataka and Odisha** have successfully included millets, with **Odisha's Millets Mission (OMM)** providing a model for reviving millet consumption through PDS,
- **Crisis Response Enhancement:** Develop **automated disaster response protocols** with prepositioned stocks.
 - Create **emergency distribution networks using mobile PDS units**. Implement special protocols for pandemic-like situations. Enable rapid beneficiary verification during emergencies using simplified procedures.

Conclusion:

India's Public Distribution System (PDS) is a vital tool for achieving several Sustainable Development Goals (SDGs): **No Poverty (SDG 1), Zero Hunger (SDG 2), Good Health and Well-being (SDG 3), and Responsible Consumption and Production (SDG 12)**. By addressing the issues of leakage, inefficiency, and nutritional inadequacy, and implementing reforms such as **digitization, improved infrastructure, and a focus on nutritional diversity**, India can create a more efficient and effective PDS.

Drishti Mains Question:

“Despite technological interventions, India's Public Distribution System (PDS) continues to face challenges in ensuring efficiency and addressing nutritional security”. Discuss and suggest comprehensive reforms to make it more efficient.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q.1 In the context of India's preparation for Climate-Smart Agriculture, consider the following statements: (2021)

1. The 'Climate-Smart Village' approach in India is a part of a project led by the Climate Change, Agriculture and Food Security (CAAFS), an international research programme.
2. The project of CCAFS is carried out under Consultative Group on International Agricultural Research (CGIAR) headquartered in France.
3. The International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in India is one of the CGIAR's research centers.

Which of the statements given above are correct?

- (a) 1 and 2 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

Ans: (d)

Q.2 With reference to the provisions made under the National Food Security Act, 2013, consider the following statements: (2018)

1. The families coming under the category of 'below poverty line (BPL)' only are eligible to receive subsidized food grains.
2. The eldest woman in a household, of age 18 years or above, shall be the head of the household for the purpose of issuance of a ration card.
3. Pregnant women and lactating mothers are entitled to a 'take-home ration' of 1600 calories per day during pregnancy and for six months thereafter.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
(b) 2 only
(c) 1 and 3 only
(d) 3 only

Ans: (b)

Mains

Q.1 In what way could replacement of price subsidy with Direct Benefit Transfer (DBT) change the scenario of subsidies in India? Discuss. (2015)